

**AGENDA**

**INVESTMENT AND FINANCE COMMITTEE MEETING  
LEUCADIA WASTEWATER DISTRICT**


Tuesday, November 5, 2024 – 2:00 p.m.  
1960 La Costa Avenue, Carlsbad, CA 92009

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1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **Receive and file the Fiscal Year 2024 (FY24) Annual Comprehensive Financial Report.** (Pages 2-13, Enclosure 4)
5. **Information Items**  
None.
6. **Directors' Comments**
7. **General Manager's Comments**
8. **Adjournment**

MEMORANDUM

Ref: 25-8925

DATE: October 31, 2024  
TO: Investment and Finance Committee  
FROM: Paul J. Bushee, General Manager   
SUBJECT: Fiscal Year 2024 (FY24) Annual Comprehensive Financial Report

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**RECOMMENDATION:**

Staff requests that the Investment and Finance Committee (IFC) recommend that the Board of Directors:

1. Receive and file the FY24 Annual Comprehensive Financial Report.
2. Discuss and take other action, as appropriate.

**DISCUSSION:**

**Tactical Goal: Financial / FY24 Audit**

State law requires the Leucadia Wastewater District (LWD) to prepare a complete set of financial statements in conformance with generally accepted accounting principles (GAAP). The law also requires that the financial statements be audited in accordance with generally accepted auditing standards. For LWD, these documents collectively take the form of LWD's annual financial audit.

LWD prepares a more comprehensive financial report, formally referred to as the Annual Comprehensive Financial Report. This year's Annual Comprehensive Financial Report (ACFR) includes the following sections:

- Introductory section which is comprised of the Letter of Transmittal, Organizational Chart, List of Principal Officials, and award for outstanding financial reporting in FY23.
- Financial section that is made up of the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements with notes, and Supplementary Information.
- Statistical section that includes cost and revenue comparisons and other LWD statistics for the past 10 years.

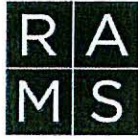
The accounting firm of Rogers, Anderson, Malody & Scott, LLP has completed its audit of LWD's FY24 Annual Comprehensive Financial Report. Staff is pleased to report that the auditors found that the financial statements present fairly, in all material respects, LWD's financial position and is in conformance with GAAP.

Attached for the committee's review is the Auditor's information letter which reports on any significant audit findings as a result of their audit, and the Auditor's Report on Internal Controls, Compliance, and Other Matters. Also provided is a copy of the full Annual Comprehensive Financial Report for your review.

Staff along with Scott Manno, CPA of Rogers, Anderson, Malody & Scott, LLP, will present an overview of the Annual Comprehensive Financial Report at the upcoming meeting.

reg:PJB

Enclosure



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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October 31, 2024

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Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

**MANAGERS / STAFF**

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Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA

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The Board of Directors  
Leucadia Wastewater District  
Carlsbad, California

We have audited the financial statements of Leucadia Wastewater District (the entity) as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 5, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

**Planned Scope and Timing of the Audit**

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



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## **Compliance with All Ethics Requirements Regarding Independence**

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

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the entity. We have identified a threat to our independence (preparation of the entity's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

Prior to the issuance of the entity's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

## **Significant Risks Identified**

We have identified the possibility of the following significant risks:

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

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

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

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

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

### *Significant Accounting Estimates and Related Disclosures*

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

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the entity's financial statements relate to:

The disclosure of fair value of investments in Note 3 to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation and depreciation expense in Note 4 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred inflows and deferred outflows in Note 11 to the financial statements is based on actuarial assumptions. Actual future liabilities and deferrals may vary from disclosed estimates.

The disclosure of the net OPEB asset and related deferred inflows and deferred outflows in Note 12 to the financial statements is based on actuarial assumptions. Actual future liabilities/assets may vary from disclosed estimates.

#### **Significant Difficulties Encountered during the Audit**

We did not encounter any significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected material misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements identified by us as a result of our audit procedures.

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2024.

### **Management's Consultations with Other Accountants**

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

### **Other Significant Matters, Findings, or Issues**

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

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other additional information in documents containing the entity's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Read the transmittal letter and statistical section (or "other information") and considered whether a material inconsistency existed between the other the information and the basic financial statements, or the other information otherwise appears to be materially misstated. Our opinion(s) on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Very truly yours,

*Rogers, Anderson, Malody & Scott, LLP.*

October 31, 2024



**LEUCADIA**  
WASTEWATER  
**DISTRICT**

LEADERS IN  
ENVIRONMENTAL  
PROTECTION

BOARD OF DIRECTORS  
Ellaine Sullivan, President  
Chris Roesink, Vice President  
Donald F. Omsted, Director  
Robert Pacilio, Director  
Rolando A. Saldana, Director  
Paul Bushee, General Manager.

October 31, 2024

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

Ref: 25-8937

This representation letter is provided in connection with your audit of the basic financial statements of Leucadia Wastewater District (the entity) as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the entity in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 31, 2024:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 5, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position, net investment in capital assets, restricted, and unrestricted are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly classified and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- We have evaluated all of our lease and subscription agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, Leases and GASB Statement No. 96, Subscription Based Information Technology Arrangements.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparation of the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including a process to monitor the system of internal controls.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
    - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true representations of the original documents.



- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

### **Use of a Specialist**

- We agree with the findings of specialists in evaluating the entity's net pension and net other post-employment benefit liabilities and related deferred amounts and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances

### **Cybersecurity**

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

### **Supplementary Information in Relation to the Financial Statements as a Whole**

- With respect to the supplementary information accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
  - We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
  - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
  - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
  - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

### **Required Supplementary Information**

- With respect to the various required supplementary information accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  - We believe the required supplementary information, including its form and content is measured and fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.

- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Signature:   
Paul Bushee, General Manager

Signature:   
Ryan Green, Director of Finance and Administration



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**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**

**PARTNERS**

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Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

*Independent Auditor's Report*

To the Board of Directors  
Leucadia Wastewater District

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 (*Government Auditing Standards*) and the State Controller's *Minimum Audit Requirements for California Special Districts*, the financial statements of the business-type activities of the Leucadia Wastewater District (the entity), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated October 31, 2024.

**MANAGERS / STAFF**

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

***Report on Internal Control Over Financial Reporting***

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

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



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

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

*Rogers, Anderson, Malochy & Scott, LLP.*

San Bernardino, California  
October 31, 2024