

Groveland Community Services District



Tuolumne County
Groveland, California

Financial Statements with
Independent Auditor's Report

Year Ended June 30, 2015

**GROVELAND
COMMUNITY SERVICES DISTRICT**

**TUOLUMNE COUNTY
GROVELAND, CALIFORNIA**

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

YEAR ENDED JUNE 30, 2015

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, 2015, 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, 2015, 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.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1(L) to the financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

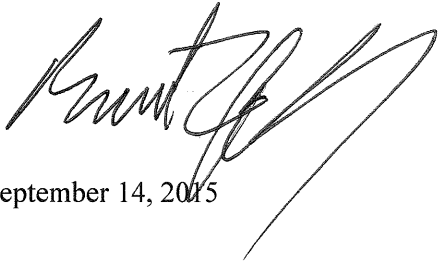
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits, Budgetary Comparison Schedules, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 4 through 13 and 44 through 48 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 Information

Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015 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 read "Kuntz", with a large, sweeping flourish extending from the end of the signature.

September 14, 2015

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

As management of the Groveland Community Services District (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, 2015. We encourage the readers to consider the information presented here in conjunction with the District's basic financial statements, which immediately follow this section.

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, 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.
- **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. 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.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **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).

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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 \$9,274,140 as of June 30, 2015. This amount represents the District's net position.

By far, the largest portion (77%) of the District's net position reflects its investment in capital assets (e.g., land, structures and improvements, 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 \$2,128,182 is unrestricted and may be used to meet the government's ongoing obligations.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current assets and other assets	\$ 1,525,374	\$ 1,329,551	\$ 4,574,469	\$ 4,235,719	\$ 6,099,843	\$ 5,565,270
Capital assets	<u>796,133</u>	<u>855,014</u>	<u>14,941,586</u>	<u>14,487,239</u>	<u>15,737,719</u>	<u>15,342,253</u>
Total assets	<u>2,321,507</u>	<u>2,184,565</u>	<u>19,516,055</u>	<u>18,722,958</u>	<u>21,837,562</u>	<u>20,907,523</u>
 Total deferred outflows of resources	 <u>2,063</u>	 <u>-</u>	 <u>373,911</u>	 <u>293,776</u>	 <u>375,974</u>	 <u>293,776</u>
Long-term liabilities	293,682	249,566	11,734,363	11,180,197	12,028,045	11,429,763
Other liabilities	<u>181,906</u>	<u>170,409</u>	<u>305,601</u>	<u>594,572</u>	<u>487,507</u>	<u>764,981</u>
Total liabilities	<u>475,588</u>	<u>419,975</u>	<u>12,039,964</u>	<u>11,774,769</u>	<u>12,515,552</u>	<u>12,194,744</u>
 Total deferred inflows of resources	 <u>7,842</u>	 <u>-</u>	 <u>416,002</u>	 <u>-</u>	 <u>423,844</u>	 <u>-</u>
 Net position:						
Net investment in capital assets	796,133	855,014	6,349,825	5,344,639	7,145,958	6,199,653
Unrestricted	<u>1,044,007</u>	<u>909,576</u>	<u>1,084,175</u>	<u>1,897,326</u>	<u>2,128,182</u>	<u>2,806,902</u>
 Total net position	 <u>\$ 1,840,140</u>	 <u>\$ 1,764,590</u>	 <u>\$ 7,434,000</u>	 <u>\$ 7,241,965</u>	 <u>\$ 9,274,140</u>	 <u>\$ 9,006,555</u>

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Changes in Net Position

The net position of the District as a whole was \$9,274,140 as of June 30, 2015. This is an overall increase in net position of \$267,585 from the prior year. Net position increased by \$1,766,053 over the previous fiscal year as a direct result of positive earnings from operating and nonoperating activities, but decreased by \$1,498,468 due to the cumulative effect of changes in accounting principles for the implementation of Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements). The primary objective of the Statements is to improve state and local government accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The Statements require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

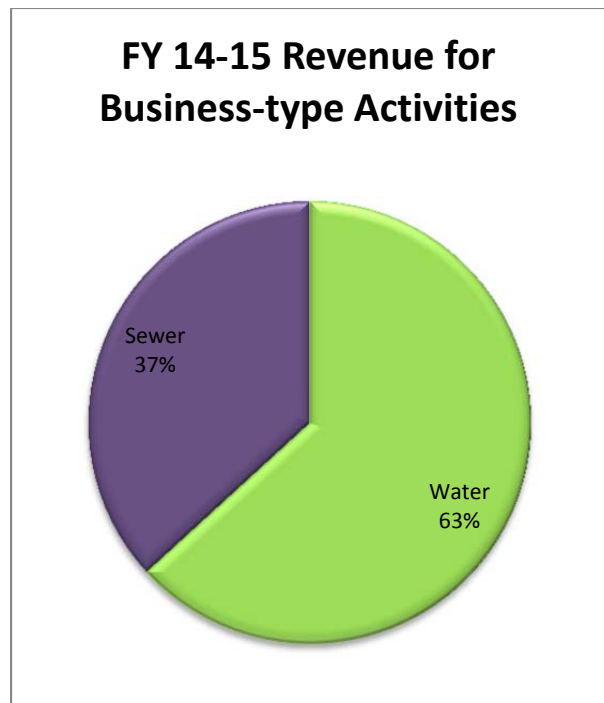
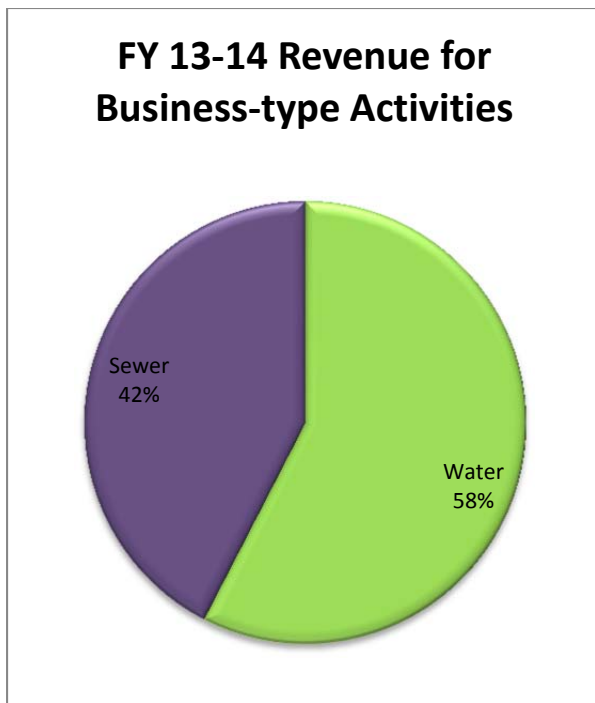
Governmental activities—The net position for governmental activities as of June 30, 2015 was \$1,840,140. This is an overall increase in net position of \$75,550 from the prior year. Net position increased by \$103,275 from the prior year as a result of revenue exceeding expenses for the year, offset by a \$27,725 decrease for the cumulative effect of changes in accounting principles for the implementation of the Statements. Although the economic downturn 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.

Business-type activities—For the District's business-type activities, the net position as of June 30, 2015 was \$7,434,000. This is an overall increase in net position of \$192,035 from the prior year. An increase in net position of \$1,662,778 is the net result of the current fiscal year operating and nonoperating revenues and expenses. The increase, in large part is due to federal grant revenue of \$1,275,270 recognized during the fiscal year. The federal grants were awarded to assist the District in financing the construction of a water filtration system that will enable the District to meet safe drinking water standards. The related costs associated with the water filtration system are included in construction in progress at June 30, 2015 and will be capitalized and depreciated (expensed) annually over its useful life once the asset is ready for its intended use. The change in net position was offset by \$1,470,743 for the cumulative effect of changes in accounting principles for the implementation of the Statements.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

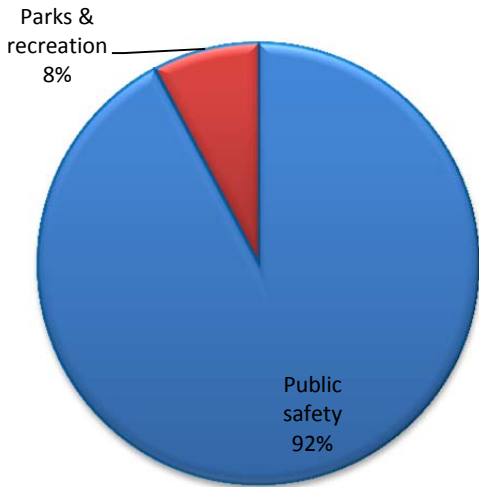
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 835	\$ 860	\$ 4,385,439	\$ 4,471,326	\$ 4,386,274	\$ 4,472,186
Capital grants and contributions	-	-	1,275,270	-	1,275,270	-
General revenues:						
Property taxes	997,791	956,313	10,474	10,840	1,008,265	967,153
Interest income	2,831	3,281	15,522	18,339	18,353	21,620
Other revenues	<u>50,822</u>	<u>70,066</u>	<u>312,360</u>	<u>90,574</u>	<u>363,182</u>	<u>160,640</u>
Total revenues	<u>1,052,279</u>	<u>1,030,520</u>	<u>5,999,065</u>	<u>4,591,079</u>	<u>7,051,344</u>	<u>5,621,599</u>
Expenses:						
Public safety	881,217	905,858	-	-	881,217	905,858
Parks and recreation	67,787	91,652	-	-	67,787	91,652
Water	-	-	2,577,397	2,856,409	2,577,397	2,856,409
Davis-Grunsky	-	-	1,241	1,082	1,241	1,082
Sewer	-	-	<u>1,757,649</u>	<u>1,931,504</u>	<u>1,757,649</u>	<u>1,931,504</u>
Total expenses	<u>949,004</u>	<u>997,510</u>	<u>4,336,287</u>	<u>4,788,995</u>	<u>5,285,291</u>	<u>5,786,505</u>
Change in net position	<u>103,275</u>	<u>33,010</u>	<u>1,662,778</u>	<u>(197,916)</u>	<u>1,766,053</u>	<u>(164,906)</u>
Net position - beginning, as previously reported	1,764,590	1,731,580	7,241,965	7,439,881	9,006,555	9,171,461
Cumulative effect of change in accounting principle	<u>(27,725)</u>	<u>-</u>	<u>(1,470,743)</u>	<u>-</u>	<u>(1,498,468)</u>	<u>-</u>
Net position - beginning, as restated	<u>1,736,865</u>	<u>1,731,580</u>	<u>5,771,222</u>	<u>7,439,881</u>	<u>7,508,087</u>	<u>9,171,461</u>
Net position - ending	<u>\$ 1,840,140</u>	<u>\$ 1,764,590</u>	<u>\$ 7,434,000</u>	<u>\$ 7,241,965</u>	<u>\$ 9,274,140</u>	<u>\$ 9,006,555</u>



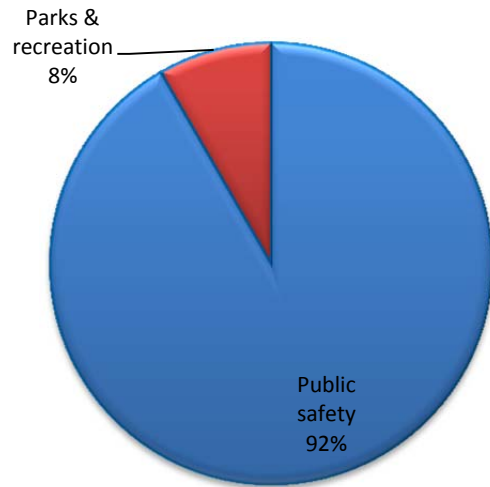
GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

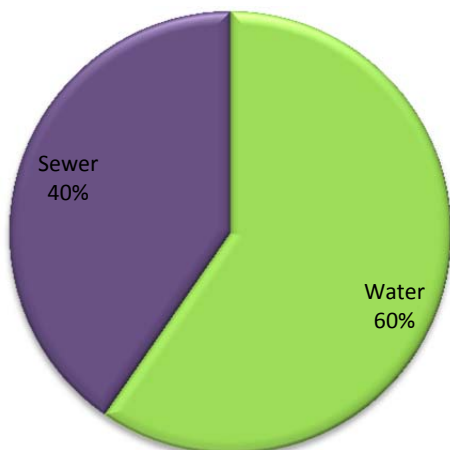
FY 13-14 Revenue for Governmental Activities



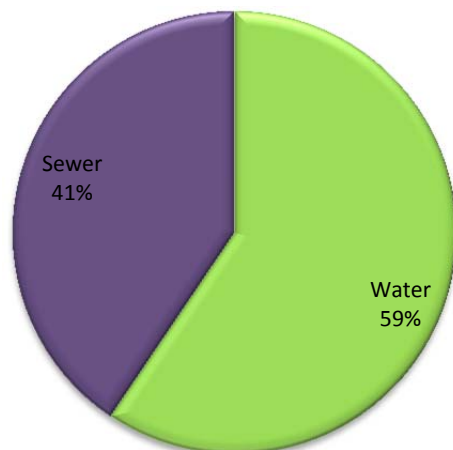
FY 14-15 Revenue for Governmental Activities



FY 13-14 Expenses for Business-type Activities

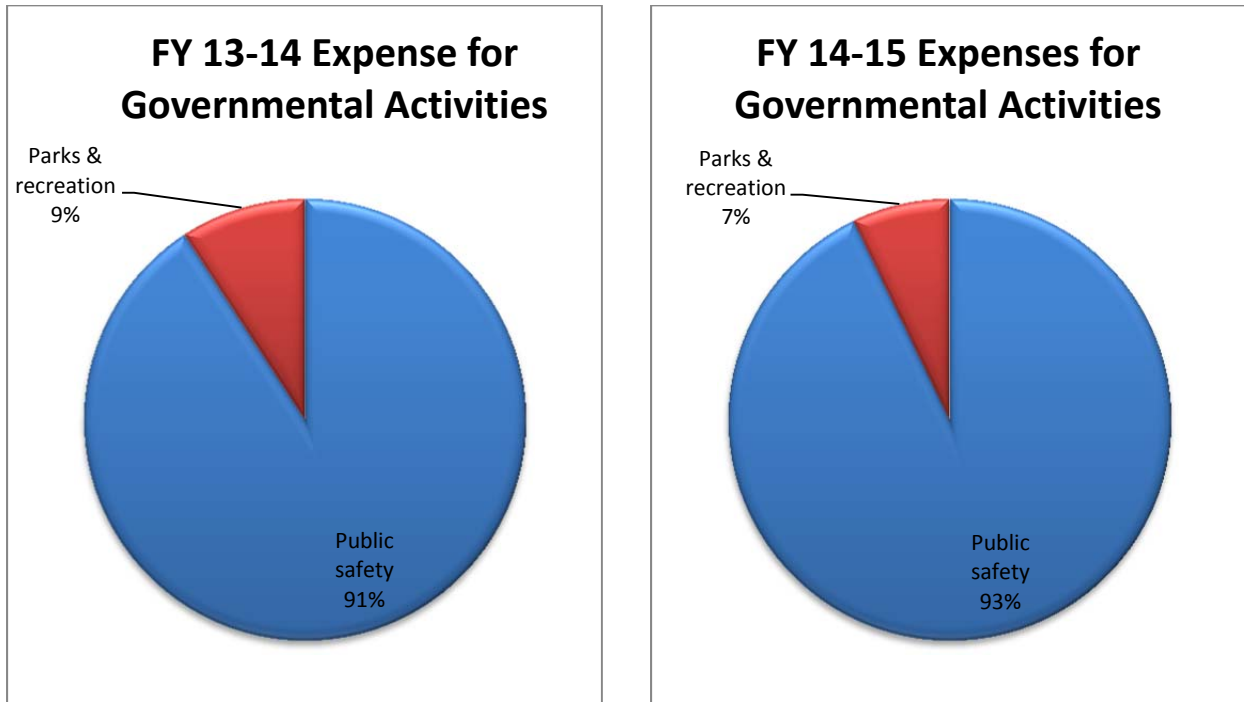


FY 14-15 Expenses for Business-type Activities



GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Changes in Net Fund Balance/Net Position

Governmental fund balances—As stated previously, although the economic downturn 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. As a result, the governmental fund balances have increased in both the current and the prior year. The District entered into a contractual agreement with CAL Fire for the operation of the fire department that beginning April 1, 2013. A special benefit assessment for the fire department expired in June 2012, resulting in a reduced funding level for the fire department. However, through the contract with CAL Fire, the District has continued to be able to reduce costs of operations while maintaining a full time fire protection service.

The **Water Fund** generated operating income of \$254,410 and a net increase in nonoperating activities of \$960,904 for a total increase in net position of \$1,215,314. The primary nonoperating items were federal revenue of \$1,275,270 and interest expense on long-term debt of \$245,950. This was decreased by \$859,661 for the cumulative effect of changes in accounting principles for the implementation of the Statements.

The **Sewer Fund** generated operating income of \$350,701 and a net increase in nonoperating activities of \$97,976 for a total increase in net position of \$448,677. The primary nonoperating items were interest expense on long-term debt of \$109,333 and other income of \$288,512. This was decreased by \$611,082 for the cumulative effect of changes in accounting principles for the implementation of the Statements.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

	<u>2015</u>	<u>Restated 2014*</u>	<u>Increase (Decrease)</u>
Governmental Fund Balance:			
Fire protection	\$ 1,129,649	\$ 983,210	\$ 146,439
Parks and recreation	213,819	177,124	36,695
Enterprise Net Position:			
Water	4,056,927	2,841,613	1,215,314
Davis-Grunsky	(15,089)	(13,876)	(1,213)
Sewer	3,392,162	2,943,485	448,677

*Restated 2014 Enterprise Net Position for implementation of the Statements.

CAPITAL ASSETS

At June 30, 2015 the District has invested \$15,737,719 in capital assets. This amount represents a net increase of \$395,466 from last year. The change in capital assets was primarily a result of increases of \$1,437,385 to construction in progress for the construction of the water filtration system and a decrease of \$1,223,877 due to the annual depreciation expense.

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Land	\$ 468,436	\$ 468,436	\$ -
Structures and improvements	31,830,503	32,321,330	(490,827)
Furniture and equipment	2,672,080	2,447,651	224,429
Vehicles	1,457,489	1,537,603	(80,114)
Construction in progress	1,477,578	60,327	1,417,251
Accumulated depreciation	<u>(22,168,367)</u>	<u>(21,493,094)</u>	<u>(675,273)</u>
Total	<u>\$ 15,737,719</u>	<u>\$ 15,342,253</u>	<u>\$ 395,466</u>

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

LONG-TERM DEBT

At June 30, 2015, the District has \$12,028,045 in long-term debt. The reductions to long-term debt are primarily attributable to scheduled principal payments and the change in the net pension liability. The June 30, 2014 long-term debt balance on the debt schedule below was restated to include the balance of the net pension liability as a result of implementation of the Statements. The net effect on long-term debt is a decrease of \$1,068,239 from last year.

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 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, 2015, the District's proportionate share of the Plan's net pension liability was \$1,199,800, which is determined by an actuary annually.

During the year ended June 30, 2015, the District elected to participate in an irrevocable trust to prefund the OPEB obligation. The Trust, California Employers' Retiree Benefit Trust (CERBT) fund, is administered by CalPERS. The District's policy is to prefund their benefits from time to time at the sole discretion of the Board of Directors (Board) by accumulating assets in CERBT. The Board reserves the District's authority to review and amend this financing policy from time to time to ensure that the funding policy continues to best suit the circumstances of the District. During the year ended June 30, 2015, the District contributed \$162,000 to CERBT. Among the many benefits of prefunding the liability are that the earnings on the contributed assets reduce employer contributions, contributions to the Trust are irrevocable so they reduce the liability on the statement of net position, and financial security for retirees is enhanced.

	<u>2015</u>	<u>Restated 2014*</u>	<u>Increase (Decrease)</u>
Installment sales agreements and bonds, net	\$ 9,709,772	\$ 10,412,381	\$ (702,609)
Net OPEB obligation	852,970	847,165	5,805
Compensated absences	65,977	86,787	(20,810)
Net pension liability	1,199,800	1,665,329	(465,529)
Other long-term debt	<u>199,526</u>	<u>84,622</u>	<u>114,904</u>
Total	<u>\$ 12,028,045</u>	<u>\$ 13,096,284</u>	<u>\$ (1,068,239)</u>

*Restated 2014 to include the net pension liability for implementation of the Statements.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District's governmental funds continues to operate with a positive revenue flow. The continued contract with Cal Fire for the operation of the Fire Department has again concluded end of year operations under budget by \$113,000. The District's Board of Directors expanded the Cal Fire contract to include year round staffing of the seasonal Fire Station (B Station) enhancing service coverage for the community.

During October 2015, the District completed the installation of the Drought Filtration Trailer that provides filtration of the alternative raw water source introduced as a result of drought conditions. The District applied and obtained grant funding to support the Drought Filtration Project.

The District initiated a rate study analyzing revenue needs for both the Water and Sewer Enterprise Funds. The Water Fund public hearing process will take place in January of 2016 with the Sewer Fund hearing occurring in March of 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, 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 Jon Sterling, General Manager, Groveland Community Services District, 18966 Ferretti Rd, Groveland, CA 95321.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS:			
Cash and equivalents	\$ 1,523,638	\$ 2,938,988	\$ 4,462,626
Restricted cash and equivalents		1,023,434	1,023,434
Accounts receivable		608,649	608,649
Due from other funds	1,736		1,736
Assessments receivable		3,398	3,398
Depreciable capital assets (net)	748,089	13,043,616	13,791,705
Nondepreciable capital assets	48,044	1,897,970	1,946,014
Total assets	2,321,507	19,516,055	21,837,562
DEFERRED OUTFLOW OF RESOURCES:			
Deferred outflow of resources related to pensions	2,063	109,449	111,512
Deferred amount on debt refunding		264,462	264,462
Total deferred outflow of resources	2,063	373,911	375,974
LIABILITIES:			
Accounts payable and accrued liabilities	181,706	90,485	272,191
Due to other funds		1,736	1,736
Interest payable		175,803	175,803
Deposits payable	200	37,577	37,777
Long-term liabilities, due within one year	1,392	793,288	794,680
Long term liabilities, due in more than one year	292,290	10,941,075	11,233,365
Total liabilities	475,588	12,039,964	12,515,552
DEFERRED INFLOW OF RESOURCES:			
Deferred inflow of resources related to pensions	7,842	416,002	423,844
NET POSITION:			
Net investment in capital assets	796,133	6,349,825	7,145,958
Unrestricted	1,044,007	1,084,175	2,128,182
Total net position	\$ 1,840,140	\$ 7,434,000	\$ 9,274,140

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

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

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	\$ 881,217			\$ (881,217)		\$ (881,217)
Parks and recreation	67,787	\$ 835		(66,952)		(66,952)
Total Governmental Activities	949,004	835		(948,169)		(948,169)
Business-type Activities:						
Water	2,577,397	2,474,234	\$ 1,275,270		\$ 1,172,107	1,172,107
Davis-Grunsky	1,241				(1,241)	(1,241)
Sewer	1,757,649	1,911,205			153,556	153,556
Total Business-type Activities	4,336,287	4,385,439	1,275,270		1,324,422	1,324,422
Total Primary Government	\$ 5,285,291	\$ 4,386,274	\$ 1,275,270	(948,169)	1,324,422	376,253
General Revenues:						
Property taxes				997,791	10,474	1,008,265
Interest earnings				2,831	15,522	18,353
Other revenue				50,822	312,360	363,182
Total general revenues				1,051,444	338,356	1,389,800
Change in net position				103,275	1,662,778	1,766,053
Net position - beginning, as previously reported				1,764,590	7,241,965	9,006,555
Cumulative effect of change in accounting principles				(27,725)	(1,470,743)	(1,498,468)
Net position - beginning, as restated				1,736,865	5,771,222	7,508,087
Net position - ending				\$ 1,840,140	\$ 7,434,000	\$ 9,274,140

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

GROVELAND COMMUNITY SERVICES DISTRICT

BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2015

	Fire Protection	Parks and Recreation	Total Governmental Funds
ASSETS:			
Cash and equivalents	\$ 1,307,942	\$ 215,696	\$ 1,523,638
Due from other funds	<u>456</u>	<u>1,280</u>	<u>1,736</u>
Total assets	<u>\$ 1,308,398</u>	<u>\$ 216,976</u>	<u>\$ 1,525,374</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 178,749	\$ 2,957	\$ 181,706
Deposits payable	<u>200</u>	<u>200</u>	<u>200</u>
Total liabilities	<u>178,749</u>	<u>3,157</u>	<u>181,906</u>
Fund balances:			
Committed for fire protection	1,129,649		1,129,649
Committed for parks and recreation	<u>213,819</u>	<u>213,819</u>	<u>213,819</u>
Total fund balances	<u>1,129,649</u>	<u>213,819</u>	<u>1,343,468</u>
Total liabilities and fund balances	<u>\$ 1,308,398</u>	<u>\$ 216,976</u>	<u>\$ 1,525,374</u>

GROVELAND COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2015

Total fund balance, governmental funds \$ 1,343,468

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. 796,133

In the governmental funds, deferred outflows and inflows of resources relating to pensions 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	2,063
Deferred inflow of resources related to pensions	(7,842)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, are included in governmental activities in the statement of net position. (293,682)

Total net position, governmental activities \$ 1,840,140

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

	Fire Protection	Parks and Recreation	Total Governmental Funds
REVENUES:			
Property taxes	\$ 917,968	\$ 79,823	\$ 997,791
Interest earnings	1,541	1,290	2,831
Charges for services		835	835
Other revenues	45,289	5,533	50,822
Total revenues	<u>964,798</u>	<u>87,481</u>	<u>1,052,279</u>
EXPENDITURES:			
Public safety	818,359		818,359
Culture-recreation		50,786	50,786
Capital outlay			
Total expenditures	<u>818,359</u>	<u>50,786</u>	<u>869,145</u>
Net change in fund balance	146,439	36,695	183,134
Fund balances - beginning of year	<u>983,210</u>	<u>177,124</u>	<u>1,160,334</u>
Fund balances - end of year	<u>\$ 1,129,649</u>	<u>\$ 213,819</u>	<u>\$ 1,343,468</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, 2015

Net change in fund balances - total governmental funds \$ 183,134

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	\$ -	
Depreciation expense not reported in governmental funds	<u>(58,881)</u>	(58,881)

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: (253)

In governmental funds, retiree benefit costs are recognized when employer contributions are made. In the statement of activities, costs are measured and recognized in relation to the annual required contribution. For the year ended June 30, 2014, the difference between the OPEB expense and the actual employee contributions attributable to governmental activities was: (20,525)

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. (200)

Change in net position of governmental activities \$ 103,275

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2015

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
ASSETS:				
Cash and equivalents	\$ 1,706,500	\$ 17,583	\$ 1,214,905	\$ 2,938,988
Restricted cash and equivalents	698,432		325,002	1,023,434
Due to other funds	1,247			1,247
Accounts receivable	368,673		239,976	608,649
Assessments receivable		3,398		3,398
Interfund loan			50,236	50,236
Depreciable capital assets (net)	7,608,599		5,435,017	13,043,616
Nondepreciable capital assets	1,472,194		425,776	1,897,970
Total assets	11,855,645	20,981	7,690,912	19,567,538
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflow of resources related to pensions	63,974		45,475	109,449
Deferred amount on debt refunding	264,462			264,462
Total deferred outflow of resources	328,436		45,475	373,911
LIABILITIES:				
Accounts payable and accrued liabilities	62,609		27,876	90,485
Due from other funds			2,983	2,983
Interest payable	119,673		56,130	175,803
Deposits payable	31,990		5,587	37,577
Interfund loan	50,236			50,236
Long-term liabilities, due within one year	509,701	9,666	273,921	793,288
Long term liabilities, due in more than one year	7,109,788	26,404	3,804,883	10,941,075
Total liabilities	7,883,997	36,070	4,171,380	12,091,447
DEFERRED INFLOW OF RESOURCES:				
Deferred inflow of resources related to pensions	243,157		172,845	416,002
NET POSITION:				
Net investment in capital assets	3,354,030		2,995,795	6,349,825
Unrestricted	702,897	(15,089)	396,367	1,084,175
Total net position	\$ 4,056,927	\$ (15,089)	\$ 3,392,162	\$ 7,434,000

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, 2015

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
OPERATING REVENUES:				
Charges for services	\$ 2,427,798		\$ 1,873,355	\$ 4,301,153
Other	46,436		37,850	84,286
Total operating revenues	<u>2,474,234</u>		<u>1,911,205</u>	<u>4,385,439</u>
OPERATING EXPENSES:				
Salaries and wages	439,877		367,488	807,365
Payroll expenses	372,504		311,805	684,309
Utilities	203,060		104,340	307,400
Repairs and maintenance	150,891		75,975	226,866
Supplies, equipment, and materials	130,017		88,409	218,426
Professional services	67,922		42,518	110,440
Licenses and permits	24,323		24,121	48,444
Insurance	23,007		23,660	46,667
Employee development	22,204		15,769	37,973
Communications	19,175		16,645	35,820
Advertising, postage, and printing	24,531		10,372	34,903
Miscellaneous	17,968		12,052	30,020
Janitorial	5,579		5,111	10,690
Rents and leases	7,968		661	8,629
Memberships, dues, and subscriptions	3,147		3,233	6,380
Bad debt	1,000			1,000
Depreciation	706,651		458,345	1,164,996
Total operating expenses	<u>2,219,824</u>		<u>1,560,504</u>	<u>3,780,328</u>
Operating income	<u>254,410</u>		<u>350,701</u>	<u>605,111</u>
NONOPERATING REVENUES (EXPENSES):				
Federal revenue	1,275,270			1,275,270
Property taxes	10,474			10,474
Interest earnings	8,885	\$ 28	6,609	15,522
Interest expense	(245,950)	(1,241)	(109,333)	(356,524)
Loss on disposal of capital assets	(70,407)		(75,878)	(146,285)
Amortization	(29,314)			(29,314)
Other expense	(11,902)		(11,934)	(23,836)
Other income	23,848		288,512	312,360
Total nonoperating revenues (expenses)	<u>960,904</u>	<u>(1,213)</u>	<u>97,976</u>	<u>1,057,667</u>
Change in net position	<u>1,215,314</u>	<u>(1,213)</u>	<u>448,677</u>	<u>1,662,778</u>
Net position - beginning, as previously reported	3,701,274	(13,876)	3,554,567	7,241,965
Cumulative effect of change in accounting principles	<u>(859,661)</u>		<u>(611,082)</u>	<u>(1,470,743)</u>
Net position - beginning, as restated	<u>2,841,613</u>	<u>(13,876)</u>	<u>2,943,485</u>	<u>5,771,222</u>
Net position - ending	<u>\$ 4,056,927</u>	<u>\$ (15,089)</u>	<u>\$ 3,392,162</u>	<u>\$ 7,434,000</u>

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, 2015

	Business-type Activities			
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,496,730		\$ 1,911,210	\$ 4,407,940
Cash payments to suppliers for goods and services	(725,835)		(507,551)	(1,233,386)
Cash payments to/on behalf of employees	(833,983)		(677,225)	(1,511,208)
Net cash provided by operating activities	<u>936,912</u>		<u>726,434</u>	<u>1,663,346</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from Federal grants	1,159,611			1,159,611
Cash received from taxes and assessments	10,474	\$ 8,477		18,951
Cash received from other nonoperating	23,848		288,512	312,360
Cash payments for other nonoperating	(11,902)			(11,902)
Net cash provided (used) by non-capital and related financing activities	<u>1,182,031</u>	<u>8,477</u>	<u>288,512</u>	<u>1,479,020</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(1,468,886)		(315,998)	(1,784,884)
Proceeds from issuance of long-term debt			169,850	
Interest paid on long-term debt	(234,900)	(1,241)	(58,539)	(294,680)
Principal paid on long-term debt	(452,609)	(8,552)	(530,769)	(991,930)
Net cash used by capital and related financing activities	<u>(2,156,395)</u>	<u>(9,793)</u>	<u>(735,456)</u>	<u>(3,071,494)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	8,885	28	6,609	15,522
Net increase in cash and cash equivalents	(28,567)	(1,288)	286,099	86,394
Cash and cash equivalents - beginning of year	<u>2,433,499</u>	<u>18,871</u>	<u>1,253,808</u>	<u>3,706,178</u>
Cash and cash equivalents - end of year	<u>\$ 2,404,932</u>	<u>\$ 17,583</u>	<u>\$ 1,539,907</u>	<u>\$ 3,962,422</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION:				
Cash and equivalents	\$ 1,706,500	\$ 17,583	\$ 1,214,905	\$ 2,938,988
Restricted cash and equivalents	<u>698,432</u>		<u>325,002</u>	<u>1,023,434</u>
Cash and cash equivalents - end of year	<u>\$ 2,404,932</u>	<u>\$ 17,583</u>	<u>\$ 1,539,907</u>	<u>\$ 3,962,422</u>

(Continued)

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2015

(Continued)

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 254,410		\$ 350,701	\$ 605,111
Reconciliation of operating income to net cash provided (used) by operating activities				
Depreciation expense	706,651		458,345	1,164,996
(Increase) decrease in:				
Accounts receivable	24,671		5	24,676
Due from other funds	(25,185)			(25,185)
Deferred outflows of resources	(63,974)		(45,475)	(109,449)
Increase (decrease) in:				
Accounts payable and accrued liabilities	204		(117,205)	(117,001)
Due to other funds			34,243	34,243
Deposits payable	(1,175)			(1,175)
Compensated absences	(10,143)		(10,867)	(21,010)
Net pension liability	(171,344)		(121,798)	(293,142)
Net OPEB obligation	(20,360)		5,640	(14,720)
Deferred inflows of resources	243,157		172,845	416,002
Net cash provided by operating activities	\$ 936,912	\$	\$ 726,434	\$ 1,663,346

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS:	
Restricted cash and investments	\$ <u>43,972</u>
Total assets	\$ <u><u>43,972</u></u>
LIABILITIES:	
Deposits	\$ <u>43,972</u>
Total liabilities	\$ <u><u>43,972</u></u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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 meeting the operational requirements of a particular program. Revenues which are not classified as

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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 fiduciary fund is used to report resources held by the District in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, and private organizations.

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.

The fiduciary fund is reported using the economic resources measurement focus. The fiduciary fund is not included in the government-wide financial statements. The fiduciary fund is reported only in the statement of fiduciary net position at the fund financial statement level.

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 and fiduciary funds use 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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.

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, liabilities, deferred inflows, 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 and fiduciary 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Fiduciary Funds

The District is responsible for the administration of the Improvement Districts (Sewer Assessment District 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. The County of Tuolumne functions as an agent for the property owners by collecting assessments and forwarding collections to the special-assessment debt-holders. The special assessment debt at June 30, 2015, is as follows:

SAD #3	\$ 40,380
SAD #4	<u>3,592</u>
Total Special Assessment Debt	<u>\$ 43,972</u>

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.

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, liabilities and deferred inflows 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 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.

Contributions made to the District's pension 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 in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net pension liability 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.

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. 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

M. FUND BALANCES

In the governmental fund financial statements fund balances are classified as follows:

Non-spendable – Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted – Funds that are mandated for specific purposes because the amounts are subject to externally imposed or legally enforceable constraints.

Committed - Funds 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.

Assigned – Funds that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Unassigned fund balance is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. PROPERTY TAXES

The District receives property taxes from the 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.

O. 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

L. GASB STATEMENT IMPLEMENTATION

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71) *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, with required implementation for the District during the year ended June 30, 2015. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 5 explains the effect of the current year GASB implementation.

Since GASB 68 requires retroactive application, the net pension liability offset by the related deferred outflow of resources as of June 30, 2014 reduced the beginning net position as of June 30, 2015. As a result, for the year ended June 30, 2015, the government-wide beginning net position decreased by \$1,498,468 as the cumulative effect of change in accounting principles.

2. CASH AND EQUIVALENTS

Cash and equivalents as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 4,462,626
Restricted cash and equivalents	1,023,434
Fiduciary funds:	
Cash and equivalents	<u>43,972</u>
Total cash and equivalents	<u>\$ 5,530,032</u>

Cash and equivalents as of June 30, 2015, consist of the following:

Cash with financial institutions	\$ 1,385,180
Cash on hand	500
Cash and equivalents with LAIF	59
Cash in County Treasury	50,401
Money market	<u>4,093,892</u>
Total cash and equivalents	<u>\$ 5,530,032</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Separate complete financial statements are available at P.O. Box 942809, Sacramento, CA 94209-0001.

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

The table below identifies the investment types that are authorized for the District by 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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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

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 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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 held in accounts collateralized by securities held by the pledging financial institution were \$5,055,699.

3. CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions/ Transfers</u>	<u>Deductions/ Transfers</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 48,044			\$ 48,044
Total capital assets, not being depreciated	<u>48,044</u>			<u>48,044</u>
Capital assets, being depreciated:				
Structures and improvements	1,317,555		\$ (8,916)	1,308,639
Furnishings & Equipment	470,861			470,861
Vehicles	762,589		(12,191)	750,398
Total capital assets, being depreciated	<u>2,551,005</u>		<u>(21,107)</u>	<u>2,529,898</u>
Total accumulated depreciation	<u>(1,744,035)</u>	<u>\$ (58,881)</u>	<u>21,107</u>	<u>(1,781,809)</u>
Total capital assets, being depreciated, net	<u>806,970</u>	<u>(58,881)</u>		<u>748,089</u>
Governmental activities capital assets, net	<u>\$ 855,014</u>	<u>\$ (58,881)</u>	<u>\$</u>	<u>\$ 796,133</u>

For the year ended June 30, 2015, depreciation expense was charged to functions as follows:

Governmental activities:

Public safety	\$ 41,958
Parks and recreation	<u>16,923</u>
Total depreciation expense	<u>\$ 58,881</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Business-Type Activities:

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions/ Transfers</u>	<u>Deductions/ Transfers</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 420,392			\$ 420,392
Construction in progress	60,327	\$ 1,437,385	\$ (20,134)	1,477,578
Total capital assets, not being depreciated	<u>480,719</u>	<u>1,437,385</u>	<u>(20,134)</u>	<u>1,897,970</u>
Capital assets, being depreciated:				
Structures and improvements	31,003,775	73,501	(555,412)	30,521,864
Equipment	1,976,790	274,878	(50,449)	2,201,219
Vehicles	775,014		(67,923)	707,091
Total capital assets, being depreciated	<u>33,755,579</u>	<u>348,379</u>	<u>(673,784)</u>	<u>33,430,174</u>
Total accumulated depreciation	<u>(19,749,059)</u>	<u>(1,164,996)</u>	<u>527,497</u>	<u>(20,386,558)</u>
Total capital assets, being depreciated, net	<u>14,006,520</u>	<u>(816,617)</u>	<u>(146,287)</u>	<u>13,043,616</u>
Governmental activities capital assets, net	<u>\$ 14,487,239</u>	<u>\$ 620,768</u>	<u>\$ (166,421)</u>	<u>\$ 14,941,586</u>

4. LONG-TERM DEBT

Long-term liability activity for the governmental activities the year ended June 30, 2015 was as follows:

<u>Governmental Activities</u>	<u>Restated Balance at June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2015</u>	<u>Due within one year</u>
Net OPEB obligation (Note 5)	\$ 249,566	\$ 29,452	\$ (8,927)	\$ 270,091	
Compensated absences	1,192	200		1,392	\$ 1,392
Net pension liability (Note 5)	<u>30,812</u>	<u>2,316</u>	<u>(10,929)</u>	<u>22,199</u>	
Total	<u>\$ 281,570</u>	<u>\$ 31,968</u>	<u>\$ (19,856)</u>	<u>\$ 293,682</u>	<u>\$ 1,392</u>

The June 30, 2014 balance has been increased by the \$30,812 for the net pension liability as a result of implementing GASB 68/71 (see Note 1.L).

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Long-term liability activity for the business-type activities the year ended June 30, 2015 was as follows:

Business-type Activities	Restated Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Due within one year
February 2014 Revenue Refunding Bonds	\$ 4,024,000		\$ (253,160)	\$ 3,770,840	\$ 242,959
June 2014 Revenue Refunding Bond	3,450,000		(260,000)	3,190,000	210,000
2013 Installment Sales Agreement	2,938,381		(189,449)	2,748,932	204,449
Davis-Grunsky Act loans	44,622		(8,552)	36,070	9,666
Special assessment bonds	40,000		(10,000)	30,000	30,000
Capital lease		\$ 169,850	(36,394)	133,456	31,629
Net OPEB obligation (Note 5)	597,599	211,336	(226,056)	582,879	
Compensated absences	85,595		(21,010)	64,585	64,585
Net pension liability (Note 5)	<u>1,634,517</u>	<u>122,860</u>	<u>(579,776)</u>	<u>1,177,601</u>	
Total	<u>\$ 12,814,714</u>	<u>\$ 504,046</u>	<u>\$ (1,584,397)</u>	<u>\$ 11,734,363</u>	<u>\$ 793,288</u>

The June 30, 2014 balance has been increased by the \$1,634,517 for the net pension liability as a result of implementing GASB 68/71 (see Note 1.L).

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 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, 2015, the principal balance was \$25,029.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

The District entered into a David-Grunsky Act Loan in the amount of \$137,003 with an interest rate of 3.2%, payable semiannually, principal payable annually on December 1. Final maturity is on December 1, 2017. As of June 30, 2015, the principal balance was \$11,041.

The District entered into the Municipal Improvement Act of 1915 Bonds (Special Assessment Bonds) in the amount of \$190,826, which are the obligation of property owners that the District has the duty to maintain upon default or delinquency. Special Assessment Bonds are paid from cash on hand and assessments collected. Final maturity is on July 1, 2016.

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

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

Fiscal Year Ending			
June 30,	Principal	Interest	Totals
2016	\$ 728,704	\$ 353,502	\$ 1,082,206
2017	723,549	329,214	1,052,763
2018	743,537	304,184	1,047,721
2019	769,470	278,307	1,047,777
2020	764,406	251,511	1,015,917
2021-2025	4,223,857	833,377	5,057,234
2026-2028	1,955,775	108,782	2,064,557
Total	<u>\$ 9,909,298</u>	<u>\$ 2,458,877</u>	<u>\$ 12,368,175</u>

5. EMPLOYMENT RETIREMENT SYSTEMS

DEFINED BENEFIT PENSION PLAN

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 Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for 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.

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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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, 2014 (the measurement date) was 13.602% of annual pay. Employer contributions rates may change if the Plan contract is amended.

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

As of June 30, 2015, the District's proportionate share of the Plan's net pension liability (NPL) was \$1,199,800.

The District's NPL for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2014. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 SMCSIG by the actuary. The District's proportionate share of the NPL as of June 30, 2014 was .04855%. GASB 68 requires that the District report the proportions as a percentage of the total Public Agency Cost-Sharing Multiple-Employer Plan, which is comprised of CalPERS Miscellaneous Risk Pool and Safety Risk Pool (PERF C). The District's proportionate share of the NPL for PERF C as of June 30, 2014 was .01928%.

For the year ended June 30, 2015, the District recognized pension expense of \$110,354. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 96,691	
Adjustment due to differences in proportions	14,821	
Net differences between projected and actual earnings on plan investments		\$ (423,844)
Total	\$ 111,512	\$ (423,844)

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

The \$96,691 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, 2016. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$ (100,668)
2017	(100,668)
2018	(101,725)
2019	<u>(105,962)</u>
Total	<u>\$ (409,023)</u>

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the TPL was determined by rolling forward the June 30, 2013 TPL. The June 30, 2013 and June 30, 2014 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Salary Increases	Varies ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾
Mortality ⁽³⁾	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.75% ⁽⁴⁾

- ⁽¹⁾ Depending on age, service and type of employment
- ⁽²⁾ Net of pension plan investment and administrative expenses, including inflation
- ⁽³⁾ The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report.
- ⁽⁴⁾ Contract COLA up to 2.75% until Purchasing Power Protective Allowance Floor on Purchasing Power applies

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Discount Rate

The discount rate used to measure the TPL was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher TPL and NPL. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended June 30, 2018. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 (11-60 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 rounded down to the nearest one quarter of one percent.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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

The following presents SMCSIG’s Proportional Share of the NPL of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what SMCSIG’s Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	<u>Discount Rate – 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
District’s Proportionate Share Plan’s NPL	\$ 2,177,566	\$ 1,199,800	\$ 388,348

OTHER POSTEMPLOYMENT BENEFIT

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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

At June 30, 2015, the District has 10 retirees receiving benefits and 15 active participants. During the year ended June 30, 2014, the District elected to participate in an irrevocable trust. The Trust, California Employers' Retiree Trust (CERBT) fund, is administered by CalPERS. The District's policy is to prefund their benefits from time to time at the sole discretion of the Board by accumulating assets in CERBT. The Board reserves the District's authority to review and amend this financing policy from time to time to ensure that the funding policy continues to best suit the circumstances of the District. During the year ended June 30, 2015, the District contributed \$162,000 to CERBT.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method (AMM) permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for other postemployment benefits, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost method	Projected unit credit
Amortization method	Flat percent of projected payroll over a rolling 30 years
Remaining amortization period	30 years as of the valuation date
Assumptions	
Discount rate	.04
Ultimate trend rate	.05
Health cost trend rate	.05 - .08
Age adjustment factor	.03
Assumed retirement age	59
Cap inflator (full inflation)	-1
Percent of retirees with spouses	.5

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Annual required contribution	\$	240,788
Interest on net OPEB obligation		
Adjustment to annual required contribution		
Annual OPEB expense		240,788
Contributions made		(234,983)
Increase in OPEB obligation		5,805
Net OPEB obligation at July 1, 2014		847,165
Net OPEB obligation at June 30, 2015	\$	852,970

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net obligation for June 30, 2015 and the preceding two years is as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>% of annual OPEB expense contributed</u>	<u>Net OPEB obligation</u>
6/30/13	\$ 290,009	43%	\$ 778,690
6/30/14	\$ 240,788	72%	\$ 847,165
6/30/15	\$ 240,788	98%	\$ 852,970

The District's funding status for other postemployment benefits as of the most recent valuation is as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ([b - a] / c)</u>
7/1/13	\$ 0	\$ 2,066,439	\$ 2,066,439	0%	N/A	N/A

6. 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, 2014:

Total Assets	\$ 103,447,984	Total Revenues	\$ 52,110,542
Total Liabilities	50,078,187	Total Expenses	54,386,242
Total Net Position	\$ 53,369,797	Change in Net Position	\$ (2,275,700)

REQUIRED SUPPLEMENTARY INFORMATION

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS JUNE 30, 2015

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/09	\$ 0	\$ 2,202,513	\$ 2,202,513	0%	\$ 1,513,426	145.5%
7/1/12	\$ 0	\$ 2,210,460	\$ 2,210,460	0%	N/A	N/A
7/1/13	\$ 0	\$ 2,066,439	\$ 2,066,439	0%	N/A	N/A

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE FIRE PROTECTION FUND YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Property taxes	\$ 880,000	\$ 880,000	\$ 917,968	\$ 37,968
Interest earnings	500	500	1,541	1,041
Other revenue	5,000	5,000	45,289	40,289
Total revenues	<u>885,500</u>	<u>885,500</u>	<u>964,798</u>	<u>79,298</u>
EXPENDITURES:				
Public safety	990,681	990,681	818,359	172,322
Capital outlay	11,000	11,000		11,000
Total expenditures	<u>1,001,681</u>	<u>1,001,681</u>	<u>818,359</u>	<u>183,322</u>
Net change in fund balance	(116,181)	(116,181)	146,439	262,620
Fund balances - beginning	<u>983,210</u>	<u>983,210</u>	<u>983,210</u>	<u></u>
Fund balances - ending	<u>\$ 867,029</u>	<u>\$ 867,029</u>	<u>\$ 1,129,649</u>	<u>\$ 262,620</u>

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE PARKS AND RECREATION FUND YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 77,900	\$ 75,000	\$ 79,823	\$ 4,823
Interest earnings			1,290	1,290
Charges for services	2,500	3,000	835	(2,165)
Other revenue			5,533	5,533
Total revenues	<u>80,400</u>	<u>78,000</u>	<u>87,481</u>	<u>9,481</u>
EXPENDITURES:				
Culture-recreation	85,322	104,124	50,786	53,338
Capital outlay	<u>8,000</u>	<u>13,000</u>		<u>13,000</u>
Total expenditures	<u>93,322</u>	<u>117,124</u>	<u>50,786</u>	<u>66,338</u>
Net change in fund balance	(12,922)	(39,124)	36,695	75,819
Fund balances - beginning	<u>177,124</u>	<u>177,124</u>	<u>177,124</u>	
Fund balances - ending	<u>\$ 177,124</u>	<u>\$ 177,124</u>	<u>\$ 213,819</u>	<u>\$ 36,695</u>

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30, 2015

Last 10 Years*

<i>Measurement Period</i>	<u>2015</u>
The District's proportion of the net pension liability	.01928%
The District's proportionate share of the net pension liability	\$ 1,199,800
The District's covered employee payroll	\$ 898,662
The District's proportionate share of the net pension liability as a percentage of their covered employee payroll	133.51%
Plan fiduciary net position as a percentage of the total pension liability	81.15%

Notes to Schedule:

Change of benefit terms. In 2015, there were no changes to the benefit terms.

Changes in assumptions. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF CONTRIBUTIONS

As of June 30, 2015

Last 10 Years*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 96,691
Contributions in relation to the contractually required contributions	<u>(96,691)</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered-employee payroll	\$ 909,010
Contributions as a percentage of covered-employee payroll	10.64%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

SUPPLEMENTAL SCHEDULES

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

<u>Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S Department of Agriculture		
Emergency Community Water Assistance Grants (ECWAG)	10.763	\$ 500,000
Environmental Protection Agency		
Passed through State Water Resources Control Board:		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	<u>775,270</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 1,275,270</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 14, 2015.

Internal Control Over Financial Reporting

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

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

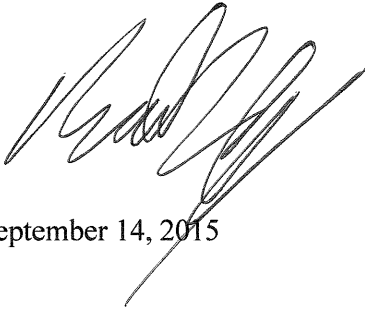
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to be 'M. D. J.', is written over the date.

September 14, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Groveland Community Services District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

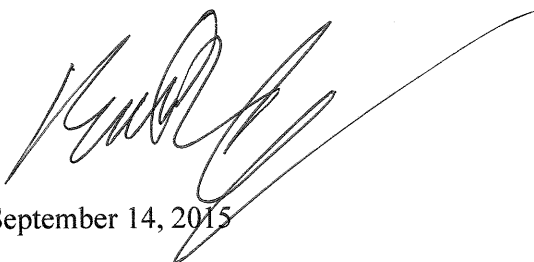
Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



September 14, 2015

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:		
• Material weaknesses identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Type of auditor's report issued:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
ECWAG	10.763
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	_____ Yes _____ <input checked="" type="checkbox"/> No

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

B. FINDINGS – FINANCIAL STATEMENTS

There were no financial statement findings reported.

C. FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE

There were no federal compliance findings and questioned costs reported.

D. STATUS OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS

There were no prior year financial statement findings reported.

E. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE

There were no prior year federal compliance findings and questioned costs reported.