

Pauma Valley Community Services District
33129 Cole Grade Road * Pauma Valley, CA 92061
(760) 742-1909 * (760) 742-1588

NOTICE OF PUBLIC MEETING

Special Notice of Teleconference Accessibility

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom in response to the COVID-19 pandemic and in an effort to prevent the spread of the virus, Pauma Valley CSD will hold its board meeting via teleconference. This meeting is open to the public via virtual interface and can be accessed by clicking on the link below.

DATE: Monday, October 26, 2020
TIME: OPEN Session - 10:00 a.m.
PLACE: <https://us02web.zoom.us/j/87682638461>
Phone: (669) 900-6833 Passcode: 876 8263 8461

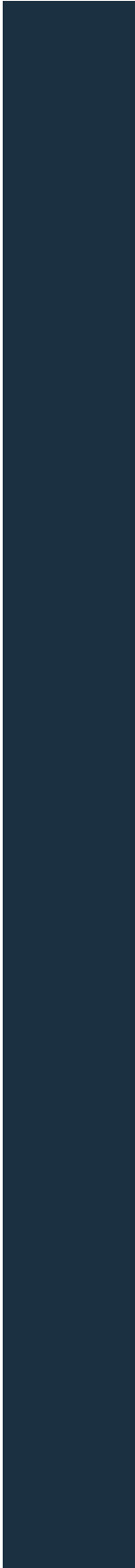
AGENDA

1. Call to Order
2. Open for Public Comments
 - a. Anyone wishing to address any matter pertaining to District business may do so at this time. If a comment pertains to an item on the agenda the comment will be heard during that agenda item. The public comment period is limited to three (3) minutes per person.
3. Audit Report for Year Ending June 30, 2020
 - a. The Board will consider approving the audit report for Fiscal Year Ending June 30, 2020
4. Approval of Previous Minutes
 - a. Regular Meeting September 28, 2020
5. Financial Report
 - a. Review of BS, P&L as of 9/30/2020
 - b. Accounts Receivable
6. Security Report
 - a. Daily Activity Report
 - b. Gate Penalty Assessment Report

7. *Security Committee*
 - a. The *Security Committee* will provide an update on the surveys received
8. *General Manager's Report*
9. *Other Business*
 - a. Requested items for next or future agendas (Directors and Staff Only)
 - b. Board comments
10. *Closed Session - Public Employee Performance Evaluation*
 - a. In accordance with *Government Code Sections 54954.5(e), and 54957* the Board will discuss the performance of the *General Manager*
11. *Open Session*
 - a. Report any actions from *Closed Session*
12. *Adjournment*
 - a. Regular Meeting on November 23, 2020 at 10:00 a.m.



October 22, 2020



**PAUMA VALLEY
COMMUNITY SERVICES DISTRICT
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
June 30, 2020 and 2019**



NIGRO & NIGRO^{PC}

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
For the Fiscal Years Ended June 30, 2020 and 2019
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Pauma Valley Community Services District
Pauma Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Pauma Valley Community Services District, which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pauma Valley Community Services District, as of June 30, 2020 and 2019, and the results of its operations and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 8 and schedules of proportionate share of the net pension liability and contributions to the pension plan on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 15, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
October 15, 2020

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2020 and 2019

Management's Discussion and Analysis (MD&A) offers readers of Pauma Valley Community Services District's financial statements a narrative overview of the District's financial activities for the fiscal years ended June 30, 2020 and 2019. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2020, the District's net position decreased by \$95,196 or 3.4% from the prior year's net position of \$2,782,455 to \$2,687,259 as a result of the year's operations.
- In fiscal year 2019, the District's net position increased by \$121,538 or 4.5% from the prior year's net position of \$2,660,917 to \$2,782,455 as a result of the year's operations.
- In fiscal year 2020, operating revenues decreased \$25,146 or 1.7% from \$1,443,806 to \$1,418,660, from the prior year, primarily due to a \$39,200 decrease in patrol service fees and a \$22,380 increase in gate service fees.
- In fiscal year 2019, operating revenues increased \$39,315 or 2.8% from \$1,404,491 to \$1,443,806, from the prior year, primarily due to a 5% increase in patrol service fees.
- In fiscal year 2020, operating expenses increased \$193,362 or 13.4% from \$1,441,988 to \$1,635,350, from the prior year, primarily due to a \$114,375 increase in pension related costs related to the GASB No. 68 actuarial calculation along with a \$71,431 increase in repairs and maintenance expense.
- In fiscal year 2019, operating expenses decreased \$42,142 or 2.8% from \$1,484,130 to \$1,441,988, from the prior year, primarily due to a \$96,464 decrease in pension related costs related to the GASB No. 68 actuarial calculation, which was offset by a \$47,448 increase in salaries and wages expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: (1) Balance Sheet; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position, results of operations, and changes in cash flow during the fiscal years ending June 30, 2020 and 2019. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

REQUIRED FINANCIAL STATEMENTS

Balance Sheet

The Balance Sheet presents information on the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when establishing financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflow of resources, resulting in net positions of \$2,687,259 and \$2,782,455 as of June 30, 2020 and 2019, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results for the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities (providing sewer, patrol and gate services). Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes, gain or loss on sale of assets). For the fiscal years ended June 30, 2020 and 2019, net position decreased \$95,196 and increased \$121,538, respectively.

Statement of Cash Flows

The Statement of Cash Flows presents information regarding the District's use of cash during the year. It reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investing activities. The Statement of Cash Flows provides answers to such questions as: Where did cash come from? What was cash used for? What was the change in the cash balance during the reporting period?

District cash flows for the year have been categorized into one of the following activities: operating, non-capital financing, capital and related financing, or investing. The total of these categories represents an increase in cash and cash equivalents of \$188,006 and \$99,009 for the fiscal years ending June 30, 2020 and 2019, respectively. Cash equivalents managed directly by the District consist of investments in the California Local Agency Investment Fund (LAIF).

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Balance Sheets

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>June 30, 2018</u>	<u>Change</u>
Assets:					
Current assets	\$ 1,244,280	\$ 1,064,928	\$ 179,352	\$ 925,207	\$ 139,721
Capital assets, net	<u>2,689,045</u>	<u>2,828,040</u>	<u>(138,995)</u>	<u>2,906,530</u>	<u>(78,490)</u>
Total assets	<u>3,933,325</u>	<u>3,892,968</u>	<u>40,357</u>	<u>3,831,737</u>	<u>61,231</u>
Deferred outflows of resources	<u>348,809</u>	<u>371,778</u>	<u>(22,969)</u>	<u>404,409</u>	<u>(32,631)</u>
Total assets and deferred outflows of resources	<u>\$ 4,282,134</u>	<u>\$ 4,264,746</u>	<u>\$ 17,388</u>	<u>\$ 4,236,146</u>	<u>\$ 28,600</u>
Liabilities:					
Current liabilities	\$ 87,773	\$ 63,978	\$ 23,795	\$ 115,195	\$ (51,217)
Non-current liabilities	<u>1,441,915</u>	<u>1,344,201</u>	<u>97,714</u>	<u>1,359,120</u>	<u>(14,919)</u>
Total liabilities	<u>1,529,688</u>	<u>1,408,179</u>	<u>121,509</u>	<u>1,474,315</u>	<u>(66,136)</u>
Deferred inflows of resources	<u>65,187</u>	<u>74,112</u>	<u>(8,925)</u>	<u>100,914</u>	<u>(26,802)</u>
Net position:					
Net investment in capital assets	2,689,045	2,828,040	(138,995)	2,845,624	(17,584)
Unrestricted (Deficit)	<u>(1,786)</u>	<u>(45,585)</u>	<u>43,799</u>	<u>(184,707)</u>	<u>139,122</u>
Total net position	<u>2,687,259</u>	<u>2,782,455</u>	<u>(95,196)</u>	<u>2,660,917</u>	<u>121,538</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 4,282,134</u>	<u>\$ 4,264,746</u>	<u>\$ 17,388</u>	<u>\$ 4,236,146</u>	<u>\$ 28,600</u>

The condensed statement on the prior page presents a summary of the District's Balance Sheet.

- The District's net position as of June 30, 2020 totaled \$2,687,259 compared with \$2,782,455 as of June 30, 2019, a decrease of \$95,196 or 3.4%.
- The District's net position as of June 30, 2019 totaled \$2,782,455 compared with \$2,660,917 as of June 30, 2018, an increase of \$121,538 or 4.5%.

Net position is accumulated from revenues, expenses, and contributed capital combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses, and Changes in Net Position.

In accordance with generally accepted accounting principles, capital assets are recorded at historical cost.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>June 30, 2018</u>	<u>Change</u>
Operating revenues	\$ 1,418,660	\$ 1,443,806	\$ (25,146)	\$ 1,404,491	\$ 39,315
Operating expenses	<u>(1,635,350)</u>	<u>(1,441,988)</u>	<u>(193,362)</u>	<u>(1,484,130)</u>	<u>42,142</u>
Operating income (loss)	(216,690)	1,818	(218,508)	(79,639)	81,457
Non-operating revenues(expenses), net	<u>121,494</u>	<u>119,720</u>	<u>1,774</u>	<u>66,118</u>	<u>53,602</u>
Change in net position	(95,196)	121,538	(216,734)	(13,521)	135,059
Net position:					
Beginning of year	<u>2,782,455</u>	<u>2,660,917</u>	<u>121,538</u>	<u>2,674,438</u>	<u>(13,521)</u>
End of year	<u>\$ 2,687,259</u>	<u>\$ 2,782,455</u>	<u>\$ (95,196)</u>	<u>\$ 2,660,917</u>	<u>\$ 121,538</u>

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position, provides answers to the nature and source of these changes.

Table A-3: Comparative Statement of Revenues

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Sewer service fees	\$ 441,975	\$ 441,443	\$ 532	\$ 441,443	\$ -
Patrol service fees	536,381	575,581	(39,200)	546,243	29,338
Gate service fees	398,364	375,984	22,380	373,128	2,856
Other fees and charges	<u>41,940</u>	<u>50,798</u>	<u>(8,858)</u>	<u>43,677</u>	<u>7,121</u>
Total operating revenues	<u>1,418,660</u>	<u>1,443,806</u>	<u>(25,146)</u>	<u>1,404,491</u>	<u>39,315</u>
Non-operating:					
Property taxes	107,242	104,033	3,209	99,247	4,786
Investment earnings	<u>14,252</u>	<u>17,543</u>	<u>(3,291)</u>	<u>6,826</u>	<u>10,717</u>
Total non-operating	<u>121,494</u>	<u>121,576</u>	<u>(82)</u>	<u>106,073</u>	<u>15,503</u>
Total revenues	<u>\$ 1,540,154</u>	<u>\$ 1,565,382</u>	<u>\$ (25,228)</u>	<u>\$ 1,510,564</u>	<u>\$ 54,818</u>

- In fiscal year 2020, operating revenues decreased \$25,146 or 1.7% from \$1,443,806 to \$1,418,660, from the prior year, primarily due to a \$39,200 decrease in patrol service fees and a \$22,380 increase in gate service fees.
- In fiscal year 2019, operating revenues increased \$39,315 or 2.8% from \$1,404,491 to \$1,443,806, from the prior year, primarily due to a 5% increase in patrol service fees.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Comparative Statement of Expenses

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Sewer system	414,309	332,693	81,616	342,700	(10,007)
Patrol services	520,299	471,981	48,318	435,793	36,188
Gate services	318,406	276,913	41,493	283,747	(6,834)
General and administrative	382,336	360,401	21,935	421,890	(61,489)
Total operating expenses	<u>1,635,350</u>	<u>1,441,988</u>	<u>193,362</u>	<u>1,484,130</u>	<u>(42,142)</u>
Non-operating expenses:					
Interest expense	-	1,856	(1,856)	3,314	(1,458)
Loss from disposition of assets	-	-	-	36,641	(36,641)
Total non-operating	<u>-</u>	<u>1,856</u>	<u>(1,856)</u>	<u>39,955</u>	<u>(38,099)</u>
Total expenses	<u>\$ 1,635,350</u>	<u>\$ 1,443,844</u>	<u>\$ 191,506</u>	<u>\$ 1,524,085</u>	<u>\$ (80,241)</u>

- In fiscal year 2020, operating expenses increased \$193,362 or 13.4% from \$1,441,988 to \$1,635,350, from the prior year, primarily due to a \$114,375 increase in pension related costs related to the GASB No. 68 actuarial calculation along with a \$71,431 increase in repairs and maintenance expense.
- In fiscal year 2019, operating expenses decreased \$42,142 or 2.8% from \$1,484,130 to \$1,441,988, from the prior year, primarily due to a \$96,464 decrease in pension related costs related to the GASB No. 68 actuarial calculation, which was offset by a \$47,448 increase in salaries and wages expense.

CAPITAL ASSETS

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>
Capital assets:			
Non-depreciable assets	\$ 94,868	\$ 94,868	\$ 94,868
Depreciable assets	4,252,840	4,285,368	4,305,814
Accumulated depreciation	<u>(1,658,663)</u>	<u>(1,552,196)</u>	<u>(1,494,152)</u>
Total capital assets, net	<u>\$ 2,689,045</u>	<u>\$ 2,828,040</u>	<u>\$ 2,906,530</u>

In 2020, capital assets, net decreased by \$138,995 from the prior year, contributing towards the ending balance of \$2,689,045. This overall net decrease consisted of current year depreciation of \$138,995.

In 2019, capital assets, net decreased by \$78,490 from the prior year, contributing towards the ending balance of \$2,828,040. This overall net decrease consisted of capital additions in the amount of \$59,422, less current year depreciation of \$137,912.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our Board of Directors, citizens, customers, ratepayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact the District's General Manager, Pauma Valley Community Services District, 33129 Cole Grade Road, Pauma Valley, California 92061.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Balance Sheets

June 30, 2020 and 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,121,130	\$ 933,124
Accrued interest receivable	2,207	3,749
Accounts receivable (Note 3)	75,527	82,371
Property taxes receivable	989	1,071
Prepaid expenses	44,427	44,613
Total current assets	<u>1,244,280</u>	<u>1,064,928</u>
Non-current assets:		
Capital assets – not being depreciated (Note 4)	94,868	94,868
Capital assets – being depreciated, net (Note 4)	2,594,177	2,733,172
Total non-current assets	<u>2,689,045</u>	<u>2,828,040</u>
Total assets	<u>3,933,325</u>	<u>3,892,968</u>
Deferred outflows of resources:		
Deferred amounts related to net pension liability (Note 6)	348,809	371,778
Total deferred outflows of resources	<u>348,809</u>	<u>371,778</u>
Total assets and deferred outflows of resources	<u>\$ 4,282,134</u>	<u>\$ 4,264,746</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 49,260	\$ 33,913
Customer unearned revenue for services	27,362	17,374
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	11,151	12,691
Total current liabilities	<u>87,773</u>	<u>63,978</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 5)	11,150	12,691
Net pension liability (Note 6)	1,430,765	1,331,510
Total non-current liabilities	<u>1,441,915</u>	<u>1,344,201</u>
Total liabilities	<u>1,529,688</u>	<u>1,408,179</u>
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 6)	65,187	74,112
Total deferred inflows of resources	<u>65,187</u>	<u>74,112</u>
Net position:		
Investment in capital assets	2,689,045	2,828,040
Unrestricted (Deficit) (Note 7)	(1,786)	(45,585)
Total net position	<u>2,687,259</u>	<u>2,782,455</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,282,134</u>	<u>\$ 4,264,746</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Sewer service fees	\$ 441,975	\$ 441,443
Patrol service fees	536,381	575,581
Gate service fees	398,364	375,984
Other fees and charges	41,940	50,798
Total operating revenues	<u>1,418,660</u>	<u>1,443,806</u>
Operating expenses:		
Sewer system	414,309	332,693
Patrol services	520,299	471,981
Gate services	318,406	276,913
General and administrative	382,336	360,401
Total operating expenses	<u>1,635,350</u>	<u>1,441,988</u>
Operating income (loss)	<u>(216,690)</u>	<u>1,818</u>
Non-operating revenues(expenses):		
Property taxes	107,242	104,033
Investment earnings	14,252	17,543
Interest expense	-	(1,856)
Total non-operating revenue(expense), net	<u>121,494</u>	<u>119,720</u>
Change in net position	(95,196)	121,538
Net position:		
Beginning of year	<u>2,782,455</u>	<u>2,660,917</u>
End of year	<u>\$ 2,687,259</u>	<u>\$ 2,782,455</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 1,435,492	\$ 1,416,453
Cash paid to employees for salaries and wages	(870,789)	(866,942)
Cash paid to vendors and suppliers for materials and services	(499,815)	(448,867)
Net cash provided by operating activities	<u>64,888</u>	<u>100,644</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	107,324	106,479
Net cash provided by non-capital financing activities	<u>107,324</u>	<u>106,479</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	-	(59,422)
Principal paid on long-term debt	-	(60,906)
Interest paid on long-term debt	-	(1,856)
Net cash used in capital and related financing activities	<u>-</u>	<u>(122,184)</u>
Cash flows from investing activities:		
Investment earnings	15,794	14,070
Net cash provided by investing activities	<u>15,794</u>	<u>14,070</u>
Net increase in cash and cash equivalents	188,006	99,009
Cash and cash equivalents:		
Beginning of year	933,124	617,890
End of year	<u>\$ 1,121,130</u>	<u>\$ 716,899</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Statements of Cash Flows (continued)

For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income(loss)	\$ (216,690)	\$ 1,818
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation	138,995	137,912
Change in assets - (increase)decrease:		
Accounts receivable, net	6,844	(29,793)
Prepaid expenses	186	(9,892)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net pension liability	22,969	32,631
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	15,347	7,259
Customer unearned revenue for services	9,988	2,440
Compensated absences	(3,081)	(21)
Net pension liability	99,255	(14,908)
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net pension liability	(8,925)	(26,802)
Total adjustments	<u>281,578</u>	<u>98,826</u>
Net cash provided by operating activities	<u>\$ 64,888</u>	<u>\$ 100,644</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Pauma Valley Community Services District (District) was organized in 1961 under the Community Services District Law (Division 2 of Title 6) to provide sanitary sewer and security services to its constituency. The District is governed by a Board of Directors consisting of five directors elected by the District's constituency. The principal source of revenues to the District is fees for sanitary sewer and security services.

B. Reporting Entity

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

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity* (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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

C. Basis of Presentation, Basis of Accounting

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and change in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

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

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

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

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

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

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

2. Investments (continued)

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

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

3. Allowance for Doubtful Accounts

The District’s accounts receivable consists of balances due from its customers, substantially all whom are residents in Pauma Valley Country Club Estates. The District has the right of lien and foreclosure on customer’s properties, and accordingly the risk of non-collection is low. However, when these remedies appear inadequate, the District provides for estimated losses based upon prior experience and management’s assessment of the collectability of existing specific accounts.

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Fences	5-40 years
Machinery and Equipment	5-30 years
Sewer and lateral lines	10-50 years
Oak Tree Lift Station	5-15 years
Treatment Plan	40 years
Drains	100 years
Channels	10-50 years

6. Compensated Absences

The liability for compensated absences reported on the balance sheet consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

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

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

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans and addition to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

<u>CalPERS</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Measurement period	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

8. Net Position

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

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

E. Property Taxes

Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. Tax levies are limited to 1% of full market value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. The County of San Diego bills and collects property taxes on behalf of the District. The County’s tax fiscal year is July 1, to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10, and April 10.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

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

F. Use of Estimates

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

G. Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND DEPOSITS

Cash and cash equivalents as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Petty cash	\$ 249	\$ 190
Deposits held with financial institutions	523,434	351,082
Local Agency Investment Fund (LAIF)	597,447	581,852
Total cash and cash equivalents	\$ 1,121,130	\$ 933,124

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5-years	None	None
District issued bonds	5-years	None	None
Government sponsored agency securities	5-years	None	None
Certificates-of-deposit	5-years	35%	None
Money-market funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Demand Deposits with Financial Institutions

At June 30, 2020 and 2019, the carrying amount of the District's demand deposits were \$523,434 and \$351,082, respectively, and the financial institution's balance were \$526,008 and \$355,450, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 2 – CASH AND DEPOSITS (continued)

Custodial Credit Risk – Deposits

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

Local Agency Investment Fund (LAIF)

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

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2020, and 2019, the District held \$597,447 and \$581,852 in LAIF, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Accounts receivable – customers	\$ 39,546	\$ 53,215
Due from Rancho Pauma Mutual Water Company	<u>35,981</u>	<u>29,156</u>
Total accounts receivable, net	<u>\$ 75,527</u>	<u>\$ 82,371</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for fiscal year 2020 were as follows:

Description	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 94,768	\$ -	\$ -	\$ 94,768
Easements	100	-	-	100
Total non-depreciable assets	94,868	-	-	94,868
Depreciable assets:				
Sewer system	3,543,935	-	-	3,543,935
Buildings and improvements	295,723	-	-	295,723
Patrol and gate	445,710	-	(32,528)	413,182
Total depreciable assets	4,285,368	-	(32,528)	4,252,840
Accumulated depreciation:				
Sewer system	(1,226,119)	(85,223)	-	(1,311,342)
Buildings and improvements	(124,749)	(9,422)	-	(134,171)
Patrol and gate	(201,328)	(44,350)	32,528	(213,150)
Total accumulated depreciation	(1,552,196)	(138,995)	32,528	(1,658,663)
Total depreciable assets, net	2,733,172	(138,995)	-	2,594,177
Total capital assets, net	\$ 2,828,040	\$ (138,995)	\$ -	\$ 2,689,045

Changes in capital assets for fiscal year 2019 were as follows:

Description	Balance July 1, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 94,768	\$ -	\$ -	\$ 94,768
Easements	100	-	-	100
Total non-depreciable assets	94,868	-	-	94,868
Depreciable assets:				
Sewer system	3,545,709	28,021	(29,795)	3,543,935
Buildings and improvements	307,125	9,975	(21,377)	295,723
Patrol and gate	452,980	21,426	(28,696)	445,710
Total depreciable assets	4,305,814	59,422	(79,868)	4,285,368
Accumulated depreciation:				
Sewer system	(1,169,281)	(86,633)	29,795	(1,226,119)
Buildings and improvements	(129,166)	(16,960)	21,377	(124,749)
Patrol and gate	(195,705)	(34,319)	28,696	(201,328)
Total accumulated depreciation	(1,494,152)	(137,912)	79,868	(1,552,196)
Total depreciable assets, net	2,811,662	(78,490)	-	2,733,172
Total capital assets, net	\$ 2,906,530	\$ (78,490)	\$ -	\$ 2,828,040

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense as of June 30 was allocated to the following services:

<u>Services Allocation</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Sewer system	\$ 85,223	\$ 86,633
Patrol	34,019	22,680
Gate	10,331	11,639
Administration	9,422	16,960
Total depreciation expense	<u>\$ 138,995</u>	<u>\$ 137,912</u>

NOTE 5 – COMPENSATED ABSENCES

Changes to compensated absences for fiscal year 2020, were as follows:

<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$ 25,382	\$ 34,137	\$ (37,218)	\$ 22,301	\$ 11,151	\$ 11,150

Changes to compensated absences for fiscal year 2019, were as follows:

<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$ 25,403	\$ 47,744	\$ (47,765)	\$ 25,382	\$ 12,691	\$ 12,691

NOTE 6 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Pension related deferred outflows	\$ 348,809	\$ 371,778
Net pension liability	1,430,765	1,331,510
Pension related deferred inflows	65,187	74,112

The net pension liability balances have a Measurement Date of June 30, 2019 and June 30, 2018, respectively, which are rolled-forward for the District's fiscal years ended June 30, 2020 and 2019.

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2019	13.439%	6.842%
Required employer contribution rates – FY 2018	12.698%	6.533%

A. General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The District contributes to the miscellaneous risk pool within the Plan. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

The California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA’s adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the “classic” plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the “PEPRA/new” plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2019 and 2018 Annual Actuarial Valuation Reports.

At June 30, 2020, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	4	13	17
Transferred and terminated members	13	12	25
Retired members and beneficiaries	13	-	13
Total plan members	30	25	55

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description, Benefits Provided and Employees Covered (continued)

At June 30, 2019, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	4	12	16
Transferred and terminated members	14	8	22
Retired members and beneficiaries	12	-	12
Total plan members	30	20	50

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2020, (Measurement Date June 30, 2019) were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 123,801	\$ 43,016	\$ 166,817
Contributions – members	14,461	40,192	54,653
Total contributions	\$ 138,262	\$ 83,208	\$ 221,470

Contributions for the year ended June 30, 2019, (Measurement Date June 30, 2018) were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 106,327	\$ 39,748	\$ 146,075
Contributions – members	14,110	35,631	49,741
Total contributions	\$ 120,437	\$ 75,379	\$ 195,816

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Changes in the net pension liability for the year ended June 30, 2020, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2018 (Measurement Date)	\$ 4,685,606	\$ 3,354,096	\$ 1,331,510
Balance as of June 30, 2019 (Measurement Date)	\$ 4,956,442	\$ 3,525,677	\$ 1,430,765
Change in Plan Net Pension Liability	\$ 270,836	\$ 171,581	\$ 99,255

Changes in the net pension liability for the year ended June 30, 2019, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2017 (Measurement Date)	\$ 5,195,768	\$ 3,849,350	\$ 1,346,418
Balance as of June 30, 2018 (Measurement Date)	\$ 4,685,606	\$ 3,354,096	\$ 1,331,510
Change in Plan Net Pension Liability	\$ (510,162)	\$ (495,254)	\$ (14,908)

For the year ended June 30, 2020 and 2019 pension expense was \$280,116 and \$183,147, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2018 and 2017). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019 and 2018). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 and 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY 2018-2019 and FY 2017-2018).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of June 30, 2020 and 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,430,765 and \$1,331,510, respectively.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 and 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017 rolled forward to June 30, 2019 and 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for the June 30, 2020, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Percentage of Risk Pool Net Pension Liability	0.035729%	0.035331%	0.000398%
Percentage of Plan (PERF C) Net Pension Liability	0.013963%	0.013818%	0.000145%

The District’s proportionate share of the net pension liability for the June 30, 2019, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
Percentage of Risk Pool Net Pension Liability	0.035331%	0.034155%	0.001176%
Percentage of Plan (PERF C) Net Pension Liability	0.013818%	0.013577%	0.000241%

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The total amount of \$166,817 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 166,817	\$ -
Difference between actual and proportionate share of employer contributions	1,152	(3,641)
Adjustment due to differences in proportions	13,242	(4,647)
Differences between expected and actual experience	99,373	(7,699)
Differences between projected and actual earnings on pension plan investments	-	(25,014)
Changes in assumptions	68,225	(24,185)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 348,809</u>	<u>\$ (65,186)</u>

The total amount of \$146,075 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 146,075	\$ -
Difference between actual and proportionate share of employer contributions	1,792	(12,297)
Adjustment due to differences in proportions	14,445	(7,228)
Differences between expected and actual experience	51,088	(17,385)
Differences between projected and actual earnings on pension plan investments	6,583	-
Changes in assumptions	151,795	(37,202)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 371,778</u>	<u>\$ (74,112)</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2020, will be amortized to pension expense in future periods as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2021	\$ 107,039
2022	(9,756)
2023	14,468
2024	5,055
Total	<u>\$ 116,806</u>

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2019, will be amortized to pension expense in future periods as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2020	\$ 130,610
2021	74,225
2022	(41,268)
2023	(11,976)
Total	<u>\$ 151,591</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2019 and 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 and 2017, total pension liability. The June 30, 2020 and 2019, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF B was 7.15%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

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

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

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1-10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Changes in the discount rate for the year ended June 30, 2020, was as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>Rate 7.15%</u>	<u>8.15%</u>
CalPERS – Miscellaneous Plan	<u>2,097,422</u>	<u>\$ 1,430,765</u>	<u>\$ 880,487</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)

Changes in the discount rate for the year ended June 30, 2019, was as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>Rate 7.15%</u>	<u>8.15%</u>
CalPERS – Miscellaneous Plan	<u>1,965,338</u>	<u>\$ 1,331,510</u>	<u>\$ 808,296</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2020 and 2019, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2020 and 2019.

NOTE 7 – UNRESTRICTED (DEFICIT)

As of June 30, 2020 and 2019, the District has an unrestricted net position deficit of (\$1,786) and (\$45,585). Due to the nature of the deficit from the implementation of GASB Statement No. 68 in the past fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension obligations funding requirements for future periods to reduce its deficit position.

NOTE 8 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2020 and 2019

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance products to guard against the various risks of loss noted above.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2020, 2019, and 2018.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Rancho Pauma Mutual Water Company

The District's employees conduct the operations and administration for the Rancho Pauma Mutual Water Company (Company). The Company has agreed to provide funding for a fixed-percentage amount of the District's unfunded net pension liability as well as continuing operations and administration payroll-related pension contributions. The Company provided \$37,976 toward the funding of the unfunded net pension liability for the fiscal year ended June 30, 2020.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 11 – CURRENT AND SUBSEQUENT EVENTS

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

Required Supplementary Information

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended June 30, 2020 and 2019

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	<u>June 30, 2019¹</u>	<u>June 30, 2018¹</u>	<u>June 30, 2017¹</u>	<u>June 30, 2016¹</u>	<u>June 30, 2015¹</u>	<u>June 30, 2014¹</u>
District's Proportion of the Net Pension Liability	<u>0.035729%</u>	<u>0.035331%</u>	<u>0.034155%</u>	<u>0.033652%</u>	<u>0.323330%</u>	<u>0.013064%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 1,430,765</u>	<u>\$ 1,331,510</u>	<u>\$ 1,346,418</u>	<u>\$ 1,169,025</u>	<u>\$ 909,327</u>	<u>\$ 812,404</u>
District's Covered-Employee Payroll	<u>\$ 687,100</u>	<u>\$ 695,116</u>	<u>\$ 789,228</u>	<u>\$ 689,424</u>	<u>\$ 663,904</u>	<u>\$ 453,952</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>208.23%</u>	<u>191.55%</u>	<u>170.60%</u>	<u>169.57%</u>	<u>136.97%</u>	<u>178.96%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>71.13%</u>	<u>71.58%</u>	<u>75.39%</u>	<u>75.87%</u>	<u>79.89%</u>	<u>81.15%</u>

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Schedule of Contributions

For the Fiscal Year Ended June 30, 2020 and 2019

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2019-20¹	2018-19¹	2017-18¹	2016-17¹	2015-16¹	2014-15¹	2013-14¹
Actuarially Determined Contribution ²	\$ 166,817	\$ 146,075	\$ 109,709	\$ 128,402	\$ 110,177	\$ 86,506	\$ 73,327
Contribution in Relation to the Actuarially Determined Contribution ²	<u>(166,817)</u>	<u>(146,075)</u>	<u>(109,709)</u>	<u>(128,402)</u>	<u>(110,177)</u>	<u>(86,506)</u>	<u>(73,327)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll ³	<u>\$ 634,172</u>	<u>\$ 687,100</u>	<u>\$ 695,116</u>	<u>\$ 789,228</u>	<u>\$ 689,424</u>	<u>\$ 663,904</u>	<u>\$ 453,952</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>26.30%</u>	<u>21.26%</u>	<u>15.78%</u>	<u>16.27%</u>	<u>15.98%</u>	<u>13.03%</u>	<u>16.15%</u>

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Years Ended June 30, 2020 and 2020

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

Other Independent Auditors' Report



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

Board of Directors
Pauma Valley Community Services District
Pauma Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pauma Valley Community Services District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pauma Valley Community Services District's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in blue ink that reads "Nigro & Nigro, PC".

Murrieta, California
October 15, 2020

Minutes of a Regular Meeting of the Board of Directors of the
PAUMA VALLEY COMMUNITY SERVICES DISTRICT (PVCSD)

Held on September 28, 2020

Directors Present: Sam Logan, William Schultz, Bill Jacobs, Laurie Kariya, and Michael Esparza
Also Present: Residents Charles Mathews, Jim Cipriano, Ron Krohn, Michael Martello,
CPA Paul Kaymark of Nigro and Nigro, General Manager Bobby
Graziano, Jeff Pape of Dudek, Office Manager Amber Watkins,
Administrative Assistant Marissa Fehling

- 9.1 Call to Order: Regular Meeting was called to order at 10:03 a.m. by General Manager Bobby Graziano. Graziano informed that pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom in response to the COVID-19 pandemic and in an effort to prevent the spread of the virus, Pauma Valley CSD will hold its board meeting via teleconference. This meeting is open to the public via virtual interface and can be accessed by clicking on the link provided.
- 9.2 Open for Public Comments: Graziano informed that anyone wishing to address any matter pertaining to District business may do so at this time. If a comment pertains to an item on the agenda the comment will be heard during that agenda item. The public comment period is limited to three (3) minutes per person. Cipriano inquired on Halloween and if the gates will be opened given the pandemic. Graziano informed that PVCSD has sent out notices to the community in the past regarding opening the gates for trick or treating. Logan suggested keeping the gates closed this year. Graziano agreed and informed that staff would send a notice to the community with the October billing. Cipriano informed that the state continues to attempt to place sexual predators in our community. He questioned whether PVCSD has or should have a policy on what stance should be taken when these matters arise. Jacobs mentioned that he sent out a letter to Supervisor Desmond as he did for the last case. Kariya added that a link has been posted on Nextdoor with instructions for public inquiries. Graziano informed the Board that item #9 on the agenda would be a time for them to add other items they would like to see on future agendas. Esparza recommended that Graziano take a roll call at each meeting. Graziano agreed and took roll call.
- 9.3 Draft Audit Report for Year Ending June 30, 2020-
a. CPA Paul Kaymark with Nigro and Nigro will present the Draft Audit Report- Graziano invited Paul Kaymark with Nigro and Nigro to explain the draft audited financial report. Kaymark explained the highlights. He informed that in their opinion, the financial statements present fairly, in all material respects and the results of its operations and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Graziano informed all of Resolution 101 and gave the reasoning for the decrease in revenue. Mathews inquired on why the balance sheet did not recognize the amount RPMWC contributes for the pension liability. Kaymark explained that it is because the exact amount is unknown and went on to explain how CalPERS is paid and that only the Governmental entity may carry the liability. Graziano noted that there were a few typos and that he would scan and send them over for corrections. The final version will be presented at the next meeting.
- 9.4 Approval of Previous Minutes
a. Regular Meeting August 24, 2020- Esparza made a motion to approve the Regular Meeting Minutes of August 24, 2020 seconded by Schultz and unanimously adopted.
- 9.5 Financial Report:
a. Review of BS, P&L as of 8/31/2020- Cash Assets as of 8/31/2020 reflect \$1,115,629, Accounts Receivable of \$28,644 and Accounts Payable of \$15,744. Watkins explained that the expenses included the guest pass printing paper. She informed that the group health was lower this period

due to no HRA reimbursements being paid out. Graziano noted that based on the employee mix during budget preparation the District planned for greater health insurance costs than what is being realized. Watkins reported that Repairs and Maintenance was over budget due to 3 loads of sludge removal in the month of August, and that the Pauma Heights generator control board was replaced. Jacobs inquired on why the lab testing was so high. Watkins informed that it was due to the quarterly testing and would balance out that the end of the year as the annual total budget was divided into monthly expenses. Esparza inquired on the Pauma Heights generator; Watkins informed him that there are generators at all three gates in the event the power goes out, noting that all three gates can be manually opened as well. Logan motioned to adopt the financial report as presented, seconded by Schultz and unanimously adopted.

b. Accounts Receivable – Presented for review.

9.6 Security Report:

a. Daily Activity Report- Graziano presented the Security Report. Kariya inquired on the film crew incident on August 25, 2020 and asked if we have a policy on allowing this. Graziano stated there was none that he knew of. Cipriano informed that PVRA has a policy stating any commercial matters would need to get permission prior to entering the gates to conduct their business along with paying a fee. Kariya inquired on the September 7th incident where the landscapers were working on the holiday and asked if DwellingLive had an option to limit landscapers to non-holiday days. Graziano informed that staff would look into this. Jacobs asked Graziano to assign the report gathering of usage of patrol by shifts to Security Supervisor, Albert. Graziano explained that all daily activity reports are time stamped. Jacobs asked for an update on the rear gate scanner. Graziano informed that CGS was waiting on a part to finish the repair and informed that he does meet the technicians at the gates whenever they come out to make a repair. Upon a motion by Esparza, seconded by Logan and unanimous vote, the Daily Activity Report was adopted as presented.

b. Gate Penalty Assessment Report- Presented for review.

9.7 Security Committee:

a. The Security Committee will provide an update on their progress – Jacobs informed he is waiting on the rest of the survey results. Graziano suggested getting a reminder notice to the community to complete the survey.

9.8 General Manager's Report:

Graziano gave an update on SGMA, informing that they are focusing on completing the GSP. He informed that the Executive Team met on August 26th to meet the Geoscience team. Graziano informed that the Executive team met again on September 23, 2020 and noted that he was nominated to the Stakeholder Outreach Committee with Amy Reeh.

Graziano informed that the Service Agreements with PVRA and REMWC have been terminated effective 9/30/2020.

Graziano mentioned that staff engaged BB&K on the subject of including the Aging Report in the public packet. He informed that they stated that there is no statute on point regarding the public disclosure of past due amounts owed to the District, and informed that in the future, it would be beneficial for the District to provide the amounts owed by delinquent accounts, without the identities of the account holders.

Graziano informed that staff investigated options for accessing owner information from license plates. Vigilant Solutions is a company that specializes in license plate reading systems. He noted that they informed staff that only law enforcement could have access to looking up registered owner information from the license plate data. He informed that during the discussions with Vigilant Solutions they offered a system that can collect license plate data for cars coming through the gates and store this information in the cloud and this information can be shared with law enforcement real time and could assist in locating individuals with warrants, or involved in crimes. The cost would be around \$4,000 per year. Jacobs stated this service was not needed for this community.

Graziano informed that consultant Jeff Pape is working on getting a pump that grinds waste and is working on the electrical specs for the Oak Tree lift station. Pape gave an explanation on what the pump would do.

Graziano informed that the brow ditches and catch basins are clean and in good working condition. He added that the ditch along #8 fairway was cleaned by Bart Dixon Bobcat Services for \$8,800 and PVCC will coordinate the remaining hand work needed to finish the job.

Graziano informed that Utility Supervisor, Pete Lopez retired and believes he found a good candidate to fill the open position for the Utility Department.

Graziano mentioned that he held his monthly meeting with security on September 23, 2020 and informed them of the survey that PVCCSD sent out to the community on outsourcing.

Graziano gave an update on the insurance claim for the Hillside Fire.

Graziano mentioned it may be advantageous to consider a ground up design/build for the gate access system as a future project.

Cipriano informed that he recently learned that other agencies provide a detailed aging report as part of their packet. Graziano informed that he would make sure the Board receives a detailed aging report with customer names and the public would continue to have codes in place of names. Schultz made a recommendation of having bi-monthly meetings. Kariya inquired on whether the gates can be manually opened at this time in case of an emergency such as a fire. Graziano explained that normally the gate attendants can manually open any gate from their switch board, but with the technical issues currently at hand, someone from security would need to physically drive over to the gate and open it manually. Esparza informed that Fire authorities have a key that can open the gates as needed as well.

9.9 Other Business-

a. Requested items for next or future agendas (Directors and Staff Only). Jacobs requested a summary of survey results to be on the agenda for the next meeting. Esparza recommended adding an agenda item for Board member ideas and comments.

9.10 Adjournment

a. Regular Meeting scheduled on October 26, 2020 at 10 am. - The next meeting date is scheduled for October 26, at 10:00 am. Upon a motion from Logan, second by Schultz and unanimous vote, the meeting adjourned at 11:51 am.

Marissa Fehling

Marissa Fehling, Recording Secretary

PV COMMUNITY SERVICES DISTRICT

Balance Sheet

As of September 30, 2020

Accrual Basis

	Sep 30, 20
ASSETS	
Current Assets	
Checking/Savings	
Cash	
100 □ Petty Cash	249
102 □ Checking	498,444
110 □ ResFunds/L.A.I.F.	596,696
Total Cash	1,095,389
111 □ LAIF Fair Market Value	2,921
Total Checking/Savings	1,098,310
Accounts Receivable	
120 □ Accounts Receivable	32,392
Total Accounts Receivable	32,392
Other Current Assets	
125 □ Due from RPMWC	40,125
140 □ Prepaid Insurance	20,474
140.6 □ PrePaid Wkrs Comp Ins	20,604
Total Other Current Assets	81,203
Total Current Assets	1,211,905
Fixed Assets	2,662,309
Other Assets	
196 □ Deferred Outflows of Resources	348,809
Total Other Assets	348,809
TOTAL ASSETS	4,223,024
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
201 □ Accounts Payable	21,150
Total Accounts Payable	21,150
Other Current Liabilities	
201.6 □ Pre-Paid Customer Fees	14,373
Total Other Current Liabilities	14,373
Total Current Liabilities	35,523
Long Term Liabilities	1,495,952
Total Liabilities	1,531,475
Equity	
460 □ Retained Earnings	2,687,259
Net Income	4,290
Total Equity	2,691,549
TOTAL LIABILITIES & EQUITY	4,223,024

PV COMMUNITY SERVICES DISTRICT
Profit & Loss Budget Performance
September 2020

	Sep 20	Budget	Jul - Sep 20	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
661 Sewer Charges	36,543	36,543	109,629	109,629	438,515
661.5 Security Patrol Charges	44,829	44,829	134,487	134,487	537,949
662 Property Tax	1,808	1,250	3,420	3,750	102,000
662.1 Connection Fees	0	0	0	0	0
663 Interest	4	400	12	1,200	10,000
664 Other	2,956	2,117	8,535	6,350	25,400
665 Security Gate Charge	33,197	33,197	99,591	99,591	398,364
666.5 RFID Tags	625	458	2,700	1,375	5,500
667 Delinquent Charges	0	150	0	450	1,800
668 Vacant Lot/Sewer Availability	396	396	1,188	1,188	4,752
Total Income	120,358	119,340	359,562	358,020	1,524,280
Gross Profit	120,358	119,340	359,562	358,020	1,524,280
Expense					
Bad Debt Expense	0	0	0	0	0
Debt Service	0	0	0	0	0
Depreciation	10,123	10,123	30,370	30,370	121,478
Dwelling Live	675	683	2,482	2,050	8,200
Electrical Utilities	3,965	3,430	11,302	10,289	41,157
Equipment Rentals	0	42	0	125	500
Group Health Ins.	4,734	8,917	19,290	26,750	107,000
Liability Insurance	3,724	3,724	11,172	11,173	44,690
Miscellaneous Expense	144	550	340	1,650	6,600
Office Expense	1,614	2,100	4,326	6,300	25,200
Operator Contract Services	2,500	2,500	7,500	7,500	30,000
Payroll Taxes	5,323	7,255	10,959	15,953	58,000
PERS Retirement	5,651	7,125	70,898	77,696	119,021
Repairs & Maintenance	5,029	8,667	23,479	26,000	104,000
Salaries	67,532	77,500	115,932	170,500	620,000
Security Expense	1,880	1,463	4,394	4,388	17,550
Uniforms	434	433	578	1,300	5,200
Vehicles	2,330	2,408	7,251	7,225	28,900
Workers' Comp. Insurance	2,013	2,114	6,039	6,341	25,364
6560 Payroll Expenses	0	0	0	0	0
701 Drainage	8,800	833	8,979	2,500	10,000
712.1 State Maint. Fee	0	0	0	0	22,000
730 Water Tests & Analysis	344	683	1,944	2,050	8,200
815 Fees	96	242	1,455	725	2,900
816 Engineering	0	146	0	438	1,750
818 Schools & Meetings	370	575	1,220	1,725	6,900
819 Accounting	9,500	667	9,500	2,000	8,000
820 Legal	5,113	2,083	5,860	6,250	25,000
821.1 Security housing	0	0	0	0	0
821.2 SGMA Technical Study	0	50,000	0	50,000	50,000
921 Guard Houses /Roadway Lease	0	0	2	2	2
Total Expense	141,896	194,262	355,272	471,298	1,497,612
Net Ordinary Income	-21,538	-74,922	4,290	-113,278	26,668
Other Income/Expense					
Other Income					
Gains (Losses) -Disposal Assets	0	0	0	0	0
Total Other Income	0	0	0	0	0
Net Other Income	0	0	0	0	0
Net Income	-21,538	-74,922	4,290	-113,278	26,668

A/R Aging Summary

As of October 20, 2020

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-001	0.00	-400.00	-200.00	-560.00	0.00	-1,160.00
CSD-002	0.00	0.00	-1,133.00	0.00	0.00	-1,133.00
CSD-003	0.00	0.00	0.00	0.00	-903.00	-903.00
CSD-004	0.00	-568.00	-209.00	0.00	0.00	-777.00
CSD-005	0.00	0.00	0.00	-602.00	0.00	-602.00
CSD-006	0.00	-578.00	0.00	0.00	0.00	-578.00
CSD-007	0.00	0.00	0.00	0.00	-565.50	-565.50
CSD-008	0.00	0.00	-400.00	0.00	0.00	-400.00
CSD-009	0.00	-349.00	0.00	0.00	0.00	-349.00
CSD-010	0.00	0.00	0.00	0.00	-339.00	-339.00
CSD-011	0.00	-312.00	0.00	0.00	0.00	-312.00
CSD-012	0.00	-304.00	0.00	0.00	0.00	-304.00
CSD-013	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-014	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-015	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-016	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-017	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-018	0.00	-289.00	0.00	0.00	0.00	-289.00
CSD-019	0.00	-279.00	0.00	0.00	0.00	-279.00
CSD-020	0.00	-225.00	0.00	0.00	0.00	-225.00
CSD-021	0.00	-200.00	0.00	0.00	0.00	-200.00
CSD-022	0.00	0.00	-95.23	0.00	0.00	-95.23
CSD-023	0.00	-88.00	0.00	0.00	0.00	-88.00
CSD-024	0.00	-65.00	0.00	0.00	0.00	-65.00
CSD-025	0.00	0.00	0.00	0.00	-60.00	-60.00
CSD-026	0.00	0.00	-36.00	0.00	0.00	-36.00
CSD-027	0.00	0.00	-24.00	0.00	0.00	-24.00
CSD-028	0.00	-14.54	0.00	0.00	0.00	-14.54
CSD-029	0.00	-1.50	0.00	0.00	0.00	-1.50
CSD-030	12.00	0.00	0.00	0.00	0.00	12.00
CSD-031	12.00	12.00	0.00	0.00	0.00	24.00
CSD-032	12.00	12.00	0.00	0.00	0.00	24.00
CSD-033	25.00	0.00	0.00	0.00	0.00	25.00
CSD-034	99.00	0.00	0.00	0.00	0.00	99.00
CSD-035	0.00	0.00	0.00	0.00	100.00	100.00
CSD-036	189.77	0.00	0.00	0.00	0.00	189.77
CSD-037	200.00	0.00	0.00	0.00	0.00	200.00
CSD-038	200.00	0.00	0.00	0.00	0.00	200.00
CSD-039	200.00	0.00	0.00	0.00	0.00	200.00
CSD-040	200.00	0.00	0.00	0.00	0.00	200.00
CSD-041	200.00	0.00	0.00	0.00	0.00	200.00
CSD-042	200.00	0.00	0.00	0.00	0.00	200.00
CSD-043	200.00	0.00	0.00	0.00	0.00	200.00
CSD-044	200.00	0.00	0.00	0.00	0.00	200.00
CSD-045	200.00	0.00	0.00	0.00	0.00	200.00

A/R Aging Summary

As of October 20, 2020

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-046	200.00	0.00	0.00	0.00	0.00	200.00
CSD-047	200.00	0.00	0.00	0.00	0.00	200.00
CSD-048	201.00	0.00	0.00	0.00	0.00	201.00
CSD-049	201.00	0.00	0.00	0.00	0.00	201.00
CSD-050	201.00	0.00	0.00	0.00	0.00	201.00
CSD-051	201.00	0.00	0.00	0.00	0.00	201.00
CSD-052	201.00	0.00	0.00	0.00	0.00	201.00
CSD-053	224.00	0.00	0.00	0.00	0.00	224.00
CSD-054	279.28	0.00	0.00	0.00	0.00	279.28
CSD-055	289.00	0.00	0.00	0.00	0.00	289.00
CSD-056	289.00	0.00	0.00	0.00	0.00	289.00
CSD-057	289.00	0.00	0.00	0.00	0.00	289.00
CSD-058	289.00	0.00	0.00	0.00	0.00	289.00
CSD-059	289.00	0.00	0.00	0.00	0.00	289.00
CSD-060	289.00	0.00	0.00	0.00	0.00	289.00
CSD-061	289.00	0.00	0.00	0.00	0.00	289.00
CSD-062	289.00	0.00	0.00	0.00	0.00	289.00
CSD-063	289.00	0.00	0.00	0.00	0.00	289.00
CSD-064	289.00	0.00	0.00	0.00	0.00	289.00
CSD-065	289.00	0.00	0.00	0.00	0.00	289.00
CSD-066	289.00	0.00	0.00	0.00	0.00	289.00
CSD-067	289.00	0.00	0.00	0.00	0.00	289.00
CSD-068	289.00	0.00	0.00	0.00	0.00	289.00
CSD-069	289.00	0.00	0.00	0.00	0.00	289.00
CSD-070	289.00	0.00	0.00	0.00	0.00	289.00
CSD-071	289.00	0.00	0.00	0.00	0.00	289.00
CSD-072	289.00	0.00	0.00	0.00	0.00	289.00
CSD-073	289.00	0.00	0.00	0.00	0.00	289.00
CSD-074	289.00	0.00	0.00	0.00	0.00	289.00
CSD-075	289.00	0.00	0.00	0.00	0.00	289.00
CSD-076	289.00	0.00	0.00	0.00	0.00	289.00
CSD-077	289.00	0.00	0.00	0.00	0.00	289.00
CSD-078	289.00	0.00	0.00	0.00	0.00	289.00
CSD-079	289.00	0.00	0.00	0.00	0.00	289.00
CSD-080	289.00	0.00	0.00	0.00	0.00	289.00
CSD-081	289.00	0.00	0.00	0.00	0.00	289.00
CSD-082	289.00	0.00	0.00	0.00	0.00	289.00
CSD-083	289.00	0.00	0.00	0.00	0.00	289.00
CSD-084	289.00	0.00	0.00	0.00	0.00	289.00
CSD-085	289.00	0.00	0.00	0.00	0.00	289.00
CSD-086	289.00	0.00	0.00	0.00	0.00	289.00
CSD-087	289.00	0.00	0.00	0.00	0.00	289.00
CSD-088	289.00	0.00	0.00	0.00	0.00	289.00
CSD-089	289.00	0.00	0.00	0.00	0.00	289.00
CSD-090	289.00	0.00	0.00	0.00	0.00	289.00

A/R Aging Summary

As of October 20, 2020

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-091	289.00	0.00	0.00	0.00	0.00	289.00
CSD-092	289.00	0.00	0.00	0.00	0.00	289.00
CSD-093	289.00	0.00	0.00	0.00	0.00	289.00
CSD-094	289.00	0.00	0.00	0.00	0.00	289.00
CSD-095	289.00	0.00	0.00	0.00	0.00	289.00
CSD-096	289.00	0.00	0.00	0.00	0.00	289.00
CSD-097	289.00	0.00	0.00	0.00	0.00	289.00
CSD-098	289.00	0.00	0.00	0.00	0.00	289.00
CSD-099	289.00	0.00	0.00	0.00	0.00	289.00
CSD-100	289.00	0.00	0.00	0.00	0.00	289.00
CSD-101	289.00	0.00	0.00	0.00	0.00	289.00
CSD-102	289.00	0.00	0.00	0.00	0.00	289.00
CSD-103	289.00	0.00	0.00	0.00	0.00	289.00
CSD-104	289.00	0.00	0.00	0.00	0.00	289.00
CSD-105	289.00	0.00	0.00	0.00	0.00	289.00
CSD-106	289.00	0.00	0.00	0.00	0.00	289.00
CSD-107	289.00	0.00	0.00	0.00	0.00	289.00
CSD-108	289.00	0.00	0.00	0.00	0.00	289.00
CSD-109	289.00	0.00	0.00	0.00	0.00	289.00
CSD-110	289.00	0.00	0.00	0.00	0.00	289.00
CSD-111	289.00	0.00	0.00	0.00	0.00	289.00
CSD-112	289.00	0.00	0.00	0.00	0.00	289.00
CSD-113	289.00	0.00	0.00	0.00	0.00	289.00
CSD-114	289.00	0.00	0.00	0.00	0.00	289.00
CSD-115	289.00	0.00	0.00	0.00	0.00	289.00
CSD-116	289.00	0.00	0.00	0.00	0.00	289.00
CSD-117	289.00	0.00	0.00	0.00	0.00	289.00
CSD-118	289.00	0.00	0.00	0.00	0.00	289.00
CSD-119	289.00	0.00	0.00	0.00	0.00	289.00
CSD-120	289.00	0.00	0.00	0.00	0.00	289.00
CSD-121	289.00	0.00	0.00	0.00	0.00	289.00
CSD-122	289.00	0.00	0.00	0.00	0.00	289.00
CSD-123	289.00	0.00	0.00	0.00	0.00	289.00
CSD-124	289.00	0.00	0.00	0.00	0.00	289.00
CSD-125	289.00	0.00	0.00	0.00	0.00	289.00
CSD-126	289.00	0.00	0.00	0.00	0.00	289.00
CSD-127	289.00	0.00	0.00	0.00	0.00	289.00
CSD-128	289.00	0.00	0.00	0.00	0.00	289.00
CSD-129	289.00	0.00	0.00	0.00	0.00	289.00
CSD-130	289.00	0.00	0.00	0.00	0.00	289.00
CSD-131	289.00	0.00	0.00	0.00	0.00	289.00
CSD-132	289.00	0.00	0.00	0.00	0.00	289.00
CSD-133	289.00	0.00	0.00	0.00	0.00	289.00
CSD-134	289.00	0.00	0.00	0.00	0.00	289.00
CSD-135	289.00	0.00	0.00	0.00	0.00	289.00

A/R Aging Summary

As of October 20, 2020

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-136	289.00	0.00	0.00	0.00	0.00	289.00
CSD-137	289.00	0.00	0.00	0.00	0.00	289.00
CSD-138	289.00	0.00	0.00	0.00	0.00	289.00
CSD-139	289.00	0.00	0.00	0.00	0.00	289.00
CSD-140	289.00	0.00	0.00	0.00	0.00	289.00
CSD-141	289.00	0.00	0.00	0.00	0.00	289.00
CSD-142	289.00	0.00	0.00	0.00	0.00	289.00
CSD-143	289.00	0.00	0.00	0.00	0.00	289.00
CSD-144	289.00	0.00	0.00	0.00	0.00	289.00
CSD-145	289.00	0.00	0.00	0.00	0.00	289.00
CSD-146	289.00	0.00	0.00	0.00	0.00	289.00
CSD-147	289.00	0.00	0.00	0.00	0.00	289.00
CSD-148	289.00	0.00	0.00	0.00	0.00	289.00
CSD-149	289.00	0.00	0.00	0.00	0.00	289.00
CSD-150	289.00	0.00	0.00	0.00	0.00	289.00
CSD-151	289.00	0.00	0.00	0.00	0.00	289.00
CSD-152	289.00	0.00	0.00	0.00	0.00	289.00
CSD-153	289.00	0.00	0.00	0.00	0.00	289.00
CSD-154	289.00	0.00	0.00	0.00	0.00	289.00
CSD-155	289.00	0.00	0.00	0.00	0.00	289.00
CSD-156	289.00	0.00	0.00	0.00	0.00	289.00
CSD-157	289.00	0.00	0.00	0.00	0.00	289.00
CSD-158	289.00	0.00	0.00	0.00	0.00	289.00
CSD-159	289.00	0.00	0.00	0.00	0.00	289.00
CSD-160	289.00	0.00	0.00	0.00	0.00	289.00
CSD-161	289.00	0.00	0.00	0.00	0.00	289.00
CSD-162	289.00	0.00	0.00	0.00	0.00	289.00
CSD-163	289.00	0.00	0.00	0.00	0.00	289.00
CSD-164	289.00	0.00	0.00	0.00	0.00	289.00
CSD-165	289.00	0.00	0.00	0.00	0.00	289.00
CSD-166	289.00	0.00	0.00	0.00	0.00	289.00
CSD-167	289.00	0.00	0.00	0.00	0.00	289.00
CSD-168	0.00	0.00	0.00	0.00	300.00	300.00
CSD-169	0.00	0.00	0.00	0.00	300.00	300.00
CSD-170	0.00	0.00	0.00	0.00	300.00	300.00
CSD-171	0.00	0.00	0.00	0.00	300.72	300.72
CSD-172	301.00	0.00	0.00	0.00	0.00	301.00
CSD-173	301.00	0.00	0.00	0.00	0.00	301.00
CSD-174	289.00	23.00	0.00	0.00	0.00	312.00
CSD-175	314.00	0.00	0.00	0.00	0.00	314.00
CSD-176	289.00	25.00	0.00	0.00	0.00	314.00
CSD-177	289.00	103.00	0.00	0.00	0.00	392.00
CSD-178	200.00	200.00	0.00	0.00	0.00	400.00
CSD-179	200.00	200.00	0.00	0.00	0.00	400.00
CSD-180	200.00	200.00	0.00	0.00	0.00	400.00

A/R Aging Summary

As of October 20, 2020

	<u>Current</u>	<u>1 - 60</u>	<u>61 - 120</u>	<u>121 - 180</u>	<u>> 180</u>	<u>TOTAL</u>
CSD-181	490.00	0.00	0.00	0.00	0.00	490.00
CSD-182	289.00	289.00	0.00	0.00	0.00	578.00
CSD-183	289.00	289.00	0.00	0.00	0.00	578.00
CSD-184	578.00	0.00	0.00	0.00	0.00	578.00
CSD-185	289.00	289.00	0.00	0.00	0.00	578.00
CSD-186	289.00	289.00	0.00	0.00	0.00	578.00
CSD-187	289.00	289.00	0.00	0.00	0.00	578.00
CSD-188	289.00	289.00	0.00	0.00	0.00	578.00
CSD-189	289.00	289.00	0.00	0.00	0.00	578.00
CSD-190	289.00	289.00	0.00	0.00	0.00	578.00
CSD-191	289.00	289.00	0.00	0.00	0.00	578.00
CSD-192	603.00	0.00	0.00	0.00	0.00	603.00
CSD-193	289.00	578.00	0.00	0.00	0.00	867.00
CSD-194	289.00	578.00	0.00	0.00	0.00	867.00
CSD-195	289.00	578.00	0.00	0.00	0.00	867.00
CSD-196	952.00	0.00	0.00	0.00	0.00	952.00
CSD-197	0.00	1,000.00	0.00	0.00	0.00	1,000.00
CSD-198	336.00	672.00	0.00	0.00	0.00	1,008.00
CSD-199	112.00	224.00	224.00	224.00	923.95	1,707.95
CSD-200	200.00	400.00	400.00	400.00	1,648.23	3,048.23
CSD-201	200.00	400.00	400.00	400.00	1,648.80	3,048.80
CSD-202	289.00	578.00	578.00	578.00	1,271.65	3,294.65
CSD-203	289.00	578.00	578.00	578.00	2,380.61	4,403.61
CSD-204	8,937.00	980.00	450.00	0.00	0.00	10,367.00
CSD-205	0.00	14,372.72	0.00	0.00	0.00	14,372.72
TOTAL	<u>55,552.05</u>	<u>19,196.68</u>	<u>532.77</u>	<u>1,018.00</u>	<u>7,306.46</u>	<u>83,605.96</u>

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

SECURITY REPORT

September 15 2020 – October 15 2020

Pauma Valley CSD Security Department Personnel		
Name	Call Sign	Billet
	1S1	
Officer Todd Albert	1L2	Patrolman / Department Supervisor
Officer Greg Watkins	1L3	Patrolman
Officer Bryan Chau	1L4	Patrolman
Officer Nick Florez	1L5	Patrolman
Officer Preston Torres	1L6	Patrolman
Officer German Colin	1L7/C1	Gate Attendant/Patrol Trainee
Matthew Carson	C1	Gate Supervisor
Dale Easter	C1	Gate Attendant
Frankie Franco	C1	Gate Attendant
Evan Chism	C1	Gate Attendant
	C1	Gate Attendant

Vehicle Maintenance Report

All units passed the monthly inspection. All units are up to date on oil changes. No vehicle maintenance occurred this monthly period.

- Unit 1 (miles 103994) - Unit 1- Passed all inspections this month.
- Unit 2 (miles 99021.7) - Unit 2 – Passed all inspections this month.
- Unit 3 (miles 82557.8) - Unit 3 - Passed all inspections this month.

Preston Torres, Vehicle Maintenance Officer

Gate Report

The Corona Virus literature remains posted at the Front Gate. Cleaning and sanitary supplies continue to be coordinated and received from the District Office. Cal Gate System installed new point to point equipment to remedy our connectivity issue between the gates. All connectivity issues are now remedied but the image quality and refresh rate(lag) of our camera feed is very poor, much of it is potentially unusable. CGS says the old point to point equipment was 900 Mhz, this equipment is currently unavailable and not expected to be in stock until December 2020. Cal gate claims that our original 900Mhz point to point device had its wires cut which fried the device. Cal Gate Systems will advise when this equipment becomes available.

The frequency of “Hard Resets” is being tracked by the gatehouse. The need for these “Hard Resets” is undiagnosed by CGS, only advice on how to do the reset has been given, not the way forward to fixing the problem. Warnings regarding the community’s speed limit continue to be issued to all service and delivery truck drivers as well as all truck information being recorded.

A new Gate Attendant has been hired and will begin training Monday Oct 19. Officer Colin continues to train as a half and half patrol/ gate attendant with plans of him being ready and available to be on patrol in the upcoming months.

Matthew Carson, Gate Supervisor

HIGHLIGHTS

- **September 15th 2020 at 1346 Resident Concern.** Officer Watkins responded to an anonymous caller saying a vehicle was parked the wrong way on Womsi Road and that it was distracting for drivers. Officer Watkins made contact with the driver and the driver happily complied by turning the vehicle around.
- **September 16th 2020 at 1609 Burglary Alarm.** Officer Chau responded to an alarm call at Pauma School. The school was still occupied by employees at the time but nothing unusual was found when Officer Chau did a building check.
- **September 19th 2020 at 1206 Lift Assist.** Officer Florez responded to a call for a lift assist on Taspas Court. Resident was not in any medical emergency and Officer Florez successfully assisted in lifting the individual to a chair.
- **September 19th 2020 at 2311 Noise Complaint.** Officer Chau and Officer Watkins responded to a noise complaint on Pauma Valley Drive. The resident and guests were outside drinking and playing music. Both officers informed the resident of the complaint and they started to clean up after we made contact.
- **September 21st 2020 at 1731 Snake Call.** Officer Torres responded to a snake call on Kica Court. Officer Torres successfully removed and relocated the snake.
- **September 22nd 2020 at 0652 Jump Start.** Officer Albert responded to a call on El Tae Road for assistance with a dead battery. Officer Albert successfully jump-started the resident's vehicle.
- **September 23rd 2020 at 1208 Snake Call.** Officer Chau responded to a rattlesnake call on Pauma Valley Drive. Officer Chau successfully removed and relocated the snake.
- **September 23rd 2020 at 0458 Medical Call.** Officer Albert responded to a medical call on Wiskon Way East. Resident was transported to the hospital.
- **September 27th 2020 at 1313 Public Assist.** Officer Florez responded to a call at El Rey Restaurant for an individual constantly entering the bathroom and not leaving when asked. The individual complied and left the property.
- **September 27th 2020 at 1441 Lift Assist.** Officer Florez responded to a call for a lift assist on Taspas Court. Resident was not in any medical emergency and Officer Florez successfully assisted in lifting the individual to a chair.
- **September 27th 2020 at 1904 Burglary Alarm.** Officer Torres responded to an alarm at North Coast Church. Officer Torres found nothing unusual and no signs of forced entry upon a building check.
- **September 28th 2020 at 0955 Medical Call.** Officer Florez responded to a medical call on Wiskon Way West. Resident has been feeling ill and was transported to the hospital.

- **September 28th 2020 at 1031 Snake Call.** Officer Florez responded to a snake call on Pauma Valley Drive. Officer Florez successfully relocated the snake.
- **September 29th 2020 at 0110. Resident Concern.** Officer Albert and Officer Torres responded to a call on Temet Drive for a family dispute. Resident asked patrol to talk to his son about the situation. The son had a long talk with the father and is now calm.
- **September 29th 2020 at 0649 Medical Call.** Officer Albert responded to an unknown medical call on Womsi Road. The resident was transported to the hospital.
- **September 29th 2020 at 0815 Gate Crasher.** Officer Albert and Officer Watkins responded to a call for a gate crasher. Driver admitted to hitting the gate and a NOV was issued.
- **September 30th 2020 at 1125 Burglary Alarm.** Officer Chau responded to an alarm call at North Coast Church. Officer Chau found nothing unusual when he did a building check.
- **October 2nd 2020 at 2040 Suspicious Activity.** Officer Watkins responded to a call at the Pauma Village Market for a suspicious person who had been there for hours. The individual stated she was waiting for a ride. Officer Watkins asked if she could wait at the bus stop and she complied.
- **October 3rd 2020 at 2206 Noise Complaint.** Officer Chau and Officer Colin responded to a noise complaint at the Country Club Cottages. Guests happily complied and apologized.
- **October 3rd 2020 at 2304 Resident Concern.** Officer Chau, Officer Colin, and Officer Watkins responded to a call from a resident stating her neighbors were threatening to harm her. Sheriffs were called and made contact with the resident and the neighbors. No signs of anyone threatening her were found.
- **October 6th 2020 at 1523 Snake Call.** Officer Watkins responded to a snake call on Taspas Court. Due to the construction of the road, Officer Watkins' arrival was delayed. Officer Watkins tried to look for the snake, but the snake was gone upon arrival.
- **October 6th 2020 at 1630 Medical Call.** Officer Watkins responded to a call from Control 1 for a possible medical emergency on Womsi Road. Upon arrival, the resident informed Officer Watkins there was no medical emergency at the address. Officer Watkins informed Control 1, who contacted the original caller back. The original caller stated it was just a Medical Delivery and not a Medical Emergency at a different address than the original one provided.
- **October 7th 2020 at 2035 Snake Call.** Officer Torres responded to a snake call on Wiskon Way East. Officer Torres successfully removed and relocated the snake.
- **October 9th 2020 at 0718 Jump Start.** Officer Albert responded to a call on Luiseno Circle Drive for assistance with a dead battery. Officer Albert successfully jump-started the resident's vehicle.
- **October 9th 2020 at 0747 Public Assist.** Officer Albert responded to a call for a Harrah's sign being stolen off Highway 76. Officer Albert stated when the new sign is up; patrol will be more actively watching.
- **October 9th 2020 at 1910 Lift Assist.** Officer Chau responded to a medical call for a lift assist on Wiskon Way East. Officer Chau successfully lifted the resident and no medical emergency occurred.
- **October 10th 2020 at 0005 Suspicious Activity.** Officer Chau and Officer Watkins responded to a vehicle pulled over at the Pauma School. The individual was sleeping and left momentarily after we confronted her.
- **October 12th 2020 at 1605 Medical Call.** Officer Florez responded to a medical call at Serrato's Auto and Tire. Individual was transported to hospital.

- **October 13th 2020 at 2235 Lift Assist.** Officer Torres responded to medical for a lift assist on Taspas Court. Officer Torres successfully lifted the resident and no medical emergency occurred.
- **October 14th 2020 at 0230 Notice of Violation.** Officer Albert issued an NOV for no pass displayed for overnight parking on Taspas Court.
- **October 14th 2020 at 0825 Medical Call.** Officer Albert and Officer Chau responded to an unknown medical call on Pauma Valley Drive. Resident was transported to hospital.
- **October 15th 2020 at 0325 Loose Dog.** Officer Albert responded to a call for a missing dog. Dog was later found and returned to the owner.
- **October 15th 2020 at 1714 Snake Call.** Officer Chau and Officer Torres responded to a snake call on Womsi Road. Snake was successfully removed and relocated.

PVCSD Patrol – Building Checks				
Location	Unsecured Door	Fire Alarm	Burglary Alarm	Officer Check
			459A	1153
Country Club(CC)				1
Greens Maintenance(GM)				
Community Church(CO)	6		2	40
Gravel Yard(GY)				2
Saint Francis(SF)	4			59
Pauma School(PS)	11		1	34
Pauma Building(PB)	1			45
Airport Hangars(AH)				9
Treatment Plant(TP)				27
Pauma Village(PV)				16
Residential Houses/Other				

Patrol Activity				Gate Activity	
Medicals	6	Resident Concern	3	Activity/Malfunctions	Totals
Welfare Checks		Suspicious Activity	2	Unresponsive	14
Lift Assists	4	Noise Complaint	2	Will Not Close	5
Domestic Dispute		Process Server		False Signal	5
Traffic Collisions		911 Hang up Call		Loss of Controls	12
Gate Runner/ Gate Crashers	1	Loose Dogs	1	Video Loss	5
Public Assists	2	Snake Call	6	Device Entries	9,588
Jump Start	1	Trespassing		Passes Issued	1,718
Notice of Violation	1	Other		Pass Entries	2,708
RFID Entries					
Front Gate		Pauma Heights Gate		Rear Gate	
5,530		550		3,508	

Dispatch By Location				
Inside PVCCE	Oak Tree	School	Business District	PVCC
23	0	2	6	1
Highlights by Shift Periods				
A		B		C
21		27		21

Acronym Legend			
Acronym	Definition	Acronym	Description
459	Burglary penal code	AFA	Asian Female Adult
AMA	Against Medical Advise	AMA	Asian Male Adult
BOLO	Be on the Lookout	AFJ	Asian Female Juvenile
CHP	California Highway Patrol	AMJ	Asian Male Juvenile
DOB	Date of Birth	BFA	Black Female Adult
DL	Driver License	BMA	Black Male Adult
DV	Domestic Violence	BFJ	Black Female Juvenile
EB	East Bound	BMJ	Black Male Juvenile
FU	Follow Up	HFA	Hispanic Female Adult
IVO	In Vicinity Of	HMA	Hispanic Male Adult
LP	License Plate	HFJ	Hispanic Female Juvenile
LCD	Luiseno Circle Drive	HMJ	Hispanic Male Juvenile
NB	North Bound	MFA	Mexican Female Adult
NLT	No Later Than	MMA	Mexican Male Adult
PERT	Psychiatric Emergency Response Team	MFJ	Mexican Female Juvenile
PT	Patient	MMJ	Mexican Male Juvenile
PVD	Pauma Valley Drive	NAFA	Native American Female Adult
PVRA	Pauma Valley Roadway Association	NAMA	Native American Male Adult
ROTR	Rules of the Road	NAFJ	Native American Female Juvenile
RP	Reporting Party	NAMJ	Native American Male Juvenile
SB	South Bound	WFA	White Female Adult
S/O	Sheriff's Office	WMA	White Male Adult
SR 76	State Route 76/ Highway 76	WFJ	White Female Juvenile
TC	Traffic Collision	WMJ	White Male Juvenile
UTL	Unable to Locate		
WB	West Bound		
WWE	Wiskon Way East		
WWW	Wiskon Way West		
YOA	Years of Age		
Unresponsive	the gate does not open for an RFID		
Will Not Close	the gate does not close when it is supposed to		
False Signal	the alarm goes off in the Front Gate for no discernable reason		
Loss of Controls	gate attendant cannot open the gates remotely		
Video Loss	occurs when the gate attendant cannot see the feeds from the Center or Back Gates		

Key:	New	Payments	Disputing
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Date of incident:	Time:	Location:	Name:	1st (warning)	2nd Offense:	3rd Offense:	Paid:	Bal. Due:
1/3/2020	11:45 AM	Rear	Wanda Bye	X				\$0.00
1/3/2020	3:43 PM	Rear	Dan MacMurray	X				\$0.00
2/20/2020	2:28 PM	Rear	Sergio Resa	X				\$0.00
2/29/2020	2:56 PM	Rear	Julio Camarena	X				\$0.00
3/17/2020	9:55 AM	Rear	Cesar E. Tunchez	X				\$0.00
5/12/2020	11:53 AM	Rear	Miguel H. Guerrero	X				\$0.00
5/18/2020	10:47 AM	Rear	Zachary V. Noonan	X				\$0.00
6/5/2020	12:53 PM	Front	Charles Sale	X				\$0.00
6/19/2020	10:10 AM	Front	Julia Lovern	X				\$0.00
7/28/2020	3:59 PM	Rear	Ronald W. Miller	X				\$0.00
8/4/2020	8:45 AM	Rear	Martin Becerra	X				\$0.00
8/21/2020	3:15 PM	Rear	Felix Olmeda	X				\$0.00
8/21/2020	5:13 PM	Rear	Patricia Lockhart	X				\$0.00
8/25/2020	8:45 AM	Rear	Edgar Hernandez	X				\$0.00
8/27/2020	8:05 AM	Rear	Dominick Panameno	X				\$0.00
9/29/2020	8:30 AM	Rear	Henri Josue Merinocara	X				\$0.00

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

General Manager's Report

October 26, 2020

Bobby Graziano, General Manager

SGMA

The Executive Team met again on September 23. GM Graziano was nominated to the Stakeholder Outreach Committee with Amy Reeh. A stakeholder outreach meeting with the engineer and their consultant was held on September 25.

The next Executive Team meeting will be October 28th.

Oak Tree Lift Station

We are finalizing the specs on the pump. It will be ordered soon. Electrical upgrades are being developed.

Sewer System

Jetting of trouble sections of the sewer collection network was done in October as preventive maintenance. The utility staff also located a buried manhole and installed risers to bring the manhole lid to grade.

Stormwater Management Systems

Brow ditches and catch basins are clean and in good working condition.

The ditch along #8 fairway will receive some additional cleaning now that the large amount of material has been removed.

Human Resources

Patrol: Fully staffed with 5

Gates: Fully staffed with 5

Utility: Fully staff with 3

Admin: Fully staffed with 4

Total employees: 17

Monthly Meeting with Security

Scheduled for October 28, 2020 at 7:30am. GM Graziano will report on this at the November board meeting.

Insurance Claim for Hillside Fire

See prior report for more detail.

The Sr. Claims Adjuster acknowledged receipt of our claim on May 14, 2020. In his email back he stated “At this time, I do not have an estimate of the time frame for my investigation. Please feel free to contact me for status as needed, or to provide any other information you believe would be helpful to our investigation.”

The Sr. Claims Adjuster responded to a request for update on June 24, 2020.

“We are still reviewing coverage for this claim. As part of our investigation, I have requested the contract between Lineworks (Mediacom’s subcontractor) and our insured, Fiberline. I just sent a follow-up request to our insured Diego Moya today, who confirmed to me in a recent conversation that he has the contract and can send it to me.”

The Sr. Claims Adjuster responded to a request for update on July 22, 2020.

“The carrier, Houston Specialty Insurance Company, did not have coverage for this claim and coverage was denied July 2, 2020 to Fiberline Communications. You will need to follow-up with Fiberline directly concerning the pending claims.”

After the July 22 message I asked BB&K to get involved and suggested we go directly to Fiberline with our claim.

BB&K sent a demand letter on August 7, 2020 to Fiberline.

BB&K sent a follow up letter on August 21, 2020 to Fiberline.

BB&K heard back from Mediacomm’s counsel on September 23, 2020. He said he will get on top it and see what he can do. Mediacomm’s counsel mentioned withholding money from its contractor’s invoice if Fiberline does not cooperate.

Our counsel provided the following update on October 21, 2020 at 11:02am

I just reached out to Bruce at Mediacomm again to get an update and will get back to you as soon as I hear back. It has been roughly four weeks since I first spoke to Bruce, so hopefully he has been able to make some progress. Given the costs involved in elevating the matter to litigation, it makes the most sense to continue trying to resolve the matter without litigation if possible.

Our counsel provided the following update on October 21, 2020 at 12:23pm

I just spoke to Bruce. He has been working through the matter with Lineworks, Mediacomm’s general contractor, who was under the mistaken impression that the issue had been resolved. Bruce has also received the insurance paperwork and has been sifting through that as well, but understands that the District’s right to damages is not dependent on whether or not there is insurance coverage. Bruce expects to receive more information soon, and I will be speaking with him again next week, if not sooner, for a status update.

Long Term / Future Projects - Ideas

Gate System Overhaul: It may be advantageous to consider a ground up design/build for the gate access system.

Wiskon Bridge Improvements: PVCC will be making enhancements to the Wiskon Way bridge across the San Luis Rey River. The District may choose to participate in this project. If the bridge can be used for vehicle traffic during an emergency the District will be able to operate with two patrol vehicles, rather than the three we currently have.