

# Groveland Community Services District



Tuolumne County  
Groveland, California

Financial Statements with  
Independent Auditor's Report

Year Ended June 30, 2019

**GROVELAND  
COMMUNITY SERVICES DISTRICT**

**TUOLUMNE COUNTY  
GROVELAND, CALIFORNIA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2019**

# GROVELAND COMMUNITY SERVICES DISTRICT

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Groveland Community Services District  
Groveland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Groveland Community Services District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Groveland Community Services District, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

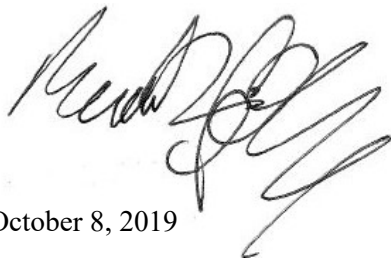
## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 3 through 11 and 42 through 46 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 our report dated October 8, 2019 on our consideration of the Groveland Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written in a cursive style.

October 8, 2019

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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California law establishes the structure and process for governance, management and administration of the Groveland Community Services District (District or GCSD), and its financial affairs. A five member Board of Directors are elected at large from within the District boundaries, to serve four year staggered terms. The Board appoints a General Manager who is responsible for the day to day management of the District financial affairs, administered in accordance with policies adopted by the Board.

### FINANCIAL POLICIES AND GUIDELINES

The financial integrity of GCSD is of utmost importance. Maintaining fiscal stability is a critical component of the overall financial plan. GCSD is accountable to its ratepayers and the public for the use of public funds. Resources should be used wisely to ensure adequate funding for services, public facilities and infrastructure necessary to meet present and future needs. GCSD's financial policies and guidelines provide the backbone for making financial decisions and a benchmark for monitoring financial activities.

#### General Financial Policy Guidelines

The GCSD Board has adopted financial policies to provide a framework to guide the District's decision-making with respect to operations, budgeting, debt issuance, and financial planning. These guidelines provide overview policy guidelines in the areas of general, revenue, budgeting and expenses, reserves, investments, debt management, capital improvements, purchasing and fixed assets.

These policies require that:

- The District will manage its financial assets in a sound and prudent manner.
- The District will maintain sound financial practices in accordance with generally accepted accounting principles, the District Act, Local, State and Federal laws and regulations.
- The District will maintain and further develop programs to assure its long-term ability to pay all the costs necessary to provide the level and quality of service required by its customers.

These policies are to promote sound financial management and to ensure that its finances are managed in a manner, which will:

- Support the continued delivery of quality services,
- Ensure the District's stability, efficiency and effectiveness in accomplishing the Board of Director's goals and objectives,
- Maintain a balanced budget annually to ensure that the District is operating within its revenue constraints, even when faced with fluctuating service demands, and
- Maintain adequate reserves necessary to meet known and unknown future obligations.

The financial policies of the District are summarized below:

#### Investment Policy

The District's *Investment Policy* follows California Government Code objectives of safety, liquidity and yield (in that priority order). Annually during the budget development process of each year, the policy is reviewed and readopted by the Board of Directors to ensure GCSD's Investment Policy is up-to-date with current regulations. The General Manager also serves as the District's Treasurer who annually reviews the

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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Investment Policy and as necessary, submits recommended revisions to the Board for their annual consideration and approval. The investing process is carefully monitored to ensure compliance with the Investment Policy and other applicable regulations.

### **Budget Policy**

The budget policy defines the budget process for both the operating and CIP budgets. This policy provides guidance to District personnel performing budgetary process functions. The policy requires balanced budgets, which will serve as a financial plan to promote financial stability while accomplishing the Board's goals and objectives.

### **Reserve Policy**

The District's *Reserve Policy*, is designed to distinguish between Legally Restricted Reserves and Board Designated Reserves, establish distinct purposes for each reserve category, set funding targets and accumulation levels for reserves, and identify events or conditions prompting use. The Reserve Policy provides guidance for establishing, funding and using reserves to meet known future obligations and unforeseen needs as deemed prudent and/or required by agreement. As available and deemed appropriate, Board Designated Reserves are funded to reserves in the following broad categories: operational and contingencies, capital facilities and equipment, and debt service.

### **Debt Management Policy**

The policy is intended to provide guidance for debt structure, its justification and evaluation. The primary objective of the Debt Management Policy is to establish conditions for the use of debt and to create procedures and policies that minimize GCSD's debt service and issuance costs, retain the highest practical credit rating, and maintain full and complete financial disclosure and reporting.

### **Procurement Policy**

The District's *Expense Authorization* policy provides the framework and guidelines for District purchases and contracts. This policy covers all District procurement activities (commodity and service purchases and public works contracts) and adheres to Government Code Section 54202 that requires local governmental agencies to adopt policies and procedures including "bidding regulations, governing purchases of supplies and equipment."

## **DISTRICT ADMINISTRATION AND RELATED EXPENSES**

All GCSD administrative, or overhead expenses are budgeted annually in their own category for transparency and evaluation purposes. The salary and benefits of office staff, office expense, insurance, board expenses and other basic costs incurred to administer the affairs of the District, regardless of the services provided, are accounted for in the administrative expense. As a standard practice in allocating District administrative expenses, costs are distributed to the various services provided, at an allocation percentage based on the level of administrative effort that goes into delivering the respective service.

Beginning in 2018/19, GCSD began allocating the administrative expenses to each of its service funds based on an appropriate percentage of benefit derived. Prior to 2018/19, GCSD distributed the administrative expense only to the water, sewer and fire services, with very little to nothing, charged to



# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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park service expenses. There is most obviously a benefit derived by the park service by sharing office administrative expenses with other services; since if these services were provided by a separate special district, there would be expenses for a separate office, staff and Board expenses in an amount that would certainly exceed the shared administrative expenses of a CSD.

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2019. We encourage the readers to consider the information presented here in conjunction with the District's basic financial statements, which immediately follow this section. We also encourage readers to attend GCSO Board meetings to become familiar with District governance and operations and to provide public input. The Board meets in regular session on the second Tuesday of each month. Regular meetings are held at 10:00 a.m. at the District Office, 18966 Ferretti Road, Groveland, California. Board meetings are open to the public, and all meeting agendas and supporting materials are available on the District website at [www.gcsd.org](http://www.gcsd.org).

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements.

- **Government-wide financial statements**, which comprise the first two statements presented, provide both short-term and long-term information about the District's overall financial position. These statements are intended to provide the reader with a broad overview of the District's finances in a manner that is similar to that used by private-sector businesses.
  - The statement of net position presents financial information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
  - The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in the current period for some items that will only result in cash flows in future fiscal periods, or for which the cash flows have already occurred.
  - Both the statement of net position and the statement of activities distinguish between two types of activities carried out by the District: governmental activities, which are principally supported by property taxes, and business-type activities, which are intended to recover all or a significant portion of their costs through charges for services. The governmental activities of the District include fire protection and parks and recreation. The business-type activities of the District include water, sewer, and the Davis-Grunsky fund.

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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- **Fund financial statements.** A fund is a grouping of related accounts that is used to maintain separate accountability for resources that have been segregated for specific activities or objectives. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and the fiduciary fund.
  - **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on near-term inflows and outflows of spendable resources. Such information may be useful in assessing a government's near-term financial requirements and legal compliance. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation to the governmental fund statements is provided to explain the differences (or relationships) between them.
  - **Proprietary funds** – The District's proprietary funds, which are enterprise funds, are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail.
  - **Fiduciary fund** – The District is responsible for the administration of the Improvement Districts (Sewer Assessment Districts Nos. 3 and 4) formed under the Municipal Improvement Act of 1911. The District is not obligated to repay the special assessment debt of these special assessment districts. Tuolumne County (County) functions as an agent for the property owners by collecting assessments and forwarding collections to the special assessment debt holders. The County has sufficient funds on hand to pay off these debts.
- **Notes to the financial statements**, which are included in the financial statements, provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.
- **Required supplementary information** provides further explanations and additional support for the financial statements. The District's budget to actual comparisons for the year are included for the Fire Protection Fund and the Parks and Recreation Fund (major special revenue funds).

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

### Net Position

Net position over time may serve as a useful indicator of a government's financial position. For the District as a whole, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,533,780 as of June 30, 2019. This amount represents the District's net position.

By far, the largest portion (70%) of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, structures and improvements, furnishing and equipment, and vehicles) less any related outstanding debt that was used to acquire those assets. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of \$3,462,114 is unrestricted and may be used to meet the District's ongoing obligations. The District accounts for this unrestricted fund balance separately for Water, Sewer, (the Business Type Activities), and Fire and Park Services (the Government Type activities), based on amounts budgeted and spent each year in accordance with adopted fund balance and reserve policies.

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets and other assets	\$ 1,319,138	\$ 1,459,124	\$ 7,554,086	\$ 6,661,971	\$ 8,873,224	\$ 8,121,095
Capital assets	<u>752,135</u>	<u>712,574</u>	<u>13,073,258</u>	<u>13,542,953</u>	<u>13,825,393</u>	<u>14,255,527</u>
Total assets	<u>2,071,273</u>	<u>2,171,698</u>	<u>20,627,344</u>	<u>20,204,924</u>	<u>22,698,617</u>	<u>22,376,622</u>
 Total deferred outflows of resources	 <u>33,137</u>	 <u>39,661</u>	 <u>1,061,292</u>	 <u>1,095,025</u>	 <u>1,094,429</u>	 <u>1,134,686</u>
Long-term liabilities	172,076	179,203	11,326,697	12,158,515	11,498,773	12,337,718
Other liabilities	<u>105,529</u>	<u>7,743</u>	<u>449,286</u>	<u>346,869</u>	<u>554,815</u>	<u>354,612</u>
Total liabilities	<u>277,605</u>	<u>186,946</u>	<u>11,775,983</u>	<u>12,505,384</u>	<u>12,053,588</u>	<u>12,692,330</u>
 Total deferred inflows of resources	 <u>21,589</u>	 <u>7,113</u>	 <u>184,089</u>	 <u>125,561</u>	 <u>205,678</u>	 <u>132,674</u>
 Net position:						
Net investment in capital assets	752,135	712,574	7,319,531	7,045,000	8,071,666	7,757,574
Unrestricted	<u>1,053,081</u>	<u>1,304,726</u>	<u>2,409,033</u>	<u>1,624,004</u>	<u>3,462,114</u>	<u>2,928,730</u>
 Total net position	 <u>\$ 1,805,216</u>	 <u>\$ 2,017,300</u>	 <u>\$ 9,728,564</u>	 <u>\$ 8,669,004</u>	 <u>\$ 11,533,780</u>	 <u>\$ 10,686,304</u>

### Changes in Net Position

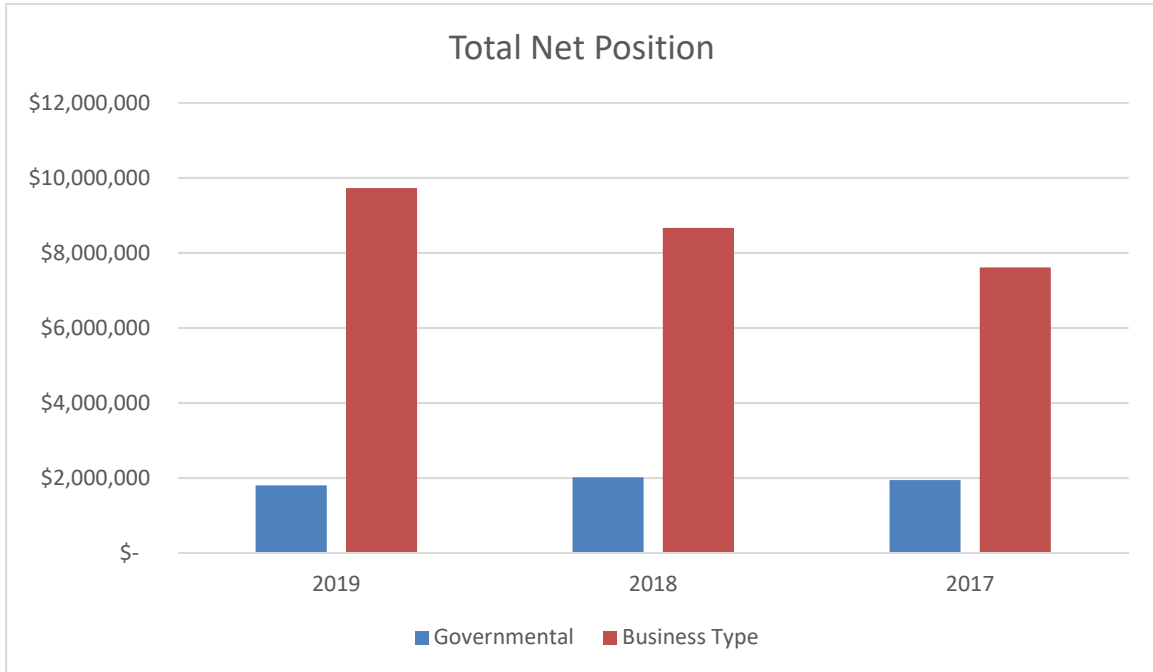
The net position of the District as a whole was \$11,533,780 as of June 30, 2019. This is an overall increase in net position of \$847,476 from the prior year. Total investment in capital assets of \$8,071,666 represents the net book value of capital assets, less bonds payable plus unspent bond proceeds. Total net position increased mainly due to the increase in net position for the Water Fund and Sewer Fund in which the reserves will be used for future capital projects as noted in the "Factors Bearing on the District's Future" section of the MD&A.

**Governmental activities** – The net position for governmental activities as of June 30, 2019 was \$1,805,216. This is an overall decrease in net position of \$212,084 from the prior year. Although the economic downturn of the past years has had an impact on the District's property tax revenue, management has taken various actions to reduce expenses to neutralize the effect on governmental activities. Property values have once again begun to increase, and therefore, property tax revenue increased by 4.1%, \$46,605 in FY2019. Revenue (Park services) also increased by \$167,008 over 2018 due to the receipt of a grant from the California Office of Emergency Services which reimbursed a portion of expenses related to facility damage incurred due to the March 22, 2018 flash floods.

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

**Business-type activities** – For the District's business-type activities the net position as of June 30, 2019 was \$9,728,564. This is an overall increase in net position of \$1,059,560 from the prior year. Total revenues exceeded expenses which accounts for the increase in net position. This is due an increase in base monthly and commodity rates for services for fiscal year 2018/2019, which were implemented to improve the cash position of the District and provide additional cash for investments in replacing and upgrading fixed assets, such as infrastructure and equipment.



# GROVELAND COMMUNITY SERVICES DISTRICT

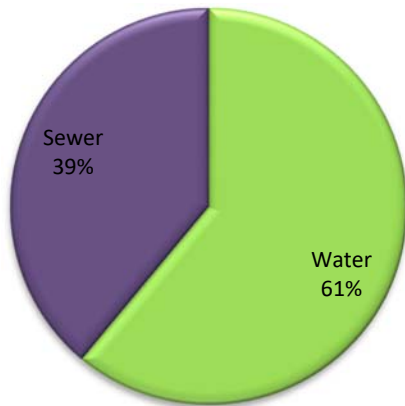
## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 1,710	\$ 1,845	\$ 5,208,038	\$ 5,027,611	\$ 5,209,748	\$ 5,029,456
Capital grants and contributions	167,008	-	243,008	384,699	410,016	384,699
General revenues:						
Property taxes	1,176,738	1,130,133	3,786	3,666	1,180,524	1,133,799
Interest income	14,731	2,056	41,431	15,641	56,162	17,697
Other revenues	84,099	69,535	860	6,452	84,959	75,987
Loss on disposal of capital asset	(50,361)	-	(22,251)	-	(72,612)	-
Total revenues	1,393,925	1,203,569	5,474,872	5,438,069	6,868,797	6,641,638
Expenses:						
Public safety	1,274,331	1,024,815	-	-	1,274,331	1,024,815
Parks and recreation	331,678	109,500	-	-	331,678	109,500
Water	-	-	2,516,717	2,420,904	2,516,717	2,420,904
Davis-Grunsky	-	-	(113)	217	(113)	217
Sewer	-	-	1,898,708	1,963,312	1,898,708	1,963,312
Total expenses	1,606,009	1,134,315	4,415,312	4,384,433	6,021,321	5,518,748
Change in net position	(212,084)	69,254	1,059,560	1,053,636	847,476	1,122,890
Net position - beginning	2,017,300	1,948,046	8,669,004	7,615,368	10,686,304	9,563,414
Net position - ending	\$ 1,805,216	\$ 2,017,300	\$ 9,728,564	\$ 8,669,004	\$ 11,533,780	\$ 10,686,304

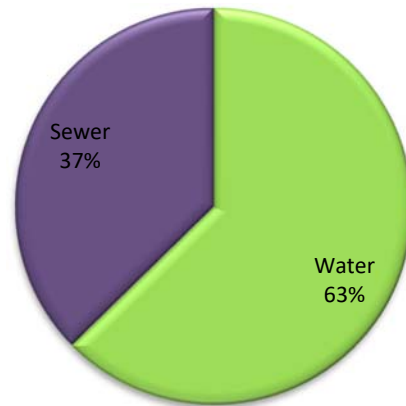
# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

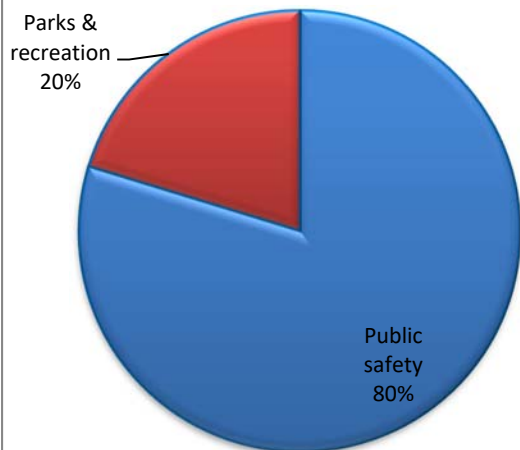
### FY 19 Charges for Services for Business-type Activities



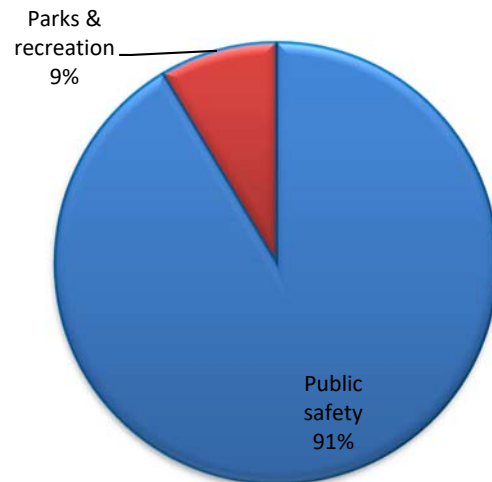
### FY 18 Charges for Services for Business-type Activities



### FY 19 Revenue for Governmental Activities



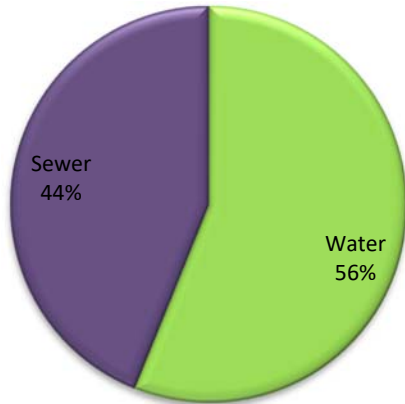
### FY 18 Revenue for Governmental Activities



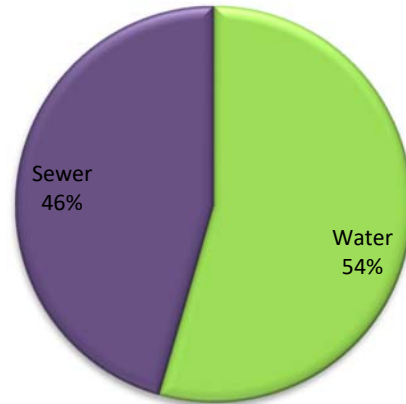
# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

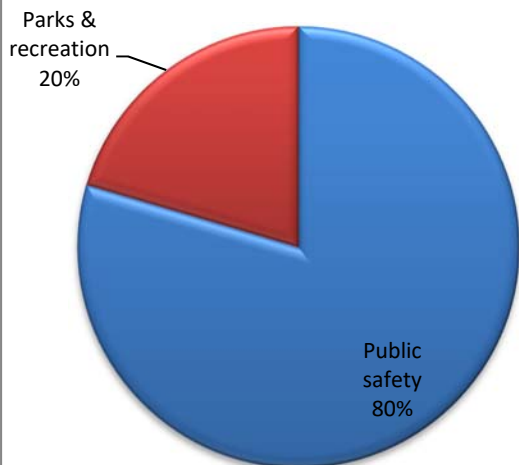
### FY 19 Operating Expenses for Business-type Activities



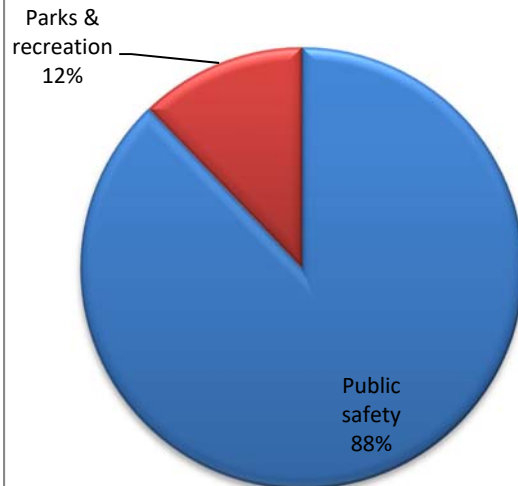
### FY 18 Operating Expenses for Business-type Activities



### FY 19 Expense for Governmental Activities



### FY 18 Expenses for Governmental Activities



# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Changes in Net Fund Balance/Net Position

##### **Governmental fund balances**

**Fire Fund** – A special benefit assessment for the fire department expired in June 2012, resulting in a reduced funding level for the fire department. The District subsequently eliminated its fire department staff positions and entered into a contractual agreement (Schedule A Contract) with CAL Fire for the operation of the fire department, that began April 1, 2013. This contractual arrangement initially reduced expenses, but was quickly determined to not provide adequate staffing to achieve industry standard services year-round. Therefore, to maintain adequate firefighting resources, the District entered into agreement in 2014 with CalFire to provide year-round staffing at their Merrill Road station (Amador Contract).

The budgeted cost of the Schedule A and Amador contract has exceeded available property tax revenue each year, however the actual amount billed by CalFire has historically been well under budget. In addition, due to serious drought conditions from 2014 through 2017 which resulted in an extended state fire season, no Amador Contract expenses were incurred in those years. In the 2018/19 fiscal year, the Amador contract expense was billed by CalFire for the first time, and the Schedule A expenses approached the amount budgeted, causing reserves to be drawn down to balance revenue and expenses for the year. The District estimates that without additional revenue, fire department reserves will be depleted in less than three years.

Considering the fire department budget deficit and inability to reduce expenses further and continue to provide required staffing, the District is updating its fire department master plan to identify required immediate and long term expenses to meet established fire protection and emergency response standards and evaluate department revenue options. Concurrently in the 2019/2020 fiscal year, the District is hiring professional consultants to determine, develop and place before the voters a revenue measure to ensure that fire services are adequately funded into the future.

**Park Fund** – The park services benefit from the administrative services of the District, which include shared Board, management and office expenses. Beginning in the 2018/19 fiscal year, the District allocated approximately 5% of the majority of administrative expenses to the park services, to accurately reflect the benefit received in accordance with law. This administrative expense allocation significantly increased the overall park expense budget, causing expenses to exceed revenue.

##### **Business Type Activity Funds**

The **Water Fund** generated operating income of \$883,604 and a net decrease from nonoperating activities of \$99,218 for a total increase in net position of \$784,386. The primary nonoperating items were the state revenue of \$105,273 and interest expense of \$172,341 on long-term debt.

The **Sewer Fund** generated operating income of \$222,407 and a net increase from nonoperating activities of \$48,716 for a total increase in net position of \$271,123. The primary nonoperating items were state revenue of \$137,735 and interest expense of \$86,850 on long-term debt.



# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

### Change in Fund Balance/Net Position

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Governmental Fund Balance:			
Fire protection	\$ 1,102,390	\$ 1,289,056	\$ (186,666)
Parks and recreation	111,219	162,325	(51,106)
Enterprise Net Position:			
Water	5,768,717	4,984,331	784,386
Davis-Grunsky	8,983	4,932	4,051
Sewer	3,950,864	3,679,741	271,123

### CAPITAL ASSETS

At June 30, 2019 the District has invested \$13,825,393 in capital assets. This amount represents a net decrease of \$430,134 from last year. The decrease in capital assets was primarily a result of \$681,186 due to the annual depreciation expense offset by capital asset additions of \$251,452. The most significant additions to the capital assets during this fiscal year were one new vehicle, the Fire Station driveway entrance replacement and the Wastewater Treatment Plant Sludge Drying Bed. In addition, the increase of \$104,167 in Construction in Progress is due to the design and installation of the Alternate Water Supply (AWS) Tank 2 booster pump design and installation, as well as investments in completion of the water and sewer system planning projects further described in the Factors Bearing on the Future of the District section.

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Land	\$ 468,436	\$ 468,436	\$ -
Structures and improvements	32,332,717	32,158,186	174,531
Furniture and equipment	2,661,944	2,708,416	(46,472)
Vehicles	1,401,511	1,382,285	19,226
Construction in progress	1,131,129	1,026,962	104,167
Accumulated depreciation	<u>(24,170,344)</u>	<u>(23,488,758)</u>	<u>(681,586)</u>
Total	<u>\$ 13,825,393</u>	<u>\$ 14,255,527</u>	<u>\$ (430,134)</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

### LONG-TERM DEBT

At June 30, 2019, the District has \$11,498,773 in long-term debt, including the net pension liability and net OPEB liability. The changes to long-term debt are primarily attributable to scheduled principal payments and the change in the net pension liability and net OPEB liability.

The District provides pension benefits to its employees through the Groveland Community Services District Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 for classic employees and 2% at 62 for PEPRA employees in the Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. As of June 30, 2019, the District's proportionate share of the Plan's net pension liability was \$2,388,940, which is determined by an actuary annually.

The District has established a retiree healthcare plan that provides other postemployment health, dental, and vision care benefits for eligible retired employees and their dependents through the retiree healthcare plan (the Plan). The District, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Trust (CERBT) fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the District. As of June 30, 2019, the District's net OPEB liability was \$2,082,536 which is determined by an actuary annually.

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Installment sales agreements and bonds, net	\$ 6,935,116	\$ 7,665,372	\$ (730,256)
Net OPEB obligation	2,082,536	2,122,681	(40,145)
Compensated absences	82,398	80,041	2,357
Net pension liability	2,388,940	2,420,627	(31,687)
Other long-term debt	<u>9,783</u>	<u>48,997</u>	<u>(39,214)</u>
Total	<u>\$ 11,498,773</u>	<u>\$ 12,337,718</u>	<u>\$ (838,945)</u>

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, factors affecting the District's future included:

**Fire Services** – The District continued its contract with Cal Fire for the operation of the Fire Department, and for the first time the expenses associated with the Schedule A and Amador CalFire contracts exceeded the available annual property tax allocation, causing a withdrawal from reserves. The community experienced enhanced services with the expanded Cal Fire contract (Amador Contract) to include year round staffing of the seasonal Fire Station (Station B). The District budgets for the estimated maximum cost of its share of operating Station B; which is funded

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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under an agreement with CalFire in accordance with the Amador Plan. The cost of staffing this station is funded by the state during the (state) declared fire seasons, and by the District during non-fire season. During the 2016/17 and 2017/18 fiscal years, the state fire season was extended to year-round which resulted in their payment of the entire cost of Station B operations. In 2018/19, the state declared an end to fire season in fall 2018, resulting in the District funding the cost of Station B operations for the first time since execution of the Amador agreement.

In future years when the District actually has to pay its portion of the Station B operation, Fire Department (Governmental Fund) reserves will be necessary to balance revenue and expenses in accordance with current revenue and contracted expenses. Due to the combined expense of the Schedule A and Amador contracts far exceeding available property tax revenue, available unrestricted Government (Fire) Fund balances could be depleted as early as 2020/21. Options to reduce expenses include discontinuing the Amador contract, which will reduce fire department staffing available in non-wildfire season, and will cause extensive delays in structure firefighting capabilities. Elimination of the Amador Contract expense alone will not balance department expense and revenue, as the cost of the Schedule A contract alone will soon exceed total revenue available. Therefore, an increase in revenue is critical to maintain services at the current level.

In addition, GCSO maintains over \$4.7 million in Fire Department capital assets, including fire engines, buildings, tools and safety equipment. Recent past budgets have not included funding for the short and long term replacement of fire department equipment. In 2020 following completion of the updated Fire Master Plan, the GCSO Board will consider adoption of a capital asset replacement schedule and funding plan, which will be included for funding in the near future proposed department revenue (tax) measure.

**Park Services** – As with Fire services, the expense of delivering basic park services including building and facility maintenance and repair, cleaning, insurance and other necessary expenses exceed the amount of property tax funding available. There is not adequate reserve funding available to sustain Park services into the future. The District is currently evaluating various revenue producing options to fund park services into the future. The District is also evaluating the implementation of Park capital improvement projects that will reduce maintenance costs and increase future revenue potential.

**Water Services** – The District is in the process of planning a large-scale Water System Replacement Project which will improve the water distribution lines in the Groveland- Big Oak Flat area. This planning grant was awarded to the District in the amount of \$355,000 and which has been increased to \$405,000 due to a grant contract amendment resulting from additional necessary design and environmental review work. The planning process will result in engineered plans and specifications, state permits and environmental approvals necessary to apply to the state for construction funding, and to build the project should adequate grant and/or loan funding be awarded. In addition, a state funding application for \$2 million has been submitted for the rehabilitation of two clear well water storage tanks, and the District is awaiting a grant/loan commitment to allow the project to proceed. The District is in the process of updating its Water System Master Plan, which will contain a long and short term Capital Improvement/Replacement Plan; and for which the District will establish appropriate fees and charges, and seek funding and financing.

# GROVELAND COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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**Sewer Services** – The District is in the process of planning a large-scale Sewer System Replacement Project which will improve the sewer collection lines in various locations throughout the District's sewer system. This planning grant was awarded to the District in the amount of \$399,000 and the final renovation plan will be completed in the fiscal year ending 2019. The planning process will result in preliminary engineering, state permits and environmental approvals necessary to apply to the state for construction funding, and to build the project should adequate grant and/or loan funding be awarded. As part of the planning process to repair and rehabilitate the Sewer collection system, a state funding application has been submitted.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, ratepayers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Peter Kampa, General Manager, Groveland Community Services District, 18966 Ferretti Rd, Groveland, CA 95321.

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS:</b>			
Cash and equivalents	\$ 1,607,014	\$ 5,569,562	\$ 7,176,576
Restricted cash and equivalents		1,033,593	1,033,593
Accounts receivable	60	662,995	663,055
Internal balances	(287,936)	287,936	
Depreciable capital assets (net)	704,091	11,521,737	12,225,828
Nondepreciable capital assets	48,044	1,551,521	1,599,565
Total assets	2,071,273	20,627,344	22,698,617
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Deferred outflow of resources related to pensions	20,375	607,575	627,950
Deferred outflows of resources related to OPEB	12,762	306,509	319,271
Deferred amount on debt refunding		147,208	147,208
Total deferred outflow of resources	33,137	1,061,292	1,094,429
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	105,329	298,104	403,433
Interest payable		129,552	129,552
Deposits payable	200	21,630	21,830
Long-term liabilities, due within one year	5,768	841,036	846,804
Long-term liabilities, due in more than one year		6,180,493	6,180,493
Net OPEB obligation, due in more than one year	90,445	1,992,091	2,082,536
Net pension liability, due in more than one year	75,863	2,313,077	2,388,940
Total liabilities	277,605	11,775,983	12,053,588
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Deferred inflow of resources related to pensions	21,589	184,089	205,678
<b>NET POSITION:</b>			
Net investment in capital assets	752,135	7,319,531	8,071,666
Unrestricted	1,053,081	2,409,033	3,462,114
Total net position	\$ 1,805,216	\$ 9,728,564	\$ 11,533,780

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

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:						
Public safety	\$ 1,274,331		\$ 141	\$ (1,274,190)		\$ (1,274,190)
Parks and recreation	331,678	\$ 1,710	166,867	(163,101)		(163,101)
Total Governmental Activities	1,606,009	1,710	167,008	(1,437,291)		(1,437,291)
Business-type Activities:						
Water	2,516,717	3,184,980	105,273		\$ 773,536	773,536
Davis-Grunsky	(113)				113	113
Sewer	1,898,708	2,023,058	137,735		262,085	262,085
Total Business-type Activities	4,415,312	5,208,038	243,008		1,035,734	1,035,734
Total Primary Government	\$ 6,021,321	\$ 5,209,748	\$ 410,016	(1,437,291)	1,035,734	(401,557)
General Revenues (Expenses):						
Property taxes				1,176,738	3,786	1,180,524
Interest earnings				14,731	41,431	56,162
Other revenue (loss)				84,099	860	84,959
Loss on disposal of capital asset				(50,361)	(22,251)	(72,612)
Total general revenues				1,225,207	23,826	1,249,033
Change in net position				(212,084)	1,059,560	847,476
Net position - beginning, as restated				2,017,300	8,669,004	10,686,304
Net position - ending				\$ 1,805,216	\$ 9,728,564	\$ 11,533,780

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

# GROVELAND COMMUNITY SERVICES DISTRICT

## BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2019

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	<u>Fire Protection</u>	<u>Parks and Recreation</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and equivalents	\$ 1,290,905	\$ 316,109	\$ 1,607,014
Accounts receivable		60	60
Total assets	<u>\$ 1,290,905</u>	<u>\$ 316,169</u>	<u>\$ 1,607,074</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 99,497	\$ 5,832	\$ 105,329
Deposits payable		200	200
Due to other funds	89,018	198,918	287,936
Total liabilities	<u>188,515</u>	<u>204,950</u>	<u>393,465</u>
Fund balances:			
Committed:			
Fire protection	1,102,390		1,102,390
Parks and recreation		111,219	111,219
Total fund balances	<u>1,102,390</u>	<u>111,219</u>	<u>1,213,609</u>
Total liabilities and fund balances	<u>\$ 1,290,905</u>	<u>\$ 316,169</u>	<u>\$ 1,607,074</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2019

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Total fund balance, governmental funds \$ 1,213,609

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount, net of accumulated depreciation, included in the statement of net position. 752,135

In the governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the governmental activities statement of net position, deferred outflow and inflows of resources are reported as follows:

Deferred outflow of resources related to pensions	20,375
Deferred inflow of resources related to pensions	(21,589)
Deferred outflow of resources related to OPEB	12,762

Compensated absences, net OPEB liability and the net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities are included in the governmental activities in the statement of net position. (172,076)

Total net position, governmental activities \$ 1,805,216



# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

	<u>Fire Protection</u>	<u>Parks and Recreation</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Property taxes	\$ 1,082,599	\$ 94,139	\$ 1,176,738
Interest earnings	9,733	4,998	14,731
Charges for services		1,710	1,710
State revenue	141	166,867	167,008
Other revenues	<u>59,206</u>	<u>24,893</u>	<u>84,099</u>
Total revenues	<u>1,151,679</u>	<u>292,607</u>	<u>1,444,286</u>
<b>EXPENDITURES:</b>			
Public safety	1,231,928		1,231,928
Parks and recreation		308,115	308,115
Capital outlay	<u>106,417</u>	<u>35,598</u>	<u>142,015</u>
Total expenditures	<u>1,338,345</u>	<u>343,713</u>	<u>1,682,058</u>
Excess of revenues over expenditures	(186,666)	(51,106)	(237,772)
Net change in fund balance	(186,666)	(51,106)	(237,772)
Fund balances - beginning of year	<u>1,289,056</u>	<u>162,325</u>	<u>1,451,381</u>
Fund balances - end of year	<u>\$ 1,102,390</u>	<u>\$ 111,219</u>	<u>\$ 1,213,609</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

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Net change in fund balances - total governmental funds \$ (237,772)

Amounts reported for governmental activities and in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay expenditures are added back to fund balances	\$ 142,015	
Depreciation expense not reported in governmental funds	<u>(52,092)</u>	89,923

In governmental funds, the entire proceeds from disposal of assets are reported as revenues. In the statements of activities, only the resulting gain or loss is reported. This is the difference between the proceeds from disposal of capital assets and the resulting gain or loss. (50,361)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on an accrual basis. The difference between accrual basis pension costs and employer contributions was: 6,676

In governmental funds, retiree benefit costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are measured on an accrual basis. The difference between accrual basis OPEB costs and employer contributions was: (17,982)

Increases/decreases in compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, changes in compensated absences are recognized as expenses. (2,568)

Change in net position of governmental activities \$ (212,084)

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2019

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
	Fund	Fund	Fund	
<b>ASSETS:</b>				
Cash and equivalents	\$ 3,789,799	\$ 18,766	\$ 1,760,997	\$ 5,569,562
Restricted cash and equivalents	701,819		331,774	1,033,593
Due from other funds	2,950		284,986	287,936
Accounts receivable	311,635		351,360	662,995
Depreciable capital assets (net)	7,067,389		4,454,348	11,521,737
Nondepreciable capital assets	682,911		868,610	1,551,521
Total assets	12,556,503	18,766	8,052,075	20,627,344
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred outflow of resources related to pensions	344,726		262,849	607,575
Deferred outflow of resources related to OPEB	169,717		136,792	306,509
Deferred amount on debt refunding	147,208			147,208
Total deferred outflow of resources	661,651		399,641	1,061,292
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	150,384		147,720	298,104
Interest payable	84,972		44,580	129,552
Deposits payable	20,130		1,500	21,630
Long-term liabilities, due within one year	563,900	4,177	272,959	841,036
Long-term liabilities, due in more than one year	4,109,887	5,606	2,065,000	6,180,493
Net OPEB Obligation, due in more than one year	1,086,234		905,857	1,992,091
Net pension liability, due in more than one year	1,329,496		983,581	2,313,077
Total liabilities	7,345,003	9,783	4,421,197	11,775,983
<b>DEFERRED INFLOW OF RESOURCES:</b>				
Deferred inflow of resources related to pensions	104,434		79,655	184,089
<b>NET POSITION:</b>				
Net investment in capital assets	3,969,799		3,349,732	7,319,531
Unrestricted	1,798,918	8,983	601,132	2,409,033
Total net position	\$ 5,768,717	\$ 8,983	\$ 3,950,864	\$ 9,728,564

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

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2019

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,147,650		\$ 2,007,432	\$ 5,155,082
Other	37,330		15,626	52,956
Total operating revenues	3,184,980		2,023,058	5,208,038
<b>OPERATING EXPENSES:</b>				
Salaries and wages	460,182		403,865	864,047
Payroll expenses	443,234		327,067	770,301
Utilities	239,897		90,100	329,997
Supplies, equipment, and materials	193,986		68,228	262,214
Repairs and maintenance	149,952		163,137	313,089
Professional services	215,372		123,585	338,957
Licenses and permits	6,444		31,203	37,647
Insurance	49,888		33,391	83,279
Miscellaneous	25,009		12,062	37,071
Communications	7,498		5,552	13,050
Employee development	28,641		42,884	71,525
Janitorial	9,682		4,943	14,625
Rents and leases	7,456			7,456
Memberships, dues, and subscriptions	4,424		2,981	7,405
Depreciation	459,711		491,653	951,364
Total operating expenses	2,301,376		1,800,651	4,102,027
Operating income	883,604		222,407	1,106,011
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Property taxes		\$ 3,786		3,786
State revenue	105,273		137,735	243,008
Interest earnings	32,926	152	8,353	41,431
Interest expense	(172,341)	113	(86,850)	(259,078)
Loss on disposal of capital assets	(22,251)			(22,251)
Amortization	(29,312)			(29,312)
Other expenses	(13,688)		(11,207)	(24,895)
Other income	175		685	860
Total nonoperating revenues (expenses)	(99,218)	4,051	48,716	(46,451)
Change in net position	784,386	4,051	271,123	1,059,560
Net position - beginning, as restated	4,984,331	4,932	3,679,741	8,669,004
Net position - ending	\$ 5,768,717	\$ 8,983	\$ 3,950,864	\$ 9,728,564

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

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2019

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 3,211,870		\$ 2,280,718	\$ 5,492,588
Cash payments to suppliers for goods and services	(934,034)		(750,606)	(1,684,640)
Cash payments to/on behalf of employees	(897,784)		(729,347)	(1,627,131)
Net cash provided by operating activities	1,380,052		800,765	2,180,817
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from grants	105,273		137,735	243,008
Cash received from taxes and assessments		\$ 3,976		3,976
Cash received from other nonoperating	173		685	858
Cash payments for other nonoperating	(13,690)		(11,207)	(24,897)
Net cash provided by non-capital and related financing activities	91,756	3,976	127,213	222,945
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(237,775)		(266,143)	(503,918)
Interest (paid) on long-term debt	(181,527)	113	(88,575)	(269,989)
Principal paid on long-term debt	(500,256)	(4,074)	(265,140)	(769,470)
Net cash used by capital and related financing activities	(919,558)	(3,961)	(619,858)	(1,543,377)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	32,926	152	8,353	41,431
Net increase in cash and cash equivalents	585,176	167	316,473	901,816
Cash and cash equivalents - beginning of year	3,906,442	18,599	1,776,298	5,701,339
Cash and cash equivalents - end of year	\$ 4,491,618	\$ 18,766	\$ 2,092,771	\$ 6,603,155
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION:</b>				
Cash and equivalents	\$ 3,789,799	\$ 18,766	\$ 1,760,997	\$ 5,569,562
Restricted cash and equivalents	701,819		331,774	1,033,593
Cash and cash equivalents - end of year	\$ 4,491,618	\$ 18,766	\$ 2,092,771	\$ 6,603,155

(Continued)

# GROVELAND COMMUNITY SERVICES DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2019 (Continued)

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
	Fund	Fund	Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income	\$ 883,604		\$ 222,407	\$ 1,106,011
Reconciliation of operating income to net cash provided (used) by operating activities				
Depreciation expense	459,711		491,653	951,364
(Increase) decrease in:				
Accounts receivable	32,915		257,660	290,575
Due from other funds	(28,027)			(28,027)
Deferred outflows of resources	1,427		2,994	4,421
Increase (decrease) in:				
Accounts payable and accrued liabilities	37,652		81,703	119,355
Due to other funds			(253,037)	(253,037)
Deposits payable	(6,025)			(6,025)
Compensated absences	2,049		(2,259)	(210)
Net pension liability	(14,648)		(10,756)	(25,404)
Net OPEB obligation	(22,354)		(14,380)	(36,734)
Deferred inflows of resources	33,748		24,780	58,528
Net cash provided by operating activities	\$ 1,380,052	\$	\$ 800,765	\$ 2,180,817

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. ACCOUNTING POLICIES

The basic financial statements of the Groveland Community Services District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### B. REPORTING ENTITY

The District was formed in 1953, pursuant to the Community Services District Law of the State of California (Division 2 of Title 6 of the Government Code, Section 61600). The District provides water, sewer, fire, and park services throughout the District. The District's financial and administrative functions are governed by a Board of Directors (the Board) elected by the voting population within the District. The District is a separate legal reporting entity in Tuolumne County.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

#### C. BASIS OF PRESENTATION

**Government-wide financial statements** – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which the governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Certain indirect expenses are allocated to the funds based on relative percentages. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund financial statements** – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

### D. BASIS OF PRESENTATION

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Proprietary uses the accrual basis of accounting.

**Expenses/Expenditures** – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications - committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.



# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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### E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major funds as follows:

#### Major Governmental Funds

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes. The District maintains the following major special revenue funds:

The **Fire Protection Fund** is used to account primarily for property taxes allocated for fire protection services throughout the District.

The **Parks and Recreation Fund** is used to account primarily for property taxes allocated for recreation services throughout the District.

#### Major Proprietary Funds

**Proprietary Funds – Enterprise Funds** are used to account for a government's ongoing operation and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges. The District maintains the following major proprietary funds:

The **Water Fund** is used to account for all activity associated with water services throughout the District.

The **Davis-Grunsky Fund** is used to account for all activity associated with the Davis-Grunsky loans.

The **Sewer Fund** is used to account for all activity associated with waste water services throughout the District.

### F. BUDGET AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all of the District's governmental funds. By State Law, the Board must approve a tentative budget no later than June 30 and adopt a final budget no later than August 31. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the Board during the fiscal year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the Fire Protection and Parks and Recreation funds are presented as required supplementary information in these financial statements.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

### G. 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, deferred outflow of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

### H. CASH AND EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

### I. CAPITAL ASSETS

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$2,500. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are as follows:

Structures and Buildings	20-50 years
Improvements	10-50 years
Furnishings and Equipment	3-10 years
Vehicles	5-20 years

### J. DEFERRED OUTFLOW/INFLOWS OF RESOURCES

In addition to assets, liabilities and net position, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred amount on debt refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as deferred outflows of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

Contributions made to the District's pension and OPEB plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and total OPEB liability in the next fiscal year.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Notes 5 and 6 for further details related to these pension and OPEB deferred outflows and inflows.

### K. PENSIONS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's 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.

### L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

### M. COMPENSATED ABSENCES

An employee accumulates vacation and sick leave time in accordance with the personnel policies handbook. Vacation and sick time vested and accrued depends on years of service and date of hire by the District. Vacation may be accumulated up to 8 weeks and is paid in full upon termination or retirement. Employee can accumulate up to 300 hours of sick leave, but unused sick leave is compensable at one half the total sick time accrued upon termination or retirement.

### N. FUND BALANCES

Committed fund balances are set aside for specific purposes by the District's highest level of decision-making authority (the Board) pursuant to formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use through the same type of formal action taken to establish the commitment.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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### O. PROPERTY TAXES

The District receives property taxes from the County of Tuolumne (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible accounts. The County, in return, receives all penalties and interest on the related delinquent taxes.

### P. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds at face value in the government-wide financial statements. Long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements and the government-wide financial statements.

## 2. CASH AND EQUIVALENTS

Cash and equivalents as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 7,176,576
Restricted cash and equivalents	<u>1,033,593</u>
Total cash and equivalents	<u>\$ 8,210,169</u>

Cash and equivalents as of June 30, 2019, consist of the following:

Cash with financial institutions	\$ 2,361,199
Cash on hand	500
Cash and equivalents with LAIF	2,840,965
Money market	<u>3,007,505</u>
Total cash and equivalents	<u>\$ 8,210,169</u>

### Local Agency Investment Fund

The District is a voluntary participant the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. Separate complete financial statements are available at P.O. Box 942809, Sacramento, CA 94209-0001.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Reverse Repurchase Agreements & Securities Lending Agreements	92 days	20 % of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$50 Million

### Investments Authorized by Debt Agreements

Investments held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by trustees. The table also identifies certain provisions of the debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	\$50 million
U.S. Treasury Obligations/Bills	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None
Money Market Accounts	N/A	None	None

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no investments that are highly sensitive to interest rate fluctuations.

### Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

### Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments (other than U.S. Treasury securities, mutual funds, and external investment pools) in any one issuer that represents 5% or more of total District investments.

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are 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% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits are in accounts collateralized by securities held by the pledging financial institution that total \$4,751,373.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### 3. CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2019</b>
Capital assets, not being depreciated:				
Land	\$ 48,044			\$ 48,044
Construction in Progress	12,537		\$ (12,537)	
Total capital assets, not being depreciated	<u>60,581</u>		<u>(12,537)</u>	<u>48,044</u>
Capital assets, being depreciated:				
Structures and improvements	1,248,436	\$ 138,815	(238,049)	1,149,202
Furnishings & Equipment	304,985	3,200	(43,563)	264,622
Vehicles	699,754			699,754
Total capital assets, being depreciated	<u>2,253,175</u>	<u>142,015</u>	<u>(281,612)</u>	<u>2,113,578</u>
Total accumulated depreciation	<u>(1,601,182)</u>	<u>(52,092)</u>	<u>243,787</u>	<u>(1,409,487)</u>
Total capital assets, being depreciated, net	<u>651,993</u>	<u>89,923</u>	<u>(37,825)</u>	<u>704,091</u>
Governmental activities capital assets, net	<u>\$ 712,574</u>	<u>\$ 89,923</u>	<u>\$ (50,362)</u>	<u>\$ 752,135</u>

For the year ended June 30, 2019, depreciation expense was charged to functions as follows:

Governmental activities:	
Public safety	\$ 31,489
Parks and recreation	<u>20,603</u>
Total depreciation expense	<u>\$ 52,092</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### Business-Type Activities:

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2019</b>
Capital assets, not being depreciated:				
Land	\$ 420,392			\$ 420,392
Construction in progress	1,014,425	\$ 120,138	\$ (3,434)	1,131,129
Total capital assets, not being depreciated	1,434,817	120,138	(3,434)	1,551,521
Capital assets, being depreciated:				
Structures and improvements	30,909,750	273,765		31,183,515
Equipment	2,403,431	84,033	(90,142)	2,397,322
Vehicles	682,531	41,386	(22,160)	701,757
Total capital assets, being depreciated	33,995,712	399,184	(112,302)	34,282,594
Total accumulated depreciation	(21,887,576)	(951,364)	78,083	(22,760,857)
Total capital assets, being depreciated, net	12,108,136	(552,180)	(34,219)	11,521,737
Business-type activities capital assets, net	\$ 13,542,953	\$ (432,042)	\$ (37,653)	\$ 13,073,258

#### 4. LONG-TERM DEBT

Long-term liability activity for the governmental activities the year ended June 30, 2019 was as follows:

<b>Governmental Activities</b>	<b>Balance at June 30, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at June 30, 2019</b>	<b>Due within one year</b>
Compensated absences	\$ 3,201	\$ 2,567		\$ 5,768	\$ 5,768
Total	\$ 3,201	\$ 2,567	\$	\$ 5,768	\$ 5,768

Long-term liability activity for the business-type activities the year ended June 30, 2019 was as follows:

<b>Business-type Activities</b>	<b>Balance at June 30, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at June 30, 2019</b>	<b>Due within one year</b>
February 2014 Revenue Refunding Bonds	\$ 3,014,787		\$ (270,807)	\$ 2,743,980	\$ 280,781
June 2014 Revenue Refunding Bond	2,535,000		(230,000)	2,305,000	240,000
2013 Installment Sales Agreement	2,115,585		(229,449)	1,886,136	239,448
Davis-Grunsky Act loans	13,857		(4,074)	9,783	4,177
Capital lease	35,140		(35,140)		
Compensated absences	76,840		(210)	76,630	76,630
Total	\$ 7,791,209	\$	\$ (769,680)	\$ 7,021,529	\$ 841,036



# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

The District entered into an Installment Sale Agreement, dated February 1, 2013 (2013 Installment Sale Agreement) in the amount of \$3,117,831, with an interest rate of 3.7%, to refund the 1998 Installment Sale Agreement causing the prepayment by the Groveland/Tuolumne Financing Authority of all of the outstanding Groveland/ Tuolumne Financing Authority Groveland Capital Facilities Refunding Revenue Bonds Issue of 1998 (1998 Bonds.) Payments are due semiannually on July 10 and January 10. Final maturity is on January 10, 2026.

The District issued the Water Revenue Refunding Bonds, Series 2014, dated February 1, 2014 (February 2014 Revenue Refunding Bonds) in the amount of \$4,024,000, with an interest rate of 3.65%, to refund the May 2007 Installment Sale Agreement. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2027.

The District issued the Wastewater Revenue Refunding Bonds, Series 2014, dated June 1, 2014 (June 2014 Revenue Refunding Bond) in the amount of \$3,450,000, with an interest rate of 3% through July 10, 2022 and then 4.15% through July 10, 2027, to refund the June 2007 Installment Sales Agreement. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2027.

### Other Long-Term Debt

The District entered into a David-Grunsky Act Loan in the amount of \$102,000 with an interest rate of 2.5%, payable semiannually, principal payable annually on December 1. Final maturity is on December 1, 2021. As of June 30, 2019, the principal balance was \$9,783.

The District entered into a capital lease in the amount of \$169,850 with an interest rate of 4%. Principal and interest were payable annually with the final payment made on September 1, 2018.

Annual debt service requirements for the business-type activities are as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 764,406	\$ 181,724	\$ 946,130
2021	791,178	220,389	1,011,567
2022	811,295	202,149	1,013,444
2023	842,413	164,258	1,006,671
2024	873,941	142,584	1,016,525
2025-2028	<u>2,861,666</u>	<u>201,885</u>	<u>3,063,551</u>
Total	<u>\$ 6,944,899</u>	<u>\$ 1,112,989</u>	<u>\$ 8,057,888</u>

## 5. DEFINED BENEFIT PENSION PLAN

The District provides pension benefits to its employees through the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan, a public agency cost-sharing multiple-employer defined benefit pension plan. CalPERS is an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 for classic employees and 2% at 62 for PEPRA employees in the Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of five years of CalPERS-credited service. Members after January 1, 2013 must be at least 52.

### Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's required contribution rate on covered payroll for the measurement period ended June 30, 2018 (the measurement date) for the PEPRA and miscellaneous plan were 6.842% and 12.212% of annual pay, respectively. Employer contributions rates may change if the Plan contract is amended.

### Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The District's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2018 for the year ended June 30, 2019. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. As of June 30, 2019, the District's proportionate share of the Plan's net pension liability (NPL) was \$2,388,940.

Using the District's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the District by the actuary. The District's employer allocation factor for the Plan as of June 30, 2018 was as follows:

	<u>Plan</u>
Proportion - June 30, 2018	0.063389%
Proportion - June 30, 2017	<u>0.061405%</u>
Change - increase (decrease)	<u>0.001984%</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$322,495. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 91,659	\$ (31,191)
Changes in assumptions	272,346	(66,747)
Net differences between projected and actual investment earnings of pension plan investments	11,810	
Change in proportions	20,325	(52,325)
Change in proportionate share of contributions		(55,415)
Pension contributions subsequent to measurement date	231,810	
Total	\$ 627,950	\$ (205,678)

The \$231,810 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>		
2020	\$	204,305
2021		99,377
2022		(91,731)
2023		(21,489)

### Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the TPL was determined by rolling forward the June 30, 2017 TPL. The June 30, 2018 TPL amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### Discount Rate

The discount rate used to measure the TPL was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

<u>Asset Class<sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10<sup>(2)</sup></u>	<u>Real Return Years 11+<sup>(3)</sup></u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% was used for this period.

(3) An expected inflation of 2.92% was used for this period.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### Sensitivity of the District's Proportional Share of the NPL to Changes in the Discount Rate

The following presents the District's Proportional Share of the NPL of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's Proportional Share of the NPL 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:

	<b>Discount Rate – 1%</b>	<b>Current Discount Rate</b>	<b>Discount Rate + 1%</b>
District's Proportionate Share of Plan's NPL	\$ 3,837,301	\$ 2,388,940	\$ 1,193,342

### Recognition of Gains and Losses

Under GASB Statement No. 68, 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:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization 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

## 6. OTHER POSTEMPLOYMENT BENEFIT

### Plan Description

The District has established a retiree healthcare plan that provides other postemployment health, dental, and vision care benefits for eligible retired employees and their dependents through the retiree healthcare plan (the Plan). The District, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Trust (CERBT) fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the District.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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### Benefits Provided

Employees who, 1) retire from the District after at least the minimum number of years of service, as specified by their contract with the District, and 2) who continue health insurance through a District-sponsored health insurance plan, will continue to pay their health insurance premium, at the same level of benefits as the retiree had at the time of retirement. The District will also continue contributing to the retirees Health Savings Account, until the retiree reaches the age of 65, after which, the retiree shall receive the Medicare Supplement insurance coverage.

### Employees Covered

As of the July 1, 2017 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	15
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>12</u>
Total	<u><u>27</u></u>

### Contributions

The District provides benefits on a pay-as-you-go basis, and also makes contributions to the CERBT fund. The District's policy is to prefund their benefits from time to time at the sole discretion of the Board by accumulating assets in the CERBT. The District's employees are not required to contribute to the plan.

### Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined using the Alternative Measurement Method with a valuation date of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

### **Actuarial Assumptions**

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Salary increases	3.00%
Inflation rate	3.00%
Investment rate of return	6.00%, net of OPEB plan investment expense
Health care cost trend rates	5.00% for 2018 and later years

Pre-retirement mortality rates were based on the PR-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

The CERBT offers three diversified allocation strategies. The District has elected to participate in CERBT's Strategy 3 which has the lowest long-term expected rate of return and return volatility. The following table shows the target asset allocation for employers participating in CERBT Strategy 3:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Rate of Return</b>
Global ex-U.S. Equity	22%	5.5%
U.S Fixed	49%	1.5%
TIPS	16%	1.2%
Real Estate	8%	3.7%
Commodities	5%	0.6%
Total	100%	

For the June 30, 2018 measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 4.11 percent. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts invested.

### Discount Rate

Accounting standards for OPEB require a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability at June 30, 2019 is based on these requirements and the following information:

<b>Measurement Date</b>	<b>Long-Term Expected Return on Plan Investments (if any)</b>	<b>Municipal Bond 20-Year High Grade Rate Index</b>	<b>Discount Rate</b>
June 30, 2018	6.00%	3.62%	6.00%

### Changes in the Net OPEB Liability

The changes in the Net OPEB liability for the OPEB Plan are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (TOL) (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balance at June 30, 2018 (Roll back balance at June 30, 2017 measurement date)	\$ 2,737,538	\$ 614,857	\$ 2,122,681
Changes recognized for the measurement period:			
Service cost	122,616		122,616
Interest on TOL	160,907		160,907
Contributions—employer		295,909	(295,909)
Actual investment income		28,892	(28,892)
Benefit payments	(113,141)	(113,141)	
Trustee fees		(814)	814
Administrative expense		(319)	319
Net changes	170,382	210,527	(40,145)
Balance at June 30, 2019 (Measurement date June 30, 2018)	\$ 2,907,920	\$ 825,384	\$ 2,082,536



# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### Sensitivity of the District’s Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<b>Discount Rate – 1% (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>Discount Rate +1% (7.00%)</b>
Net OPEB liability	\$ 2,539,812	\$ 2,082,536	\$ 1,724,38

### Sensitivity of the District’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<b>Health Care Trend Rate – 1% (4.00%)</b>	<b>Health Care Trend Rate (5.00%)</b>	<b>Health Care Trend Rate +1% (6.00%)</b>
Net OPEB liability	\$ 1,653,985	\$ 2,082,536	\$ 2,640,038

### OPEB plan fiduciary net position

Detailed information about the Plan’s fiduciary net position is available on CalPER’s website in an annual report titled “California Employers’ Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer”. Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund’s financial .

### Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	6.3 years, Expected average remaining service lives (EARSL) of plan participants

# GROVELAND COMMUNITY SERVICES DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

### OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$220,173. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 298,741	
Net difference between projected and actual return on investments	20,530	
<b>Total</b>	<b>\$ 319,271</b>	<b>\$</b>

The \$298,741 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>		
2020	\$	5,874
2021		5,874
2022		5,873
2023		2,909

## 7. 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; and natural disasters for which the District carries insurance. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq., effective July 1, 2006. During its membership, the general and auto liability, employee dishonesty coverage, property loss, boiler and machinery, public officials' personal liability, workers' compensation coverage and employer's liability policies were in effect, with excess coverage for general and auto liability, and errors and changes of \$10 million. Following is SDRMA's summary financial information as of June 30, 2018:

Total Assets	\$ 112,001,700		
Total Deferred Outflows of Resources	823,568	Total Operating Revenues	\$ 68,937,153
Total Liabilities	(57,903,143)	Total Operating Expenses	(64,541,691)
Total Deferred Inflows of Resources	(337,392)	Total Nonoperating income	96,961
Total Net Position	\$ 54,584,733	Change in Net Position	\$ 4,492,423

**REQUIRED SUPPLEMENTARY INFORMATION**

# GROVELAND COMMUNITY SERVICES DISTRICT

## BUDGETARY COMPARISON SCHEDULE FIRE PROTECTION FUND YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ 1,044,969	\$ 1,044,969	\$ 1,082,599	\$ 37,630
Interest earnings	1,000	1,000	9,874	8,874
Other revenue	<u>20,000</u>	<u>20,000</u>	<u>59,206</u>	<u>39,206</u>
Total revenues	<u>1,065,969</u>	<u>1,065,969</u>	<u>1,151,679</u>	<u>85,710</u>
<b>EXPENDITURES:</b>				
Public safety	1,402,481	1,402,481	1,231,928	170,553
Capital outlay	<u>76,013</u>	<u>126,040</u>	<u>106,417</u>	<u>19,623</u>
Total expenditures	<u>1,478,494</u>	<u>1,528,521</u>	<u>1,338,345</u>	<u>190,176</u>
Net change in fund balance	(412,525)	(462,552)	(186,666)	275,886
Fund balances - beginning	<u>1,289,056</u>	<u>1,289,056</u>	<u>1,289,056</u>	<u>          </u>
Fund balances - ending	<u>\$ 876,531</u>	<u>\$ 826,504</u>	<u>\$ 1,102,390</u>	<u>\$ 275,886</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## BUDGETARY COMPARISON SCHEDULE PARKS AND RECREATION FUND YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>REVENUES:</b>				
Property taxes	\$ 90,866	\$ 90,866	\$ 94,139	\$ 3,273
Interest earnings			4,998	4,998
Charges for services	1,500	1,500	1,710	210
State revenue			166,867	166,867
Other revenue	<u>169,200</u>	<u>169,200</u>	<u>24,893</u>	<u>(144,307)</u>
Total revenues	<u>261,566</u>	<u>261,566</u>	<u>292,607</u>	<u>31,041</u>
<b>EXPENDITURES:</b>				
Parks and recreation	118,191	118,191	308,115	(189,924)
Capital outlay	<u>211,693</u>	<u>210,700</u>	<u>35,598</u>	<u>175,102</u>
Total expenditures	<u>329,884</u>	<u>328,891</u>	<u>343,713</u>	<u>(14,822)</u>
Net change in fund balance	(68,318)	(67,325)	(51,106)	16,219
Fund balances - beginning	<u>162,325</u>	<u>162,325</u>	<u>162,325</u>	
Fund balances - ending	<u>\$ 94,007</u>	<u>\$ 95,000</u>	<u>\$ 111,219</u>	<u>\$ 16,219</u>

# GROVELAND COMMUNITY SERVICES DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIOD ENDED JUNE 30, LAST 10 YEARS\*

	<u>2018</u>	<u>2017</u>
<b>TOTAL OPEB LIABILITY</b>		
Service cost	\$ 122,616	\$ 119,046
Interest	160,907	151,247
Benefit payments	<u>(113,141)</u>	<u>(105,560)</u>
<b>NET CHANGE IN TOTAL OPEB LIABILITY</b>	170,382	164,733
<b>TOTAL OPEB LIABILITY, Beginning</b>	<u>2,737,538</u>	<u>2,572,805</u>
<b>TOTAL OPEB LIABILITY, Ending (a)</b>	<u>2,907,920</u>	<u>2,737,538</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions—employer	295,909	286,010
Net investment income	28,892	15,864
Benefit payments	(113,141)	(105,560)
Trustee fees	(814)	
Administrative expense	<u>(319)</u>	<u>(218)</u>
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	210,527	196,096
<b>PLAN FIDUCIARY NET POSITION, Beginning</b>	<u>614,857</u>	<u>418,761</u>
<b>PLAN FIDUCIARY NET POSITION, Ending (b)</b>	<u>825,384</u>	<u>614,857</u>
<b>DISTRICT'S NET OPEB LIABILITY, Ending (a) - (b)</b>	<u>\$ 2,082,536</u>	<u>\$ 2,122,681</u>
Plan fiduciary net position as a percentage of the total OPEB liability	28.38%	22.46%
Covered-employee payroll	\$ 595,041	\$ 677,904
District's net OPEB liability as a percentage of covered-employee payroll	349.98%	313.12%

**Notes to Schedule:**

There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2018 or 2017.

\* Fiscal year 2018 was the 1st year of implementation, therefore only two years are presented.

# GROVELAND COMMUNITY SERVICES DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, LAST 10 YEARS\*

	Measurement Date				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.063390%	0.061405%	0.061035%	0.059813%	0.048550%
District's proportionate share of the net pension liability	\$ 2,388,940	\$ 2,420,627	\$ 2,120,274	\$ 1,640,950	\$ 1,199,800
District's covered-employee payroll	\$ 819,134	\$ 832,387	\$ 704,247	\$ 909,010	\$ 898,662
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.64%	290.81%	301.07%	180.52%	133.51%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	81.15%

**Notes to Schedule:**

**Change of benefit terms** – For the measurement period ended June 30, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

**Changes in assumptions** – GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changes from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. For the measurement period ended June 30, 2018, 2016 and 2014, there were no changes in assumptions. As of June 2017 measurement date the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%.

\* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

# GROVELAND COMMUNITY SERVICES DISTRICT

## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AS OF JUNE 30, LAST 10 YEARS\*

	Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 231,810	\$ 199,766	\$ 184,529	\$ 157,772	\$ 96,691
Contributions in relation to the contractually required contributions	<u>(231,810)</u>	<u>(199,766)</u>	<u>(184,529)</u>	<u>(157,772)</u>	<u>(96,691)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 758,439	\$ 819,134	\$ 832,387	\$ 704,247	\$ 909,010
Contributions as a percentage of covered-employee payroll	30.56%	24.39%	22.17%	22.40%	10.64%

\* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.