

Groveland Community Services District



Tuolumne County
Groveland, California

Financial Statements with
Independent Auditor's Report

Year Ended June 30, 2017

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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, 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 3 through 11 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017 on our consideration of the Groveland Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

September 6, 2017

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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, 2017. 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.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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 \$10,735,238 as of June 30, 2017. This amount represents the District's net position.

By far, the largest portion (69%) 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 \$3,315,495 is unrestricted and may be used to meet the District's ongoing obligations.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets and other assets	\$ 1,398,916	\$ 1,649,315	\$ 6,003,743	\$ 5,051,779	\$ 7,402,659	\$ 6,701,094
Capital assets	<u>718,374</u>	<u>730,155</u>	<u>13,914,741</u>	<u>14,021,710</u>	<u>14,633,115</u>	<u>14,751,865</u>
Total assets	<u>2,117,290</u>	<u>2,379,470</u>	<u>19,918,484</u>	<u>19,073,489</u>	<u>22,035,774</u>	<u>21,452,959</u>
Total deferred outflows of resources	<u>9,696</u>	<u>5,837</u>	<u>731,730</u>	<u>550,473</u>	<u>741,426</u>	<u>556,310</u>
Long-term liabilities	327,464	309,922	11,016,403	11,366,114	11,343,867	11,676,036
Other liabilities	<u>50,578</u>	<u>217,142</u>	<u>550,540</u>	<u>380,683</u>	<u>601,118</u>	<u>597,825</u>
Total liabilities	<u>378,042</u>	<u>527,064</u>	<u>11,566,943</u>	<u>11,746,797</u>	<u>11,944,985</u>	<u>12,273,861</u>
Total deferred inflows of resources	<u>1,958</u>	<u>4,692</u>	<u>95,019</u>	<u>244,137</u>	<u>96,977</u>	<u>248,829</u>
Net position:						
Net investment in capital assets	718,374	730,155	6,701,369	6,106,334	7,419,743	6,836,489
Unrestricted	<u>1,028,612</u>	<u>1,123,396</u>	<u>2,286,883</u>	<u>1,526,694</u>	<u>3,315,495</u>	<u>2,650,090</u>
Total net position	<u>\$ 1,746,986</u>	<u>\$ 1,853,551</u>	<u>\$ 8,988,252</u>	<u>\$ 7,633,028</u>	<u>\$ 10,735,238</u>	<u>\$ 9,486,579</u>

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

Changes in Net Position

The net position of the District as a whole was \$10,735,238 as of June 30, 2017. This is an overall increase in net position of \$1,248,659 from the prior year.

Governmental activities— The net position for governmental activities as of June 30, 2017 was \$1,746,986. This is an overall decrease in net position of \$106,565 from the prior year. 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.

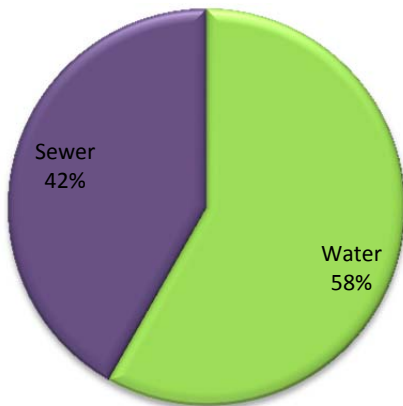
Business-type activities— For the District's business-type activities the net position as of June 30, 2017 was \$8,988,252. This is an overall increase in net position of \$1,355,224 from the prior year. Total revenues increased from \$4,501,013 to \$5,936,242. The increase is due primarily to state grant revenue of \$843,971 recognized during the fiscal year and a \$552,191 increase in charges for services in the Water Fund. The state grants were awarded to assist the District in financing the Planning Grant for the Downtown Groveland/Big Oak Flat Project, which will enable the District to apply for the Construction Grant of said project. The related costs associated with the Planning Grant are included in Capital assets and are depreciated (expensed) annually over its useful life. The increase in the charges for services in the Water Fund is due to the annual rate increase.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program revenues:						
Charges for services	\$ 1,980	\$ 1,485	\$ 5,031,269	\$ 4,471,022	\$ 5,033,249	\$ 4,472,507
Capital grants and contributions	-	-	868,469	-	868,469	-
General revenues:						
Property taxes	1,078,346	1,049,741	22,701	21,456	1,101,047	1,071,197
Interest income	4,916	3,556	12,917	3,161	17,833	6,717
Other revenues	54,077	87,731	886	5,374	54,963	93,105
Total revenues	<u>1,139,319</u>	<u>1,142,513</u>	<u>5,936,242</u>	<u>4,501,013</u>	<u>7,075,561</u>	<u>5,643,526</u>
Expenses:						
Public safety	1,148,932	1,045,990	-	-	1,148,932	1,045,990
Parks and recreation	96,952	83,112	-	-	96,952	83,112
Water	-	-	2,676,791	2,561,328	2,676,791	2,561,328
Davis-Grunsky	-	-	356	989	356	989
Sewer	-	-	1,903,871	1,739,668	1,903,871	1,739,668
Total expenses	<u>1,245,884</u>	<u>1,129,102</u>	<u>4,581,018</u>	<u>4,301,985</u>	<u>5,826,902</u>	<u>5,431,087</u>
Change in net position	(106,565)	13,411	1,355,224	199,028	1,248,659	212,439
Net position - beginning,	<u>1,853,551</u>	<u>1,840,140</u>	<u>7,633,028</u>	<u>7,434,000</u>	<u>9,486,579</u>	<u>9,274,140</u>
Net position - ending	<u>\$ 1,746,986</u>	<u>\$ 1,853,551</u>	<u>\$ 8,988,252</u>	<u>\$ 7,633,028</u>	<u>\$ 10,735,238</u>	<u>\$ 9,486,579</u>

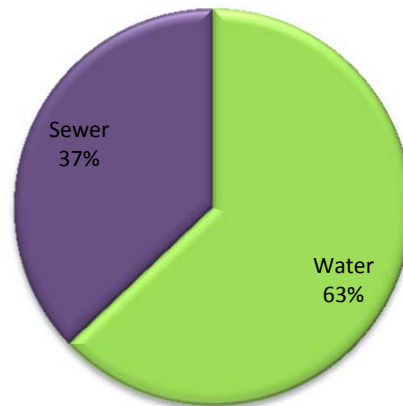
GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

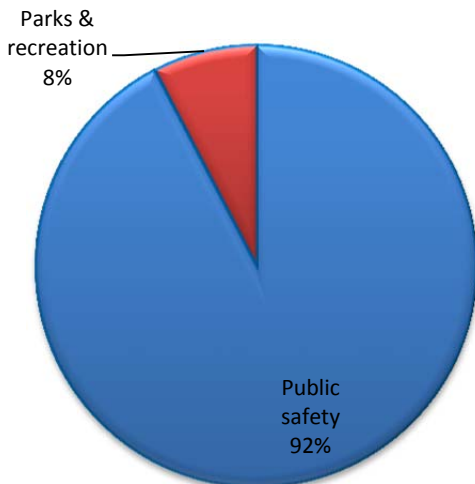
FY 16 Charges for Services for Business-type Activities



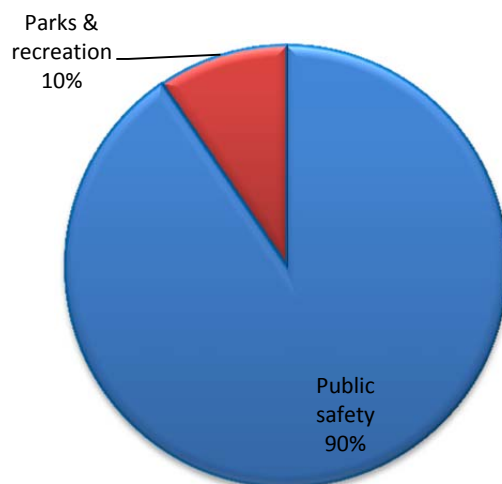
FY 17 Charges for Services for Business-type Activities



FY 16 Revenue for Governmental Activities



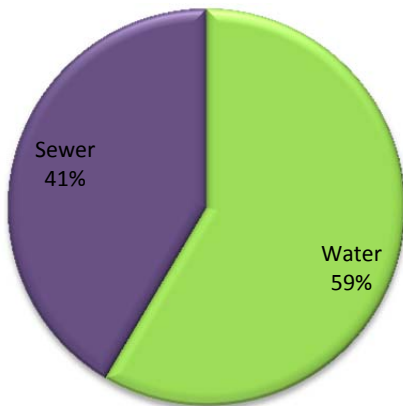
FY 17 Revenue for Governmental Activities



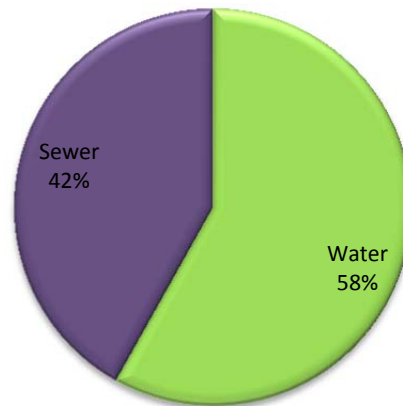
GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

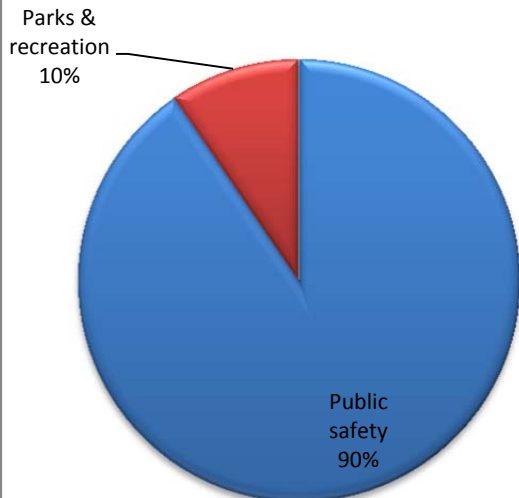
FY 16 Operating Expenses for Business-type Activities



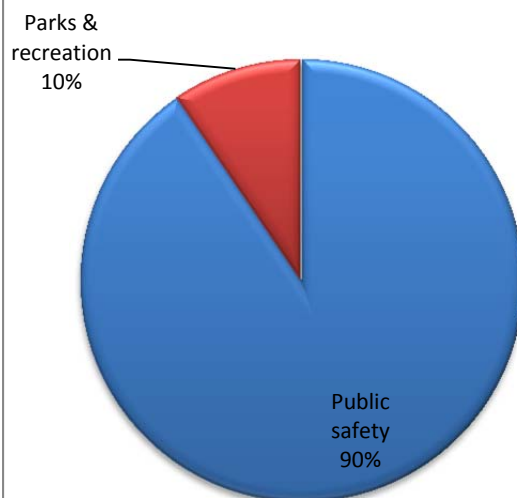
FY 17 Operating Expenses for Business-type Activities



FY 16 Expense for Governmental Activities



FY 17 Expenses for Governmental Activities



GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Changes in Net Fund Balance/Net Position

Governmental fund balances—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. The District entered into a contractual agreement with CAL Fire for the operation of the fire department that began 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 \$753,519 and a net decrease from nonoperating activities of \$108,748 for a total increase in net position of \$644,771. The primary nonoperating items were the state revenue of \$109,025 and interest expense of \$231,814 on long-term debt.

The **Sewer Fund** generated operating income of \$122,400 and a net increase from nonoperating activities of \$576,346 for a total increase in net position of \$698,746. The primary nonoperating items were state revenue of \$734,946 and interest expense of \$104,464 on long-term debt.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Governmental Fund Balance:			
Fire protection	\$ 1,155,251	\$ 1,231,528	\$ (76,277)
Parks and recreation	193,087	200,645	(7,558)
Enterprise Net Position:			
Water	4,762,236	4,117,465	644,771
Davis-Grunsky	1,460	(10,247)	11,707
Sewer	4,224,556	3,525,810	698,746

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

CAPITAL ASSETS

At June 30, 2017 the District has invested \$14,633,115 in capital assets. This amount represents a net decrease of \$118,750 from last year. The decrease in capital assets was primarily a result of \$1,264,555 due to the annual depreciation expense offset by capital asset additions of \$1,145,805. The most significant additions to capital assets during the fiscal year was the 2G Emergency Filter Plan in the Water Fund and the Lift Station #16 Rehabilitation in the Sewer Fund.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Land	\$ 468,436	\$ 468,436	\$ -
Structures and improvements	32,129,025	30,548,007	1,581,018
Furniture and equipment	2,597,059	1,930,817	666,242
Vehicles	1,345,515	1,311,323	34,192
Construction in progress	564,670	1,700,317	(1,135,647)
Accumulated depreciation	<u>(22,471,590)</u>	<u>(21,207,035)</u>	<u>(1,264,555)</u>
Total	<u>\$ 14,633,115</u>	<u>\$ 14,751,865</u>	<u>\$ (118,750)</u>

LONG-TERM DEBT

At June 30, 2017, the District has \$11,343,867 in long-term debt, including the net pension liability. The changes to long-term debt are primarily attributable to scheduled principal payments and the change in the net pension liability

The District provides pension benefits to its employees through the Groveland Community Services District Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 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, 2017, the District's proportionate share of the Plan's net pension liability was \$2,120,274, which is determined by an actuary annually.

During the year ended June 30, 2014, 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, 2017, the District contributed \$180,450 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.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Installment sales agreements and bonds, net	\$ 8,371,007	\$ 9,052,364	\$ (681,357)
Net OPEB obligation	696,313	771,479	(75,166)
Compensated absences	69,374	67,148	2,226
Net pension liability	2,120,274	1,640,950	479,324
Other long-term debt	<u>86,899</u>	<u>144,095</u>	<u>(57,196)</u>
Total	<u>\$ 11,343,867</u>	<u>\$ 11,676,036</u>	<u>\$ (332,169)</u>

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 fund continued contract with Cal Fire for the operation of the Fire Department has again concluded end of year operations under budget. The community experienced enhanced services with the expanded Cal Fire contract to include year round staffing of the seasonal Fire Station (B Station).

The District is in the process of completing a planning grant for the replacement of the water distribution lines in the Groveland- Big Oak Flat area. This grant was awarded to the District in the amount of \$355,000. A grant application for \$2 million has been submitted for the rehabilitation of two clear well water storage tanks and is expected to be awarded in the spring of 2018.

The District completed the rehabilitation of Sewer Lift Station #16 using grant funds awarded from the Department of Water Resources. The final cost of the project was \$571,480. Additionally, the \$399,000 planning grant for the assessment of the Groveland-Big Oak Flat Sewer collection system awarded to the District in 2016 was completed. A grant application for \$2.8 million to repair and rehabilitate the Groveland-Big Oak Flat Sewer collection system is expected to be awarded in the fall of 2017.

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, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS:			
Cash and equivalents	\$ 1,402,988	\$ 3,856,409	\$ 5,259,397
Restricted cash and equivalents		1,020,281	1,020,281
Accounts receivable		1,122,981	1,122,981
Internal balances	(4,072)	4,072	
Depreciable capital assets (net)	633,649	12,966,360	13,600,009
Nondepreciable capital assets	84,725	948,381	1,033,106
Total assets	2,117,290	19,918,484	22,035,774
DEFERRED OUTFLOW OF RESOURCES:			
Deferred outflow of resources related to pensions	9,696	525,896	535,592
Deferred amount on debt refunding		205,834	205,834
Total deferred outflow of resources	9,696	731,730	741,426
LIABILITIES:			
Accounts payable and accrued liabilities	50,378	367,546	417,924
Interest payable		152,665	152,665
Deposits payable	200	30,329	30,529
Long-term liabilities, due within one year	2,118	810,793	812,911
Long term liabilities, due in more than one year		7,714,369	7,714,369
Net OPEB obligation, due in more than one year	286,578	409,735	696,313
Net pension liability, due in more than one year	38,768	2,081,506	2,120,274
Total liabilities	378,042	11,566,943	11,944,985
DEFERRED INFLOW OF RESOURCES:			
Deferred inflow of resources related to pensions	1,958	95,019	96,977
NET POSITION:			
Net investment in capital assets	718,374	6,701,369	7,419,743
Unrestricted	1,028,612	2,286,883	3,315,495
Total net position	\$ 1,746,986	\$ 8,988,252	\$ 10,735,238

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

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:						
Public safety	\$ 1,148,932			\$ (1,148,932)		\$ (1,148,932)
Parks and recreation	96,952	\$ 1,980		(94,972)		(94,972)
Total Governmental Activities	1,245,884	1,980		(1,243,904)		(1,243,904)
Business-type Activities:						
Water	2,676,791	3,168,754	\$ 133,523		\$ 625,486	625,486
Davis-Grunsky	356				(356)	(356)
Sewer	1,903,871	1,862,515	734,946		693,590	693,590
Total Business-type Activities	4,581,018	5,031,269	868,469		1,318,720	1,318,720
Total Primary Government	\$ 5,826,902	\$ 5,033,249	\$ 868,469	(1,243,904)	1,318,720	74,816
General Revenues:						
Property taxes				1,078,346	22,701	1,101,047
Interest earnings				4,916	12,917	17,833
Other revenue				54,077	886	54,963
Total general revenues				1,137,339	36,504	1,173,843
Change in net position				(106,565)	1,355,224	1,248,659
Net position - beginning				1,853,551	7,633,028	9,486,579
Net position - ending				\$ 1,746,986	\$ 8,988,252	\$ 10,735,238

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

GROVELAND COMMUNITY SERVICES DISTRICT

BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2017

	Fire Protection	Parks and Recreation	Total Governmental Funds
ASSETS:			
Cash and equivalents	\$ 1,179,348	\$ 223,640	\$ 1,402,988
Due from other funds	<u>8,533</u>	<u></u>	<u>8,533</u>
Total assets	<u>\$ 1,187,881</u>	<u>\$ 223,640</u>	<u>\$ 1,411,521</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 32,630	\$ 17,748	\$ 50,378
Deposits payable		200	200
Due to other funds		<u>12,605</u>	<u>12,605</u>
Total liabilities	<u>32,630</u>	<u>30,553</u>	<u>63,183</u>
Fund balances:			
Committed for fire protection	1,155,251		1,155,251
Committed for parks and recreation		<u>193,087</u>	<u>193,087</u>
Total fund balances	<u>1,155,251</u>	<u>193,087</u>	<u>1,348,338</u>
Total liabilities and fund balances	<u>\$ 1,187,881</u>	<u>\$ 223,640</u>	<u>\$ 1,411,521</u>

GROVELAND COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2017

Total fund balance, governmental funds \$ 1,348,338

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. 718,374

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 9,696
Deferred inflow of resources related to pensions (1,958)

Compensated absences, net OPEB obligation and the net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities are included in the governmental activities in the statement of net position. (327,464)

Total net position, governmental activities \$ 1,746,986

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2017

	Fire Protection	Parks and Recreation	Total Governmental Funds
REVENUES:			
Property taxes	\$ 992,078	\$ 86,268	\$ 1,078,346
Interest earnings	1,704	3,212	4,916
Charges for services		1,980	1,980
Other revenues	<u>36,882</u>	<u>17,195</u>	<u>54,077</u>
Total revenues	<u>1,030,664</u>	<u>108,655</u>	<u>1,139,319</u>
EXPENDITURES:			
Public safety	1,106,941		1,106,941
Parks and recreation		79,532	79,532
Capital outlay		<u>36,681</u>	<u>36,681</u>
Total expenditures	<u>1,106,941</u>	<u>116,213</u>	<u>1,223,154</u>
Net change in fund balance	(76,277)	(7,558)	(83,835)
Fund balances - beginning of year	<u>1,231,528</u>	<u>200,645</u>	<u>1,432,173</u>
Fund balances - end of year	<u>\$ 1,155,251</u>	<u>\$ 193,087</u>	<u>\$ 1,348,338</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, 2017

Net change in fund balances - total governmental funds	\$	(83,835)
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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	\$	36,681	
Depreciation expense not reported in governmental funds		<u>(48,462)</u>	(11,781)

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:

	(2,035)
--	---------

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, 2017, the difference between the OPEB expense and the actual employee contributions attributable to governmental activities was:

	(9,300)
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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.

	<u>386</u>
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Change in net position of governmental activities	\$	<u>(106,565)</u>
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GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2017

	Business-type Activities			
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
ASSETS:				
Cash and equivalents	\$ 2,670,867	\$ 19,291	\$ 1,166,251	\$ 3,856,409
Restricted cash and equivalents	694,135		326,146	1,020,281
Due from other funds			32,975	32,975
Accounts receivable	350,629		772,352	1,122,981
Depreciable capital assets (net)	7,780,867		5,185,493	12,966,360
Nondepreciable capital assets	349,521		598,860	948,381
Total assets	11,846,019	19,291	8,082,077	19,947,387
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflow of resources related to pensions	307,396		218,500	525,896
Deferred amount on debt refunding	205,834			205,834
Total deferred outflow of resources	513,230		218,500	731,730
LIABILITIES:				
Accounts payable and accrued liabilities	285,142		82,404	367,546
Due to other funds	28,903			28,903
Interest payable	102,985		49,680	152,665
Deposits payable	28,829		1,500	30,329
Long-term liabilities, due within one year	514,951	3,974	291,868	810,793
Long term liabilities, due in more than one year	5,130,372	13,857	2,570,140	7,714,369
Net OPEB Obligation, due in more than one year	233,627		176,108	409,735
Net pension liability, due in more than one year	1,216,669		864,837	2,081,506
Total liabilities	7,541,478	17,831	4,036,537	11,595,846
DEFERRED INFLOW OF RESOURCES:				
Deferred inflow of resources related to pensions	55,535		39,484	95,019
NET POSITION:				
Net investment in capital assets	3,350,870		3,350,499	6,701,369
Unrestricted	1,411,366	1,460	874,057	2,286,883
Total net position	\$ 4,762,236	\$ 1,460	\$ 4,224,556	\$ 8,988,252

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, 2017

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
OPERATING REVENUES:				
Charges for services	\$ 3,126,022		\$ 1,842,884	\$ 4,968,906
Other	42,732		19,631	62,363
Total operating revenues	3,168,754		1,862,515	5,031,269
OPERATING EXPENSES:				
Salaries and wages	536,482		494,107	1,030,589
Payroll expenses	346,678		318,023	664,701
Utilities	258,248		111,981	370,229
Supplies, equipment, and materials	130,529		77,716	208,245
Repairs and maintenance	144,092		58,385	202,477
Professional services	87,757		101,180	188,937
Licenses and permits	30,642		25,096	55,738
Insurance	21,910		22,577	44,487
Miscellaneous	26,253		11,914	38,167
Communications	23,522		12,751	36,273
Employee development	21,454		13,822	35,276
Advertising, postage, and printing	23,247		10,894	34,141
Janitorial	7,423		7,000	14,423
Rents and leases	7,900			7,900
Memberships, dues, and subscriptions	3,322		3,112	6,434
Bad debt	1,240			1,240
Depreciation	744,536		471,557	1,216,093
Total operating expenses	2,415,235		1,740,115	4,155,350
Operating income	753,519		122,400	875,919
NONOPERATING REVENUES (EXPENSES):				
Property taxes	10,661	\$ 12,040		22,701
Federal revenue	24,498			24,498
State revenue	109,025		734,946	843,971
Interest earnings	7,738	23	5,156	12,917
Interest expense	(213,814)	(356)	(104,646)	(318,816)
Amortization	(29,314)			(29,314)
Other expense	(18,428)		(59,110)	(77,538)
Other income	886			886
Total nonoperating revenues (expenses)	(108,748)	11,707	576,346	479,305
Change in net position	644,771	11,707	698,746	1,355,224
Net position - beginning	4,117,465	(10,247)	3,525,810	7,633,028
Net position - ending	\$ 4,762,236	\$ 1,460	\$ 4,224,556	\$ 8,988,252

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, 2017

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,085,780		\$ 1,299,677	\$ 4,385,457
Cash payments to suppliers for goods and services	(563,119)		(492,963)	(1,056,082)
Cash payments to/on behalf of employees	(869,229)		(780,331)	(1,649,560)
Net cash provided by operating activities	1,653,432		26,383	1,679,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from state grants	133,523		734,946	868,469
Cash received from taxes and assessments	10,661	\$ 12,040		22,701
Cash received from other nonoperating	886			886
Cash payments for other nonoperating	(18,425)		(59,109)	(77,534)
Net cash provided by non-capital and related financing activities	126,645	12,040	675,837	814,522
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(387,527)		(721,599)	(1,109,126)
Interest paid on long-term debt	(222,286)	(356)	(107,946)	(330,588)
Principal paid on long-term debt	(476,357)	(9,436)	(252,759)	(738,552)
Net cash used by capital and related financing activities	(1,086,170)	(9,792)	(1,082,304)	(2,178,266)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	7,738	23	5,156	12,917
Net increase (decrease) in cash and cash equivalents	701,645	2,271	(374,928)	328,988
Cash and cash equivalents - beginning of year	2,663,357	17,020	1,867,325	4,547,702
Cash and cash equivalents - end of year	\$ 3,365,002	\$ 19,291	\$ 1,492,397	\$ 4,876,690
RECONCILIATION TO THE STATEMENT OF NET POSITION:				
Cash and equivalents	\$ 2,670,867	\$ 19,291	\$ 1,166,251	\$ 3,856,409
Restricted cash and equivalents	694,135		326,146	1,020,281
Cash and cash equivalents - end of year	\$ 3,365,002	\$ 19,291	\$ 1,492,397	\$ 4,876,690

(Continued)

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2017 (Continued)

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 753,519		\$ 122,400	\$ 875,919
Reconciliation of operating income to net cash provided (used) by operating activities				
Depreciation expense	744,536		471,557	1,216,093
(Increase) decrease in:				
Accounts receivable	(81,430)		(562,838)	(644,268)
Prepays and deposits	10,757		9,209	19,966
Due from other funds	11,608			11,608
Deferred outflows of resources	(123,083)		(87,488)	(210,571)
Increase (decrease) in:				
Accounts payable and accrued liabilities	207,175		(25,243)	181,932
Due to other funds			(10,284)	(10,284)
Deposits payable	(304)			(304)
Compensated absences	(2,207)		4,819	2,612
Net pension liability	275,132		195,564	470,696
Net OPEB obligation	(55,108)		(29,358)	(84,466)
Deferred inflows of resources	(87,163)		(61,955)	(149,118)
Net cash provided by operating activities	\$ 1,653,432	\$	\$ 26,383	\$ 1,679,815

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

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

B. REPORTING ENTITY

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

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

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

C. BASIS OF PRESENTATION

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

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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

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

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

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

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

D. BASIS OF PRESENTATION

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

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

E. FUND ACCOUNTING

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

Major Governmental Funds

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

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

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

Major Proprietary Funds

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

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

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

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

F. BUDGET AND BUDGETARY ACCOUNTING

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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

G. USE OF ESTIMATES

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

H. CASH AND EQUIVALENTS

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

I. CAPITAL ASSETS

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

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

J. DEFERRED OUTFLOW/INFLOWS OF RESOURCES

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

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

Contributions made to the District's pension 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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.

M. FUND BALANCES

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

N. PROPERTY TAXES

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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.

P. FUTURE GASB STATEMENT IMPLEMENTATION

In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for the District during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB 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 Statement identifies 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. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position.

2. CASH AND EQUIVALENTS

Cash and equivalents as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 5,259,397
Restricted cash and equivalents	<u>1,020,281</u>
Total cash and equivalents	<u>\$ 6,279,678</u>

Cash and equivalents as of June 30, 2017, consist of the following:

Cash with financial institutions	\$ 1,584,804
Cash on hand	500
Cash and equivalents with LAIF	59
Money market	<u>4,694,315</u>
Total cash and equivalents	<u>\$ 6,279,678</u>

Local Agency Investment Fund

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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

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

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

Investments Authorized by Debt Agreements

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

Disclosures Relating to Interest Rate Risk

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

Derivative Investments

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

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits are in accounts collateralized by securities held by the pledging financial institution that total \$5,736,630.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

3. CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 48,044			\$ 48,044
Construction in Progress		\$ 36,681		36,681
Total capital assets, not being depreciated	<u>48,044</u>	<u>36,681</u>		<u>84,725</u>
Capital assets, being depreciated:				
Structures and improvements	1,248,436			1,248,436
Furnishings & Equipment	232,328			232,328
Vehicles	699,754			699,754
Total capital assets, being depreciated	<u>2,180,518</u>			<u>2,180,518</u>
Total accumulated depreciation	<u>(1,498,407)</u>	<u>(48,462)</u>		<u>(1,546,869)</u>
Total capital assets, being depreciated, net	<u>682,111</u>	<u>(48,462)</u>		<u>633,649</u>
Governmental activities capital assets, net	<u>\$ 730,155</u>	<u>\$ (11,781)</u>	<u>\$</u>	<u>\$ 718,374</u>

For the year ended June 30, 2017, depreciation expense was charged to functions as follows:

Governmental activities:	
Public safety	\$ 31,407
Parks and recreation	<u>17,055</u>
Total depreciation expense	<u>\$ 48,462</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

Business-Type Activities:

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 420,392			\$ 420,392
Construction in progress	<u>1,700,317</u>	<u>\$ 300,398</u>	<u>\$(1,472,726)</u>	<u>527,989</u>
Total capital assets, not being depreciated	<u>2,120,709</u>	<u>300,398</u>	<u>(1,472,726)</u>	<u>948,381</u>
Capital assets, being depreciated:				
Structures and improvements	29,299,571	1,581,018		30,880,589
Equipment	1,698,490	666,241		2,364,731
Vehicles	<u>611,569</u>	<u>34,192</u>		<u>645,761</u>
Total capital assets, being depreciated	31,609,630	2,281,451		33,891,081
Total accumulated depreciation	<u>(19,708,628)</u>	<u>(1,216,093)</u>		<u>(20,924,721)</u>
Total capital assets, being depreciated, net	<u>11,901,002</u>	<u>1,065,358</u>		<u>12,966,360</u>
Business-type activities capital assets, net	<u>\$ 14,021,711</u>	<u>\$ 1,365,756</u>	<u>\$(1,472,726)</u>	<u>\$ 13,914,741</u>

4. LONG-TERM DEBT

Long-term liability activity for the governmental activities the year ended June 30, 2017 was as follows:

<u>Governmental Activities</u>	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2017</u>	<u>Due within one year</u>
Compensated absences	\$ 2,504		\$ (386)	\$ 2,118	\$ 2,118
Total	<u>\$ 2,504</u>	<u>\$</u>	<u>\$ (386)</u>	<u>\$ 2,118</u>	<u>\$ 2,118</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

Long-term liability activity for the business-type activities the year ended June 30, 2017 was as follows:

<u>Business-type Activities</u>	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2017</u>	<u>Due within one year</u>
February 2014 Revenue Refunding Bonds	\$ 3,527,881		\$ (251,908)	\$ 3,275,973	\$ 261,186
June 2014 Revenue Refunding Bond	2,980,000		(220,000)	2,760,000	225,000
2013 Installment Sales Agreement	2,544,483		(209,449)	2,335,034	219,449
Davis-Grunsky Act loans	27,267		(9,436)	17,831	3,974
Special assessment bonds	15,000		(15,000)		
Capital lease	101,827		(32,759)	69,068	33,928
Compensated absences	64,644	\$ 2,612		67,256	67,256
Total	\$ 9,261,102	\$ 2,612	\$ (738,552)	\$ 8,525,162	\$ 810,793

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

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

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

Other Long-Term Debt

The District entered into a David-Grunsky Act Loan in the amount of \$102,000 with an interest rate of 2.5%, payable semiannually, principal payable annually on December 1. Final maturity is on December 1, 2021. As of June 30, 2017, the principal balance was \$17,831.

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 was on June 30, 2017.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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 was 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
2018	\$ 743,537	\$ 300,124	\$ 1,043,661
2019	769,470	274,062	1,043,532
2017	764,406	255,756	1,020,162
2021	791,178	220,389	1,011,567
2022	811,295	202,149	1,013,444
2023-2027	4,232,213	502,015	4,734,228
2028	<u>345,807</u>	<u>6,711</u>	<u>352,518</u>
Total	<u>\$ 8,457,906</u>	<u>\$ 1,761,206</u>	<u>\$ 10,219,112</u>

5. EMPLOYEMENT RETIREMENT SYSTEMS

DEFINED BENEFIT PENSION PLAN

The District provides pension benefits to its employees through the Groveland Community Services District Miscellaneous Plan, a public agency 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, 2017

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, 2016 (the measurement date) was 10.958% 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

The District's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2016 for the year ended June 30, 2017. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. As of June 30, 2017, the District's proportionate share of the Plan's net pension liability (NPL) was \$2,120,274.

Using the District's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the District by the actuary. The District's employer allocation factor for the Plan as of June 30, 2016 was as follows:

	Plan
Proportion - June 30, 2016	0.061035%
Proportion - June 30, 2015	0.059813%
Change - increase (decrease)	0.001222%

For the year ended June 30, 2016, the District recognized pension expense of \$297,570. At June 30, 2017, 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
Differences between expected and actual experience	\$ 5,427	\$ (1,244)
Changes in assumptions		(51,346)
Net differences between projected and actual investment earnings of pension plan investments	267,239	
Change in proportions	78,397	
Change in proportionate share of contributions		(44,387)
Pension contributions subsequent to measurement date	184,529	
Total	\$ 535,592	\$ (96,977)

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

The \$184,529 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, 2018. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2018	\$	25,437
2019		30,539
2020		128,895
2021		69,217

Actuarial Assumptions

For the measurement period ended June 30, 2016 (the measurement date), the TPL was determined by rolling forward the June 30, 2015 TPL. The June 30, 2015 and June 30, 2016 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾ 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.

Changes in Assumptions

There were no changes in assumptions during the measurement period ended June 30, 2016.

Discount Rate

The discount rate used to measure the TPL was 7.65% 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 7.65% discount rate is appropriate 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.

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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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.

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.

<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	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

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

The following presents the District's Proportional Share of the NPL of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	<u>Discount Rate – 1% (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>Discount Rate + 1% (8.65%)</u>
District's Proportionate Share of Plan's NPL	\$ 3,303,331	\$ 2,120,274	\$ 1,142,536

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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.

At June 30, 2017, the District has 12 retirees receiving benefits and 18 active participants. During the year ended June 30, 2017, 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, 2017, the District contributed \$180,450 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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	.06
Ultimate trend rate	.05
Health cost trend rate	.05 - .08
Age adjustment factor	.03
Assumed retirement age	60
Cap inflator (full inflation)	-1
Percent of retirees with spouses	.5

Annual required contribution	\$ 210,846
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB expense	210,846
Contributions made	(286,012)
Decrease in OPEB obligation	(75,166)
Net OPEB obligation at July 1, 2016	771,479
Net OPEB obligation at June 30, 2017	\$ 696,313

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net obligation for June 30, 2017 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>
6/30/14	\$ 240,788	72%	\$ 847,165
6/30/15	\$ 240,788	98%	\$ 852,970
6/30/16	\$ 210,846	136%	\$ 696,313

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>
7/1/15	\$ 231,581	\$ 2,381,167	\$ 2,149,586	10%	N/A	N/A

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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, 2016:

Total Assets	\$ 110,682,834	Total Operating Revenues	\$ 62,066,587
Total Deferred Outflows of Resources	332,954	Total Operating Expenses	(61,022,721)
Total Liabilities	(58,754,717)	Total Nonoperating income	<u>2,409,392</u>
Total Deferred Inflows of Resources	<u>(117,687)</u>		
Total Net Position	<u>\$ 52,143,384</u>	Change in Net Position	<u>\$ 3,453,258</u>

REQUIRED SUPPLEMENTARY INFORMATION

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS JUNE 30, 2017

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
7/1/15	\$ 231,581	\$ 2,381,167	\$ 2,149,586	10%	N/A	N/A

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE FIRE PROTECTION FUND YEAR ENDED JUNE 30, 2017

	<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	\$ 918,000	\$ 918,000	\$ 992,078	\$ 74,078
Interest earnings	500	500	1,704	1,204
Other revenue	<u>50,000</u>	<u>50,000</u>	<u>36,882</u>	<u>(13,118)</u>
Total revenues	<u>968,500</u>	<u>968,500</u>	<u>1,030,664</u>	<u>62,164</u>
EXPENDITURES:				
Public safety	<u>1,246,876</u>	<u>1,250,043</u>	<u>1,106,941</u>	<u>143,102</u>
Total expenditures	<u>1,246,876</u>	<u>1,250,043</u>	<u>1,106,941</u>	<u>143,102</u>
Net change in fund balance	(278,376)	(281,543)	(76,277)	205,266
Fund balances - beginning	<u>1,231,528</u>	<u>1,231,528</u>	<u>1,231,528</u>	<u> </u>
Fund balances - ending	<u>\$ 953,152</u>	<u>\$ 949,985</u>	<u>\$ 1,155,251</u>	<u>\$ 205,266</u>

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE PARKS AND RECREATION FUND YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 79,458	\$ 79,458	\$ 86,268	\$ 6,810
Interest earnings			3,212	3,212
Charges for services	2,500	3,000	1,980	(1,020)
Other revenue			17,195	17,195
Total revenues	<u>81,958</u>	<u>82,458</u>	<u>108,655</u>	<u>26,197</u>
EXPENDITURES:				
Parks and recreation	75,494	75,494	79,532	(4,038)
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>36,681</u>	<u>(11,681)</u>
Total expenditures	<u>100,494</u>	<u>100,494</u>	<u>116,213</u>	<u>(15,719)</u>
Net change in fund balance	(18,536)	(18,036)	(7,558)	10,478
Fund balances - beginning	<u>200,645</u>	<u>200,645</u>	<u>200,645</u>	
Fund balances - ending	<u>\$ 182,109</u>	<u>\$ 182,609</u>	<u>\$ 193,087</u>	<u>\$ 10,478</u>

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2017 LAST 10 YEARS*

	Measurement Period		
	2016	2015	2014
The District's proportion of the net pension liability	.061035%	.059813%	.01928%
The District's proportionate share of the net pension liability	\$ 2,120,274	\$ 1,640,950	\$ 1,199,800
The District's covered employee payroll	\$ 704,247	\$ 909,010	\$ 898,662
The District's proportionate share of the net pension liability as a percentage of their covered employee payroll	301.07%	180.52%	133.51%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.4%	81.15%

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

Notes to Schedule:

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF CONTRIBUTIONS AS OF JUNE 30, 2017 LAST 10 YEARS*

	Fiscal Year		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 184,529	\$ 157,772	\$ 96,691
Contributions in relation to the contractually required contributions	<u>(184,529)</u>	<u>(157,772)</u>	<u>(96,691)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 832,387	\$ 704,247	\$ 909,010
Contributions as a percentage of covered-employee payroll	22.2%	22.4%	10.64%

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