



REGULAR MEETING OF THE BOARD OF DIRECTORS
District Office, 18966 Ferretti Road
Groveland, CA 95321
(209) 962-7161 www.gcsd.org

AGENDA

Amended with the Addition of Item 6D

January 9, 2024
10:00 a.m.

MEMBERS OF THE PUBLIC MAY ATTEND IN PERSON AT DISTRICT OFFICE OR VIA VIDEO CONFERENCE AS DETAILED BELOW:

HOW TO OBSERVE AND PARTICIPATE IN THE MEETING:

Computer, tablet or smartphone: Watch the live streaming of the meeting from a computer by navigating to <https://us02web.zoom.us/j/7688070165> using a computer with internet access that meets Zoom's system requirements.

Telephone: Listen to the meeting live by calling Zoom at (253) 215-8782 or (301) 715-8592. Enter the Meeting ID# 279-281-953 followed by the pound (#) key. More phone numbers can be found on Zoom's website at <https://zoom.us/u/abb4GNs5xM> if the line is busy.

Mobile: Log in through the Zoom mobile app on a smartphone and enter Meeting ID# 279-281-953.

HOW TO SUBMIT PUBLIC COMMENTS:

Written/ Read Aloud: Please email your comments to board@gcsd.org, write "Public Comment" in the subject line. In the body of the email, include the agenda item number and title, as well as your comments. If you would like your comment to be read aloud at the meeting (not to exceed three minutes at staff's cadence), prominently write "Read Aloud at Meeting" at the top of the email.

Telephonic / Electronic Comments: During the meeting, the Board President or designee will announce the opportunity to make public comments by voice and in writing, and identify the cut off time for submission of written comments. Comments can be emailed in advance of the Board meeting and up to the time of Board consideration of the item during the meeting. Send email to board@gcsd.org, and write "Public Comment" in the subject line. Once you have joined the Board meeting online using Zoom, public comments can also be submitted using the Chat function while in the Zoom Meeting. In the body of the email or Chat, include the agenda item number and its title, as well as your comments. The Board President will also public comment to be made verbally prior to consideration of each agenda item, and will explain the procedure for making verbal comments during the meeting. Once the public comment period is closed, comments timely received in advance of consideration of the agenda item will be read aloud prior to Board action on the matter. Comments received after the close of the public comment period will be added to the record after the meeting.

ACCESSIBILITY INFORMATION:

Board Meetings are accessible to people with disabilities and others who need assistance. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to observe and/or participate in this meeting and access meeting-related materials should contact Rachel Pearlman, Board Secretary, at least 48 hours

before a regular meeting at (209) 962-7161 or rpearlman@gcsd.org. Advanced notification will enable the District to swiftly resolve such requests to ensure accessibility.

AGENDA MATERIAL:

Physical copies of agenda material will not be available at the meeting. All agenda material can be accessed on the District Board Meeting Webpage at <https://www.gcsd.org/board-meetings-meeting-documents>. Physical copies can be obtained in advance of the meeting in the District office, once made available.

PUBLIC RECORDS:

Public records that relate to any item on the open session agenda for a meeting are available for public inspection. Those records that are distributed after the agenda posting deadline for the meeting are available for public inspection at the same time they are distributed to all or a majority of the members of the Board. The Board has designated the District's website located at <https://www.gcsd.org> as the place for making those public records available for inspection. The documents may also be obtained by calling the District office.

ALL AGENDA MATERIAL ARE AVAILABLE ON THE DISTRICT WEBSITE AT WWW.GCSD.ORG OR MAY BE INSPECTED IN THE GROVELAND COMMUNITY SERVICES DISTRICT OFFICE AT 18966 FERRETTI ROAD, GROVELAND, CALIFORNIA

Any person who has any questions concerning this agenda may contact the District Secretary. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at 209-962-7161. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting. (28FR35.102-35.104 ADA Title 11)

AGENDA

Amended with the Addition of Item 6D

January 9, 2024

10:00 a.m.

Call to Order

Pledge of Allegiance

Roll Call of Board Members

Nancy Mora, President
Janice Kwiatkowski, Vice President
John Armstrong, Director
Spencer Edwards, Director
Robert Swan, Director

1. Approve Order of Agenda

2. Public Comment

Members of the public are appreciated for taking the time to attend this meeting and provide comments on matters of District business. Public comments are subject to a 3-minute time limit; 10 minutes on an individual topic. Although no action can be taken on items not listed on the agenda, please know we are listening carefully to your comments.

3. Information Items

Brief reports may be provided by District staff and/or Board members as information on matters of general interest. No action will be taken by the Board during Reports, however items discussed may be recommended for discussion and action on a future agenda. Public comments will be taken after each report is provided.

A. Staff Reports

- i. Fire Department Report
- ii. CERT Report
- iii. Operations Manager's Report
- iv. Administrative Services Manager's Report
 1. Presentation of the 2023 Year in Review
- v. General Manager's Report

B. Proclamations

- i. Recognition of Luis Melchor for his 17 Years of Service to the Groveland Community Services District
- ii. Recognition of Andrew Marshall for his 6 Years of Service to the Groveland Community Services District

4. Consent Calendar

Consent Calendar items are considered routine and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the Board, Staff or a member of the Public requests specific items be set aside for separate discussion.

- A. Approve Minutes from the December 12, 2023, Regular Meeting
- B. Accept Decembers 2023 Payables
- C. Waive Reading of Ordinances and Resolutions Except by Title

5. Old Business

(Items tabled or carried forward from a previous meeting to be considered on this agenda. The Board of Directors intends to consider each of the following items and may take action at this meeting. Public comment is allowed on each individual agenda item listed below, and such comment will be considered in advance of each Board action)

- A. None

6. Discussion and Action Items

The Board of Directors intends to consider each of the following items and may take action at this meeting. Public comment is allowed on each individual agenda item listed below, and such comment will be considered in advance of each Board action.

- A. Presentation of the District's Audited Financial Statements for Fiscal Year 2022/23 by Gilbert and Associates
- B. Consideration of a Potential Partnership with the Yosemite Highway 120 Chamber of Commerce Related to an Application to PG&E for the Installation of an Electrical Microgrid
- C. Adoption of a Resolution of Appreciation for Tuolumne County for their Support of the Infrastructure and Fire/Emergency Services Provided by GCSD to the South County Communities
- D. Adoption of a Resolution Approving the Consultant Selection Process as Detailed in the Caltrans Local Area Procedures Manual Chapter 10

7. Adjournment

ALL AGENDA MATERIAL ARE AVAILABLE ON THE DISTRICT WEBSITE AT WWW.GCSD.ORG OR MAY BE INSPECTED IN THE GROVELAND COMMUNITY SERVICES DISTRICT OFFICE AT 18966 FERRETTI ROAD, GROVELAND, CALIFORNIA

Any person who has any questions concerning this agenda may contact the District Secretary. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at 209-962-7161. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting. (28FR35.102-35.104 ADA Title 11)



Groveland Community Services District Fire Department / CALFIRE

18966 Ferretti Road Groveland, CA 95321



Staff Report
January 1, 2024

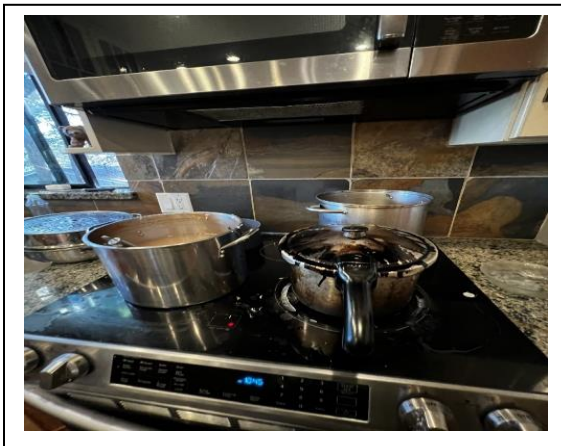
To: Board of Directors

From: Andy Murphy, Assistant Chief
By: Travis Chunn, Fire Captain

Subject: Monthly Activity Report – December 1, 2023 – December 31, 2023

Operations:

On December 23rd, 2023, at approximately 6:13 PM, GCSD Engine 781 and TCFD Engine 631 were part of a dispatch to a residential structure fire at the 10000 block of Merrell Road. Upon arrival, Engine 781 found a two-story residential structure with heavy smoke and flames coming from the front and sides of the home. There were also multiple propane tanks and ammunition in the home. The home became fully involved quickly, due to limited access and limited water supply. No residents were inside the home at the time of the fire. The cause is under investigation.



On December 24th, 2023, at approximately 10:13 AM, GCSD Engine 781 was dispatched to a fire alarm sounding at the 20000 block of Lower Skyridge Drive in Pine Mountain Lake. Engine 781 accessed the home and found significant smoke inside the structure. While using the thermal imaging camera, Engine 781 found that the smoke was coming from a pressure cooker which was still being heated on the stovetop. No residents were inside the home at the time of the incident.



Groveland Community Services District Fire Department / CALFIRE

18966 Ferretti Road Groveland, CA 95321



On December 25th, 2023, at approximately 10:42 AM, GCSD Engine 781 and TCFD Engine 631 were part of a dispatch to a vehicle accident on Highway 120 near Elder Lane. Upon arrival, Engine 781 found two vehicles with moderate damage. There was a total of five people in the vehicles. One patient was transported by the ambulance with minor injuries. All other occupants refused treatment. The Holmatro battery-powered spreader was utilized to separate the two vehicles prior to them being towed.



Apparatus and Equipment:

Apparatus	Description	Status
Engine 781	2009 Pierce Contender	In Service
Engine 787	2000 Freightliner FL112	In Service
Engine 783	1997 International Model 15	In Service
Utility 786	2008 Chevrolet 2500	In Service



Groveland Community Services District Fire Department / CAL FIRE

18966 Ferretti Road Groveland, CA 95321



Training:

In addition to our monthly Emergency Medical Technician (EMT) curriculum and engine company performance standards, Battalion personnel received the following specialized training:

- Forcible Entry
- Vehicle Lockout
- Ladders
- Vehicle Extrication
- Large Area Search Bag

Fire Department News:

On December 16th, 2023, GCSD Engine 781 and TCFD Engine 631 were invited to the annual Pictures with Santa event hosted by The Pine Mountain Stables. The crews were able to hand out stickers, and they showed the fire engines to the attendees. Everyone enjoyed the delicious hot chocolate which was provided as part of the event.





**Groveland Community Services District
Fire Department / CAL FIRE**
18966 Ferretti Road Groveland, CA 95321



On December 18th, 2023, GCSD Engine 781 and TCFD Engine 631 were invited to have pizza with Groveland CERT at the GCSD office. The crews enjoyed some food and conversation with those who attended.

23-Dec

STATION 78

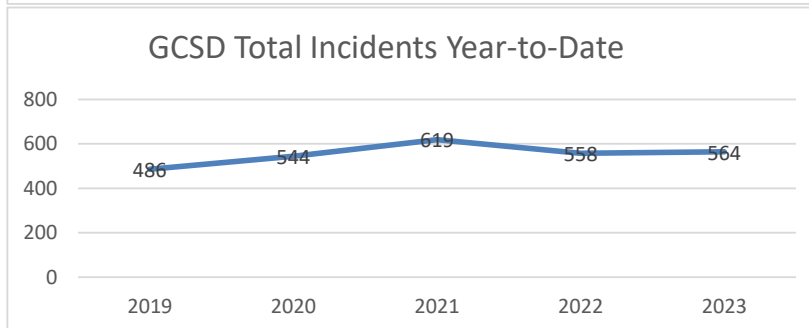
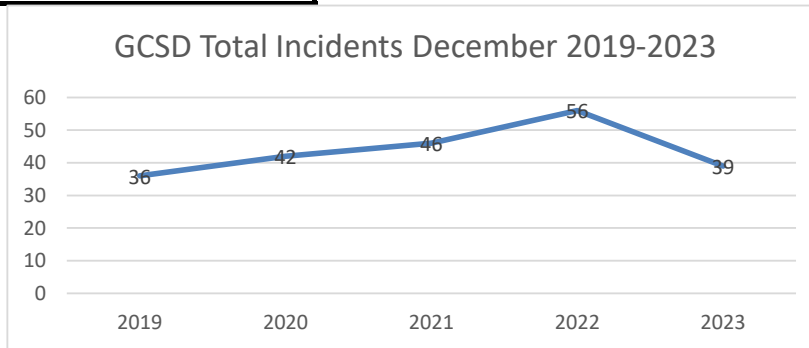


Alarm Sounding	2
Odor Investigation	0
Debris Fire	0
Medical Aid	29
Fire Menace Standby	0
Fire Other	0
Haz Mat	1
Landing Zone	0
Plane/Heli Crash	0
Public Assist	3
Smoke Check	0
Structure Fire	1
Commercial Structure Fire	0
Vegetation Fire	0
Vehicle Accident	2
Vehicle Accident/Pin in	0
Vehicle Fire	1
TOTAL	39

Auto Aid	Given
Tuolumne County	1
INC# 16040 Vehicle Fire Old Priest Grade	
TCFD ENGINE: 15 CALLS	

ALS	
YES	NO
19	13

Last Call Logged Run # 17201



CERT Groveland/Big Oak Flat/Moccasin

Groveland Community Services District • 18966 Ferretti Road, Groveland CA 95321



Groveland, California

Report to GCSD Board for December 2024

- GCERT is planning the following Team meetings in 2024.
Jan 27, Feb 24, Mar 30, Apr 27, May 25, Jun 29, Jul 27, Aug 31, Sep 28, Oct 26.
- GCERT working with GCSD will formalize Deployment Paperwork, Code of Conduct & Responsibility, Training Records, and other documentation.
- First quarter training will include Traffic Management.
- GCERT will have a work party to inventory our equipment and vehicles to keep on file at GCSD.
- GCERT will complete background checks for all certified members.
- GCERT will be partnering with PML S&SC for First Aid/CPR/AED training in Spring.
- GCERT will be partnering with PML S&SC for Community and Personal Preparedness Workshops in Q1 and Q2.
- GCERT has 25 participants, 26 inquiring people and 14 fully certified members.
- GCERT has notified FD that our Firefighter Rehab vehicle is operational. It has been outfit with all the necessary equipment to Go Live. (Funded by Adventist Health Grant) GCERT is also available for Traffic Control deployment.
- GCERT Len Otley is our Training Officer. The next training is likely in Spring 2024.

1/4/2024 2:58 PM

GrovelandCERT@gmail.com

FB – CERT – Groveland Area Community Emergency Response Team
ND – CERT – Groveland Area Community Emergency Response Team



Information Provided By

O&M Manager: Luis Melchor
 Operations Supervisor: Greg Dunn
 Maintenance Supervisor: Andrew Klein
 Administration Services Technician: Rachel Pearlman
 Utility Billing Specialist: Meghan Atkins

**Operations and Maintenance Report
 December 2023**

Operations Department

Wastewater Treatment Division

Influent Totals	
Total	2.76
Average	0.09
High	0.20
Low	0.06

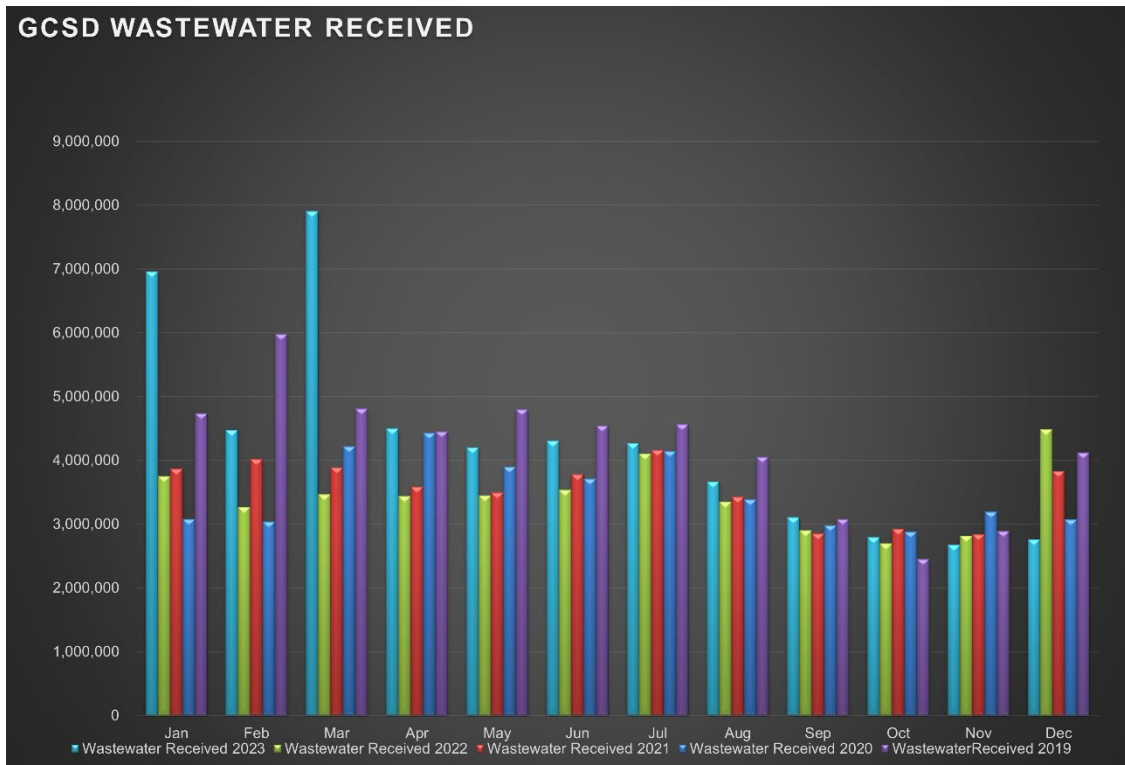
Effluent Totals	
Total	3.02
Average	0.10
High	0.21
Low	0.06

Reclamation Totals	
PML	
Spray Fields	
PML Season Total	
Spray Field Season Total	

Wasting Totals	
Total Inches	111
Total Pounds	1761
Active Accounts	1568

STP Rainfall Totals by Year During Current Month (Inches)					
Season	2023	2022	2021	2020	2019
6.00	2.68	18.41	12.47	3.41	10.02
	High 0.80	High 4.10	High 2.50	High 0.82	High 3.73

Charted Historical Monthly Influent Totals



Wastewater Treatment Division

Routine Tasks

- Took weekly Bac-Ts and BOD of the Chlorine Contact Chamber (CCC) and sent into Alpha Lab for testing.
- Completed monthly Wastewater Report and sent to the State Water Resources Control Board
- Completed daily rounds and Lab.

Water Treatment Division

Routine Tasks

- Submitted monthly Water Treatment Report to State Water Resources Control Board
- Submitted monthly Conservation Report to State Water Boards
- Performed weekly checks and calibrations on all analyzers at 2G, BC, and AWS
- Performed monthly UV calibrations at 2G and BC.
- Took weekly Treatment Plant samples and sent them into Alpha Lab
- Monitored/sampled Distribution Tanks as needed.

Maintenance Department

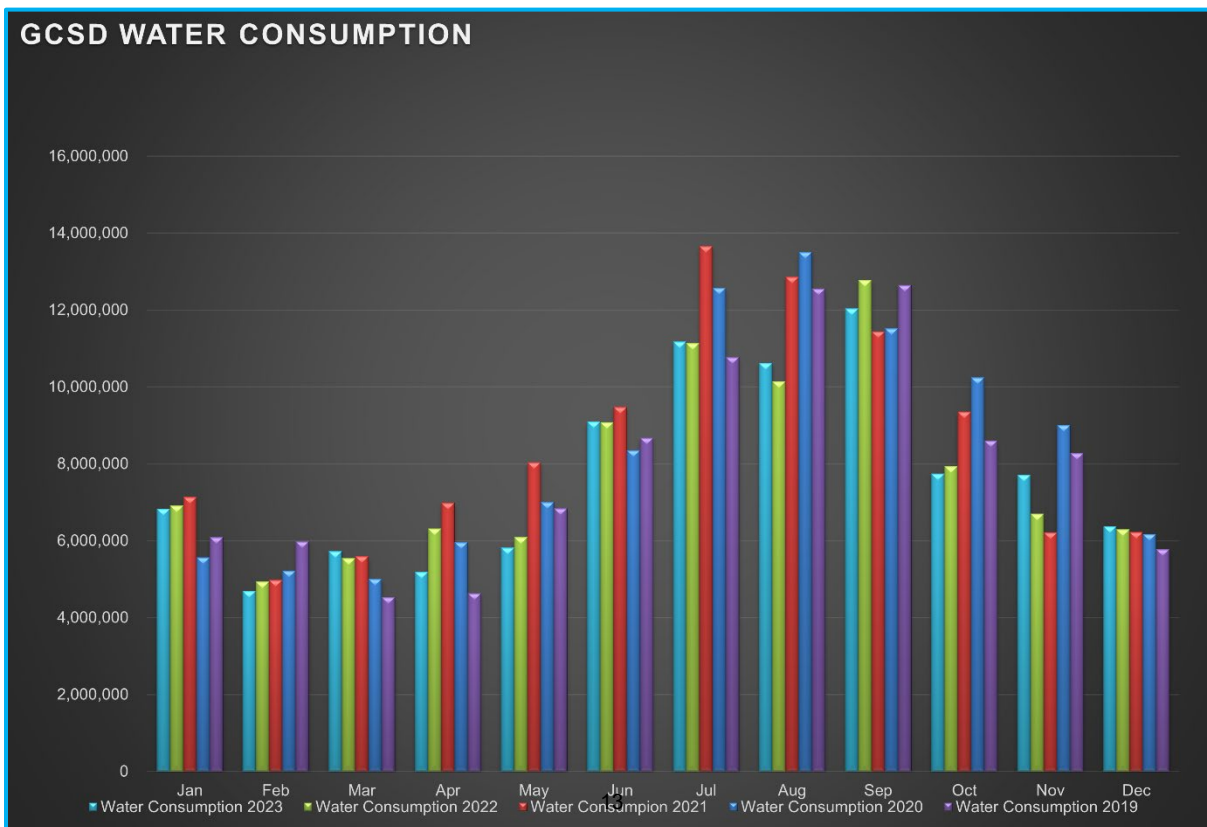
Water Distribution System Division

Meter Related Services	Total
Check / Repair Meters	13
Water Meters Installed	0
Monthly Meter Restrictions	0
Meter Lock offs	14
Meter Changeouts	1
Tenant Final Reads	1
Re-Reads	15
Meter Turn-Offs	0
Meter Turn-Ons	15
Meter Tests	1
Winterize Meter	0
Color/Taste/Odor/PSI Complaints	1
Total Meter Related Issues	61

Billed Consumption (Gallons)	2023	2022	2021
Residential	6,011,536	5,869,502	5,409,396
Commercial	368,541	425,835	413,648
Total	6,380,077	6,295,337	6,236,692

Active Accounts	3272
------------------------	------

Charted Historical Monthly Water Consumption



Maintenance and Repair Data

Description	Total
Water Main Leaks / Repairs	0
Water Service Line Leaks / Repairs	1
Fire Hydrant Repairs / Replacements	0
Number of Hydrants Flushed	14
Number of Dead-Ends Flushed	0
Water Valves Exercised	0
GIS Points	0

Description	Gallons
Flushing for Water Quality	39,500
Water Loss Due to Leaks / Breaks	9,500

After-Hours Calls (Hours)				
Water	Sewer	Park	Other	Total
3	2	0	1	6

Maintenance and Repair

- **Routine Tasks**
 - Read all District Water Meters
 - Customer Service Calls (Low / High Pressures, No Water, Turn-Ons / Turn-Offs, Etc.)
 - Underground Service Alert (USA) Utility Marking Program
 - Weekly Pump Station Inspections at Tank 2, Tank 4, Tank 5 (Buildings, Tanks, Motors, Pumps, Drives, Communications, Generators, and Auxiliary Equipment)
 - Lock offs for non-payment.

- **Tanks and Pump Stations**

- **Distribution System**
 - Backflow Testing/Repairs.
 - Water Service Line repair at 12500 Fountain Cir.

Pictures

Wastewater Collection System Division

Description	Total
Manholes Inspected	100
GIS Points	0
Customer Complaint	2
Odor Complaints	0

Description	Total
Flushing/Jetting (Feet)	180
Video Inspection (Feet)	354

Description	Total
Sanitary Sewer Spills (SSO)	0
SSO Gallons Spilled	0

Maintenance and Repair

- **Routine Tasks**
 - Weekly lift station site inspections (PMCS)
 - Added degreaser and odor control to lift stations.

- **Lift Stations**
 - Cleaned and Inspected: LS5, LS6, LS7, LS8.
 - Manhole Inspections LS15.
 - Replaced electrical outlets at LS3 and LS4.
 - Replaced water pump at LS3.
 - Replaced hour meter and cleaned crank case vent filter at LS15.
 - R&R radiator caps and top off fluid at LS3, LS5, LS6, LS10, LS11, LS12, LS14, ad LS15.

- **Collection System**
 - Flushed/Jetted gravity sewer line areas.
 - Groveland, Bass Pond, Twin Pines Easement monthly manhole inspections.
 - Located buried MH at U3/L320 on Rock Canyon Dr.

Pictures

General Maintenance Division

Maintenance By Department

- **Operations Department**

- 2G Water Treatment Plant
 - Cleaned lime tank.
- Big Creek Water Treatment Plant
 - Cleaned lime tank.
- Butler Bypass Pump Station
 - Reprogram pump soft starts.
 - Inspected generator and ATS on emergency power while running both pumps.
- AWS
- STP
 - R&R Motor, Clean motor and pump shafts, realigned pump and motor and tested.
 - Repair polymer pump for press process.
- Reservoir 2 – STP Pond
- Water Storage Tank 4
 - Diagnose and reset P1 fail and VFD.
- Water Storage Tank 5

- **Maintenance Department**

- Equipment
 - Shop tool maintenance and cleaning.
 - Monthly Inspect and run at operating temperatures...
 - Rain for Rent, Sullair, Vactron, Cement mixer, Light Tower, STP generator, Dunn Ct Generator, AWS Generator, Standby Generator, Highlands Generator.
- Vehicles
 - 41820: Install new lift gate.
 - 50817: Serviced oil, oil filter, air filter and fuel filter. R&R Belt tensioner.
 - 60524: R&R blend door actuator on vehicle cab heating system.
 - 20350: R&R water pump gasket to repair leak.
 - 70981: R&R speedometer gauge and calibrate. Repair electrical fuse.
- Buildings & Yard
 - General yard cleanliness.
 - Vegetation management.

Parks Division

Maintenance and Repair

- **Mary Laveroni Community Park**
 - Landscape Maintenance.
- **Ballfield & Dog Park**
 - Treat infield for weed growth.
 - Welded in bracing for gate frame and readjusted gate hinges.

Contracted Work

- **Industrial Electric**
 - Waiting on additional parts to complete repair at AWS generator
- **Du-All Safety**
 - Hearing Conservation, Silica Safety, PPE Safety Training, Respiratory Protection, Temporary Traffic Control and Flagger Safety Training with field staff.

Workplace Safety and Training

- Routine Safety Meetings
 - Daily Tailgate Meetings
 - Weekly Safety Meetings
 - Weekly Security Checks
 - Weekly Vehicle Inspection

**REGULAR MEETING OF THE BOARD OF
DIRECTORS GROVELAND COMMUNITY SERVICES
DISTRICT GROVELAND, CALIFORNIA
December 12, 2023
10:00 a.m.**

The Board of Directors of Groveland Community Services District met in regular session on the above mentioned date with Directors Nancy Mora President, Janice Kwiatkowski Vice President, Spencer Edwards and Robert Swan being present. Also present was Board Secretary Rachel Pearlman, Administrative Services Manager Jennifer Donabedian, Operations Manager Luis Melchor and General Manager Peter Kampa.

Call to Order

Director Kwiatkowski called the meeting to order at 10:03am.

Director Armstrong Absent

Approve Order of Agenda

Motion

It was moved by Director Edwards and seconded by Director Swan to approve the order of the Agenda.

Ayes: Directors Mora, Kwiatkowski, Edwards, and Swan

Absent: Directors Armstrong

Public Comment

None.

Information Items

Brief reports may be provided by District staff and/or Board members as information on matters of general interest. No action will be taken by the Board during Reports, however items discussed may be recommended for discussion and action on a future agenda. Public comments will be taken after each report is provided.

Staff Reports

Fire Department Report

CERT Report

Operations Manager's Report

Administrative Services Manager's Report

General Manager's Report

Proclamations

Recognition of Anthony Trujillo for his 14 Years of Service to the Groveland Community Services District

Recognition of Steve Buie for his 4 Years of Service to the Groveland Community Services District

Recognition of Janice Kwiatkowski for her 6 Years of Service to The Groveland Community Services District

Recognition of Spencer Edwards for his 6 Years of Service to the Groveland Community Services District

Recognition of John Armstrong for his 13 Years of Service to the Groveland Community Services District

Director Edwards left the meeting at 10:46am.

Consent Calendar

Consent Calendar items are considered routine and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the Board, Staff or a member of the Public requests specific items be set aside for separate discussion.

Approve Minutes from the November 14, 2023, Regular Meeting

Approve Minutes from the November 28, 2023, Special Meeting

Accept November 2023 Payables

Adoption of a Resolution Authorizing the General Manager to File the Emergency Generator Replacement Project (REBID) Notice of Completion with The County of Tuolumne

Adoption of a Resolution Authorizing the General Manager to File the Pavement Rehabilitation (Phase 2) Project Notice of Completion with the County of Tuolumne

Waive Reading of Ordinances and Resolutions Except by Title

Motion

It was moved by Director Swan and seconded by Director Kwiatkowski to approve the Consent Calendar.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Old Business

(Items tabled or carried forward from a previous meeting to be considered on this agenda. The Board of Directors intends to consider each of the following items and may take action at this meeting. Public comment is allowed on each individual agenda item listed below, and such comment will be considered in advance of each Board action)

None.

Discussion and Action Items

The Board of Directors intends to consider each of the following items and may take action at this meeting. Public comment is allowed on each individual agenda item listed below, and such comment will be considered in advance of each Board action.

Adoption of a Resolution Authorizing the General Manager to Sign a Subrecipient Agreement Between the County of Tuolumne and the District for the GCSD Downtown Groveland-Big Oak Flat Water System Improvements Project

Motion

It was moved by Director Swan and seconded by Director Kwiatkowski to adopt Resolution 55-2023 Authorizing the General Manager to Sign a Subrecipient Agreement between the County of Tuolumne and the District for the GCSD Downtown Groveland-Big Oak Flat Water System Improvements Project.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Adoption of a Resolution Approving the Potable Water Storage and Distribution System Improvements Project and Authorizing Public Bidding

Motion

It was moved by Director Kwiatkowski and seconded by Director Mora to adopt Resolution 56-2023 approving the Potable Water Storage and Distribution System Improvements Project and

Minutes 12 12 2023

Authorizing Public Bidding for the Potable Water Storage and Distribution System Improvements Project.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Discussion and Action Related to the Election of Board Officers for Calendar Year 2024

Motion

It was moved by Director Kwiatkowski and seconded by Director Swan to Nominate and elect Director Mora as Board President for Calendar Year 2024.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Motion

It was moved by Director Mora and seconded by Director Swan to Nominate and elect Director Kwiatkowski as Board Vice President for Calendar Year 2024.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Motion

It was moved by Director Swan and seconded by Director Kwiatkowski to Nominate and elect Rachel Pearlman as Board Secretary for Calendar Year 2024.

Ayes: Directors Mora, Kwiatkowski, and Swan

Absent: Director Armstrong and Edwards

Adjournment

The meeting adjourned at 11:08am.

APPROVED:

Nancy Mora, Board President

ATTEST:

Rachel Pearlman, Board Secretary



ACCOUNTS PAYABLE CHECK LISTING

December 2023
Fiscal Year 23/24
Board Approval Date _____

Accounts Payable Checks



User: mronning@gcsd.org
Printed: 1/3/2024 11:19:22 AM

Check	Vendor	Vendor Name	Check D	Void	Commi	Description	Amount	Reconcil	Clear Da
23386	Alderson	Alderson Fencing	12/7/2023	False	True	Res 1 fence repair	\$450.00	False	
23387	ATT02	AT&T	12/7/2023	False	True	Monthly Cal Net phone service	\$609.46	False	
23388	ATTL02	AT&T (Internet)	12/7/2023	False	True	Monthly Fiber Internet-Admin	\$594.52	False	
23389	BEN03	Benchmark Engineering	12/7/2023	False	True	Phase 100, 101,102,103 Record of Survey	\$1,710.00	False	
23390	CSD02	CSDA	12/7/2023	False	True	2024 Annual CSDA Membership Renewal	\$9,000.00	False	
23391	GCS02	GCS D	12/7/2023	False	True	GCS D Monthly Water Bill	\$13,515.82	False	
23392	GEN01	General Plumbing Supply	12/7/2023	False	True	Parts for water plants	\$380.43	False	
23393	ICAD01	Industrial Control and Design, Inc.	12/7/2023	False	True	LS#13 / LS#14 service work- engineering	\$4,962.50	False	
23394	UB*0327	Kiesling, William	12/7/2023	False	True	Refund Check 005317-000, 20060 Blue Bell Court 13/48	\$22.98	False	
23395	MOT03	Mother Lode Answering Service	12/7/2023	False	True	Monthly Answering Service	\$294.76	False	
23396	MOU03	Mountain Oasis Water Systems	12/7/2023	False	True	Bottled Water - Monthly	\$85.00	False	
23397	per04	Percoco, Ronald	12/7/2023	False	True	Uniform Laundry for November 2023	\$1,510.00	False	
23398	UB*0328	Ramos, John & Brenda	12/7/2023	False	True	Refund Check 015989-001, NA Ridgcrest Way 13/193	\$110.90	False	
23399	SUE01	Ray Sues Insurance & Invst	12/7/2023	False	True	Retired Members Medical	\$4,538.65	False	
23400	Ron01	Rudy, Roni Lynn	12/7/2023	False	True	Social Media Management	\$2,784.92	False	
23401	SWR03	SWRCB	12/7/2023	False	True	Annual Wastewater Discharge Permit Fee 07-01-23 to 06-30-24	\$31,399.00	False	
23402	Tir02	TireHub, LLC	12/7/2023	False	True	Truck #781 Tires	\$2,836.05	False	
23403	TUO01	Tuo. Co. Public Power Agency	12/7/2023	False	True	Monthly Public Power Purchase	\$27,670.94	False	
23404	Tuo14	Tuolumne County Recorder	12/7/2023	False	True	Monthly subscription to County Records	\$243.50	False	
23405	UNI05	Univar Solutions	12/7/2023	False	True	Chemicals for water & wastewater	\$10,904.64	False	
23406	ups9	UPS	12/7/2023	False	True	Shipping fees	\$3.00	False	
23407	Wells	Wells Fargo Vendor Financial Services, LLC	12/7/2023	False	True	Monthly Lease on Admin Copier	\$359.28	False	
23408	UB*0328	Wilson, Rosmary	12/7/2023	False	True	Refund Check 011188-000, 19955 RIDGECREST 13/162	\$5.74	False	
23409	UMP01	UMPQUA Bank Comm Card Ops	12/12/2023	False	True	Monthly credit card purchases	\$16,021.58	False	
23410	Alp03	Alpha Analytical Labs, Inc.	12/13/2023	False	True	Operations Lab Testing for Sewer	\$3,922.00	False	
23411	CAR06	Carbon Copy Inc.	12/13/2023	False	True	Monthly Copier Usage	\$47.02	False	
23412	Cle03	CleanSmith Solutions	12/13/2023	False	True	Disinfection/Janitorial Services Monthly	\$4,400.00	False	
23413	Days	Day's Generator Service, Inc.	12/13/2023	False	True	Payment No 7 - Final	\$33,044.02	False	
23414	DEP09	Department of Forestry & Fire Protection	12/13/2023	False	True	FY2024 Q1 Sch A CalFire Services	\$267,534.77	False	
23415	Des01	Deshaies, Al	12/13/2023	False	True	DMV Med Exam Reimbursement	\$205.00	False	
23416	EDIS01	E.D.I.S.	12/13/2023	False	True	Operations Supplemental Health Insurance	\$5,760.25	False	
23417	Fas03	Fast Response On-Site Testing Inc.	12/13/2023	False	True	Respirator fit testing for employees	\$2,800.00	False	
23418	Fas02	Fastenal	12/13/2023	False	True	Janitorial Supplies	\$1,234.96	False	

Check	Vendor	Vendor Name	Check D	Void	Commi	Description	Amount	Reconcil	Clear Da
23419	GCS01	GCSDD Petty Cash	12/13/2023	False	True	Hot knife purchase	\$37.60	False	
23420	GRA04	Grainger	12/13/2023	False	True	Level transducer for lift stations	\$1,577.49	False	
23421	JSW02	J.S. West Propane Gas	12/13/2023	False	True	Propane Monthly Purchase	\$1,486.30	False	
23422	WAL04	Jay C. Wallace Plumbing	12/13/2023	False	True	Annual Backflow Testing	\$700.00	False	
23423	jol01	Jolley, Bryant L.	12/13/2023	False	True	FY23 Financial and Single Audit	\$19,750.00	False	
23424	Oreil	O'Reilly Auto Parts	12/13/2023	False	True	Truck 15 auto parts	\$49.09	False	
23425	PGE01	PG&E	12/13/2023	False	True	Monthly Electric Charges	\$935.02	False	
23426	Pin07	Pine Mountain Auto	12/13/2023	False	True	November 2023 Auto Parts Purchases	\$820.15	False	
23427	pml01	PML Hardware & Supply Inc.	12/13/2023	False	True	November 2023 Hardware Purchases	\$930.11	False	
23428	Rus01	Rush Advertising Specialties	12/13/2023	False	True	Employee Uniforms	\$526.62	False	
23429	SFPUC	San Francisco Public Utilities Commission	12/13/2023	False	True	Monthly Water Purchase	\$11,761.96	False	
23430	Sprbrk	Springbrook Holding Company LLC	12/13/2023	False	True	Civic Pay Nov 2023	\$1,436.40	False	
23431	STA02	State Wtr. Res. Control	12/13/2023	False	True	M Dickens SWRCB DR Certificate Renewal	\$80.00	False	
23432	USD01	USDA-Forest Service	12/13/2023	False	True	2024 Land Use Fee	\$79.79	False	
23433	WHI03	White Brenner, LLP	12/13/2023	False	True	November Legal Fees	\$6,240.00	False	
23434	AIR01	Airgas USA, LLC	12/19/2023	False	True	Stainless Steel Tri-Gas	\$61.65	False	
23435	am01	AM Consulting Engineers, Inc.	12/19/2023	False	True	Project #128.2 Phase 2 WWTP Improvements	\$37,389.67	False	
23436	ATT03	AT&T	12/19/2023	False	True	Fire Dept Monthly Uverse	\$256.80	False	
23437	AT&T M	AT&T Mobility (First Net)	12/19/2023	False	True	Monthly Field Cell Phone fee	\$1,906.88	False	
23438	UB*0328	Furnal, Larry	12/19/2023	False	True	Refund Check 016426-000, 20726 Big Foot Circle 4/361	\$5.62	False	
23439	Moy02	Moyle Excavation Inc.	12/19/2023	False	True	Payment #5 Sewer Collection System Improvements	\$1,251,084.31	False	
23440	PRO1	Professional Training Association	12/19/2023	False	True	Asset Management training A. Ahlswede	\$100.00	False	
23441	UB*0328	Strickler, Scott	12/19/2023	False	True	Refund Check 016683-000, 21171 Hemlock Street 12/123	\$40.25	False	
23442	UB*0328	The Secretary of Housing and Urban Developme	12/19/2023	False	True	Refund Check 017640-000, 13080 Clements Rd 12/97	\$9.20	False	
23443	TUO12	Tuolumne Utilities Dist	12/19/2023	False	True	Trap the Grease Advertisement	\$131.06	False	
23444	ups9	UPS	12/19/2023	False	True	Shipping - Monthly Charges	\$67.11	False	
23445	am01	AM Consulting Engineers, Inc.	12/28/2023	False	True	Project #148 Groveland Asset Rehab & Beautification	\$3,906.00	False	
23446	BLU01	Anthem Blue Cross	12/28/2023	False	True	Monthly Group Health Ins.	\$30,779.22	False	
23447	ATT02	AT&T	12/28/2023	False	True	Monthly Cal Net phone service	\$688.04	False	
23448	ATT03	AT&T	12/28/2023	False	True	Monthly Internet Uverse	\$333.90	False	
23449	DIS01	Dish Network	12/28/2023	False	True	Monthly Satellite TV - Fire Department	\$252.85	False	
23450	ELE	ELEMECH, INC.	12/28/2023	False	True	Water Fill Station submittal/schematics	\$10,489.00	False	
23451	UNU01	First UNUM Life Insurance Co.	12/28/2023	False	True	January Life Insurance	\$120.00	False	
23452	FP Mail	FP Finance (Monthly pmt)	12/28/2023	False	True	Monthly Postage Machine Rental	\$135.13	False	
23453	GEN01	General Plumbing Supply	12/28/2023	False	True	AWS Parts Stock	\$1,361.02	False	
23454	GRA04	Grainger	12/28/2023	False	True	Hours Meter Stock - Generators / Pumps	\$217.76	False	
23455	Hum02	Humana Insurance Company	12/28/2023	False	True	Dental Insurance-Monthly	\$3,033.75	False	
23456	Met03	Metro Presort	12/28/2023	False	True	Monthly UB Statement Processing	\$2,094.57	False	
23457	MOO01	Moore Bros. Scavenger Co., Inc.	12/28/2023	False	True	Monthly Debris Disposal	\$890.38	False	
23458	Moy02	Moyle Excavation Inc.	12/28/2023	False	True	Big Oak Flat- Groveland USD - Reimbursement	\$6,929.52	False	
23459	NBS01	NBS Government Finance Group	12/28/2023	False	True	Consulting Services Water & Sewer Rate Studies 2023	\$4,462.50	False	
23460	Ron01	Rudy, Roni Lynn	12/28/2023	False	True	Social Media Management	\$328.02	False	
23461	Rus01	Rush Advertising Specialties	12/28/2023	False	True	Employee Uniforms	\$1,023.47	False	

Check	Vendor	Vendor Name	Check D	Void	Commi	Description	Amount	Reconcil	Clear Da
23462	son12	Sonora Ford	12/28/2023	False	True	Truck 50817 parts	\$129.48	False	
23463	USA03	Usa Blue Book	12/28/2023	False	True	Gater valves for hydrant meters	\$678.82	False	
23464	Wes06	Western Extrication Specialists, Inc.	12/28/2023	False	True	Holmatro battery and tool maintenance	\$1,561.79	False	
115922	OE3	Operating Engineers Local #3	12/1/2023	False	True	PR Batch 00001.12.2023 Oper Engin Union Dues	\$395.98	False	
115923	OE3	Operating Engineers Local #3	12/18/2023	False	True	PR Batch 00002.12.2023 Oper Engin Union Dues	\$395.98	False	
902694	CAL09	CalPers 457 Plan Administrator	12/1/2023	False	True	PR Batch 00001.12.2023 CalPers Def Comp	\$1,153.85	False	
902695	EDD01	EDD - Electronic	12/1/2023	False	True	PR Batch 00001.12.2023 SDI - Employee	\$3,937.78	False	
902696	FedEFTP	Federal EFTPS	12/1/2023	False	True	PR Batch 00001.12.2023 Medicare Employer Portion	\$20,572.88	False	
902697	Orion	Orion Portfolio Solutions	12/1/2023	False	True	PR Batch 00001.12.2023 Orion 457	\$2,675.00	False	
902698	PER01	Pers - Electronic	12/1/2023	False	True	PR Batch 00001.12.2023 PERS Employer Exp.-Classic	\$12,070.86	False	
902699	CAL09	CalPers 457 Plan Administrator	12/18/2023	False	True	PR Batch 00002.12.2023 CalPers Def Comp	\$1,153.85	False	
902700	EDD01	EDD - Electronic	12/18/2023	False	True	PR Batch 00002.12.2023 SDI - Employee	\$3,365.90	False	
902701	FedEFTP	Federal EFTPS	12/18/2023	False	True	PR Batch 00002.12.2023 Federal Income Tax	\$17,656.10	False	
902702	Orion	Orion Portfolio Solutions	12/18/2023	False	True	PR Batch 00002.12.2023 Orion 457	\$2,575.00	False	
902703	PER01	Pers - Electronic	12/18/2023	False	True	PR Batch 00002.12.2023 PEPR Employee	\$11,668.57	False	
						Payroll Direct Deposit	\$100,617.09		
						TOTAL DECEMBER ACCOUNTS PAYABLES	\$2,034,078.83		



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: January 9, 2024

SUBJECT: Agenda Item 6A: Presentation of the District's Audited Financial Statements for Fiscal Year 2022/23 by Gilbert and Associates

RECOMMENDED ACTION:

Staff recommends the following action:

I move to accept the 2022/23 Audited Financial Statements.

BACKGROUND:

California law requires that the District hire a qualified independent auditing firm to perform an annual audit, or test review of our financial statements to ensure that they are prepared in accordance with Generally Accepted Accounting Principles and various government auditing standards. As the Board cannot possibly be heavily involved in, and fully understanding of the daily financial affairs of the District, the Board hires a Manager and authorizes other staff or consultant positions to handle the routine financial matters. The Board adopts policies to guide how budgets are developed, and how money is spent, accounted for and the results reported to the Board. The auditor, working with management and on behalf of the Board will also test portions of the financial transactions to determine compliance with current Board policy.

Bryant Jolley, CPA has been conducting the District's audit since 2019, and the final draft audit for 2022/23 is attached for your review and acceptance. Gilbert and Associates is an independent financial firm hired by and representing the District to provide an additional level of independent review and internal quality control on the financial statements. A representative from Gilbert and Associates will be in attendance to discuss the audit and answer questions from the Board and public during this meeting.

One of the primary duties of the Board is their fiduciary responsibility with regard to District finances. The Board must establish policies and ensure that the procedures and practices of District management provide the highest level of protection of public funds, and that these funds are invested in appropriate activities and means to achieve the level of

service desired by the community, through this Board. The best way for the Board to confirm that this is occurring is to receive accurate and timely financial reporting.

As stated in the audit report, the auditor is not engaged to find every potential flaw in our financial system, but is required to report publicly to the Board if there are material weaknesses or breaches in our financial systems where policy was not followed, or methods were discovered where a substantial risk of fraud, embezzlement or other financial crimes could occur without immediate notice by management and/or the Board. The auditor will also make findings and recommendations for changes to our financial systems if they feel that material weaknesses could occur, or if there are actions that put the District at financial risk.

The financial statements and the accompanying Management Discussion and Analysis (MD&A) are helpful to inform the Board and public of whether we are accomplishing our financial objectives. In this year's MD&A again, this year we have increased our net position by investing the revenue derived from water and sewer rates, and rate increases in infrastructure assets and equipment. The MD&A also clearly explains that we continue to have a downward trend in the financial health of the fire services, since the increase in expenses in those services have far outpaced any small increases in property tax revenue, their only source of funding.

This audit again has no negative findings, no material weaknesses or deficiencies in our financial reporting. All GCSD staff has a role in good budgeting, efficient spending and solid accounting practices, and should be commended for the excellent effort.

FINANCIAL IMPACT

None

ATTACHMENTS:

1. Audited Financial Statements, Required Supplementary Information and Report on Internal Controls
2. Auditors Management Report to the Board of Directors

**GROVELAND
COMMUNITY SERVICES DISTRICT**

**TUOLUMNE COUNTY
GROVELAND, CALIFORNIA**

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

YEAR ENDED JUNE 30, 2023

GROVELAND COMMUNITY SERVICES DISTRICT

TABLE OF CONTENTS JUNE 30, 2023

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities.....	21
Fund Financial Statements:	
Balance Sheets – Governmental Funds.....	22
Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Statement of Net Position – Proprietary Funds.....	26
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds.....	28
Notes to the Financial Statements.....	30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
Fire Protection Fund	51
Parks and Recreation Fund	52
Schedule of Changes in the District’s Net OPEB Liability (Asset) and Related Ratios.....	53
Schedule of the District’s Proportionate Share of the Net Pension Liability.....	54
Schedule of the District’s Contributions	55

GROVELAND COMMUNITY SERVICES DISTRICT

TABLE OF CONTENTS JUNE 30, 2023

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	56
Notes to the Schedule of Expenditures of Federal Awards.....	57

OTHER INDEPENDENT AUDITOR'S REPORTS

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 <i>Government Auditing Standards</i>	58
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	60

FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs	63
Summary Schedule of Prior Audit Findings	64

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Groveland Community Services District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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, and each major fund of the District, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in the District's Net OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and, the Schedule of Contributions on pages 4 – 19 and pages 51 – 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

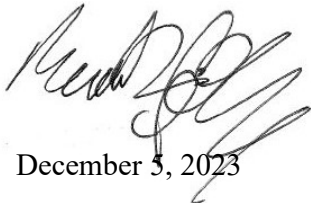
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 December 5, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District’s 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 "M. J. [unclear]", written over a faint circular stamp.

December 5, 2023

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

FINANCIAL POLICIES AND GUIDELINES

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

General Financial Policy Guidelines

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

These policies require that:

- The District will manage its financial assets in a sound and prudent manner.
- The District will maintain and further develop programs to assure its long-term ability to pay all the costs necessary to provide the level and quality of service required by its customers.

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

- Support the continued delivery of quality services in compliance with legal and regulatory requirements and at a level meeting or exceeding industry standards,
- Ensure the District's stability, efficiency and effectiveness in accomplishing the Board of Director's goals and objectives for the long term,
- Maintain a balanced budget annually to ensure that the District is operating within its revenue constraints, even when faced with fluctuating service demands, and
- Maintain adequate reserves necessary to meet known and unknown future obligations.

The financial policies of the District are summarized below:

Investment Policy

The District's *Investment Policy* follows California Government Code objectives of safety, liquidity and yield (in that priority order). Annually during the budget development process of each year, the policy is reviewed and readopted by the Board of Directors to ensure GCSD's Investment Policy is up-to-date with current regulations. The General Manager also serves as the District's Treasurer who annually reviews the Investment Policy and as necessary, submits recommended revisions to the Board for their annual consideration and approval. The investing process is carefully monitored to ensure compliance with the Investment Policy and other applicable regulations.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Budget Policy

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

Reserve Policy

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

Debt Management Policy

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

Procurement Policy

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

DISTRICT ADMINISTRATION AND RELATED EXPENSES

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

Beginning in 2018/19, GCSD began allocating the administrative expenses to each of its service funds based on an appropriate percentage of benefit derived. Prior to 2018/19, GCSD distributed the administrative expense only to the water, sewer and fire services, with very little to nothing, charged to park service expenses. There is most obviously a benefit derived by the park service by sharing office administrative expenses with other services; since if these services were provided by a separate special district, there would be expenses for a separate office, staff and Board expenses in an amount that would certainly exceed the shared administrative expenses of a CSD.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage the readers to consider the information presented here in conjunction with the District's basic financial statements, which immediately follow this section. We also encourage readers to attend GCSD Board meetings to become familiar with District governance and operations and to provide public input. The Board meets in regular session on the second Tuesday of each month. Regular meetings are held at 10:00 a.m. at the District Office, 18966 Ferretti Road, Groveland, California. Board meetings are open to the public to attend physically or virtually via technology platforms such as Zoom. All meeting agendas and supporting materials are available on the District website in advance of the Board meetings and archived at www.gcsd.org.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position

Net position over time may serve as a useful indicator of a government's financial position. For the District as a whole, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,906,643 as of June 30, 2023. This amount represents the District's net position.

The largest portion (67%) of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, structures and improvements, furnishing and equipment, and vehicles) less any related outstanding debt that was used to acquire those assets. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position of \$1,472,986 is restricted for the receipt of advanced funding or externally required to be held separately by grantors. The remaining balance of \$6,161,828 is unrestricted and may be used to meet the District's ongoing obligations. The District accounts for this unrestricted fund balance separately

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2023

for Water, Sewer, (the Business Type Activities), and Fire and Park Services (the Government Type activities), based on amounts budgeted and spent each year in accordance with adopted fund balance and reserve policies.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets and other assets	\$ 1,441,734	\$ 1,166,715	\$10,783,250	\$ 9,351,656	\$ 12,224,984	\$ 10,518,371
Capital assets	<u>2,078,710</u>	<u>1,029,599</u>	<u>20,592,444</u>	<u>16,453,903</u>	<u>22,671,154</u>	<u>17,483,502</u>
Total assets	<u>3,520,444</u>	<u>2,196,314</u>	<u>31,375,694</u>	<u>25,805,559</u>	<u>34,896,138</u>	<u>28,001,873</u>
 Total deferred outflows of resources	 <u>76,767</u>	 <u>143,770</u>	 <u>1,607,943</u>	 <u>729,159</u>	 <u>1,684,710</u>	 <u>872,929</u>
Long-term liabilities	544,027	393,743	8,662,917	6,811,784	9,206,944	7,205,527
Other liabilities	<u>339,787</u>	<u>50,710</u>	<u>3,235,914</u>	<u>465,619</u>	<u>3,575,701</u>	<u>516,329</u>
Total liabilities	<u>883,814</u>	<u>444,453</u>	<u>11,898,831</u>	<u>7,277,403</u>	<u>12,782,645</u>	<u>7,721,856</u>
 Total deferred inflows of resources	 <u>371,326</u>	 <u>365,202</u>	 <u>520,234</u>	 <u>2,069,599</u>	 <u>891,560</u>	 <u>2,434,801</u>
 Net position:						
Net investment in capital assets	2,068,008	1,029,599	13,203,821	11,444,640	15,271,829	12,474,239
Restricted	276,239	-	1,196,747			
Unrestricted	<u>(2,176)</u>	<u>500,830</u>	<u>6,164,004</u>	<u>5,743,076</u>	<u>6,161,828</u>	<u>6,243,906</u>
 Total net position	 <u>\$ 2,342,071</u>	 <u>\$ 1,530,429</u>	 <u>\$20,564,572</u>	 <u>\$17,187,716</u>	 <u>\$ 22,906,643</u>	 <u>\$ 18,718,145</u>

Changes in Net Position

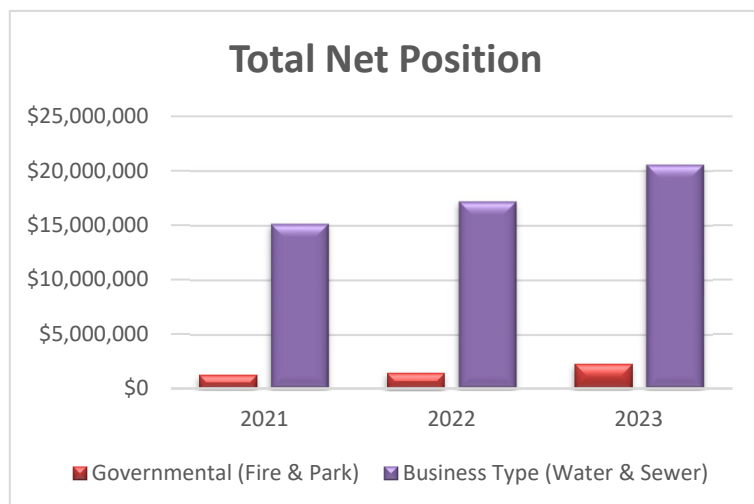
The net position of the District as a whole was \$22,906,643 as of June 30, 2023. This is an overall increase in net position of \$4,004,725 from the prior year. Total investment in capital assets of \$15,271,829 represents the net book value of capital assets, less bonds payable plus unspent bond proceeds. Total net position increased mainly due to the increase in net position for the Water Fund and Sewer Fund in which the reserves will be used for future capital projects as noted in the “Factors Bearing on the District’s Future” section of the MD&A.

Governmental activities – The net position for governmental activities as of June 30, 2023 was \$2,342,071. This is an overall increase in net position of \$811,642 from the prior year; primarily the result of property tax revenue increases and decreases in overall expenses. Management has taken various actions to reduce expenses to neutralize the effect on governmental activities. Property values continue to increase slightly due to real estate market changes and higher overall assessed valuation, and therefore property tax revenue increased by 8.6%, \$113,498 in FY2023. Total revenue exceeded total expenses which accounts for the increase in net position.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Business-type activities – For the District’s business-type activities the net position as of June 30, 2023 was \$20,564,572 as shown below. This is an overall increase in net position of \$3,193,083 from the prior year. Total revenues exceeded expenses which accounts for the increase in net position. This is due



primarily to receiving \$716,000 in increased state grant reimbursements over the prior fiscal year. Also contributing to the increase in net position were revenue increases from water sales and sewage generation, as well as short term reductions in both water and sewer operating expenses. The net position was also positively impacted by changes in investments held by the District, generating \$143,645 in revenue over that earned in Fiscal Year ending June 30, 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 2,660	\$ 3,120	\$ 6,106,999	\$ 6,091,031	\$ 6,109,659	\$ 6,094,151
Capital grants and contributions	41,336	-	2,467,767	1,751,144	2,509,103	1,751,144
Operating grants and contributions	45,001	23,226	-	-	45,001	23,226
General revenues:						
Property taxes	1,436,628	1,323,130	128	3,880	1,436,756	1,327,010
Interest income	38,883	4,756	162,352	18,707	201,235	23,463
State revenue	246,491	237,483	-	-	246,491	237,483
Federal Revenue	257	2,231	-	20,535	257	22,766
Other revenues	84,158	67,766	8,355	1,512	92,513	69,278
Loss on disposal of capital asset	(16,448)	(3,751)	(146,605)	(3,700)	(163,053)	(7,451)
Total revenues	<u>1,878,966</u>	<u>1,657,961</u>	<u>8,598,996</u>	<u>7,883,109</u>	<u>10,477,962</u>	<u>9,541,070</u>
Expenses:						
Public safety	894,675	1,311,632	-	-	894,675	1,311,632
Parks and recreation	172,649	156,913	-	-	172,649	156,913
Water	-	-	2,892,556	3,196,193	2,892,556	3,196,193
Davis-Grunsky	-	-	-	97	-	97
Sewer	-	-	2,513,357	2,620,464	2,513,357	2,620,464
Total expenses	<u>1,067,324</u>	<u>1,468,545</u>	<u>5,405,913</u>	<u>5,816,754</u>	<u>6,473,237</u>	<u>7,285,299</u>
Change in net position	<u>811,642</u>	<u>189,416</u>	<u>3,193,083</u>	<u>2,066,355</u>	<u>4,004,725</u>	<u>2,255,771</u>
Net position - beginning of year, as previously reported	1,530,429	1,341,013	17,187,716	15,121,361	18,718,145	16,462,374
Cumulative effect of prior period adjustment	-	-	183,773	-	-	-
Net position - beginning, as restated	<u>1,530,429</u>	<u>1,341,013</u>	<u>17,371,489</u>	<u>15,121,361</u>	<u>18,901,918</u>	<u>16,462,374</u>
Net position - ending	<u>\$ 2,342,071</u>	<u>\$ 1,530,429</u>	<u>\$20,564,572</u>	<u>\$17,187,716</u>	<u>\$22,906,643</u>	<u>\$18,718,145</u>

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2023

Designated Reserves - Also funded by the water and sewer rate increases were water and sewer infrastructure and equipment replacement reserves established beginning in fiscal year 2015/16 for the water fund and in 2018/19 for the sewer fund. The designated reserves were created specifically to fund annually budgeted equipment and infrastructure expenses, with any remaining amount of the annual allocations set aside to accumulate to fund future important projects. In addition to any budgeted capital outlay, the designated sewer reserves established a \$100,000 set aside specifically to fund infrastructure replacement or improvements required. A summary of the designated reserves are shown below:

Infrastructure and Equipment Reserves

<u>Fiscal Year</u>	<u>Water (Annual Capital Outlay & Reserved)</u>	<u>Sewer (Annual Capital Outlay)</u>	<u>Sewer (Reserve)</u>
2015/16	\$ 450,000	\$ -	\$ -
2016/17	\$ 463,500	\$ -	\$ -
2017/18	\$ 477,405	\$ -	\$ -
2018/19	\$ 491,727	\$ 300,000	\$ 100,000
2019/20	\$ 506,479	\$ 300,000	\$ 100,000
2020/21	\$ 506,479	\$ 300,000	\$ 100,000
2021/22	\$ 506,479	\$ 300,000	\$ 100,000
2022/23	\$ 506,479	\$ 300,000	\$ 100,000
Total	\$ 3,908,548	\$ 1,500,000	\$ 500,000
Capital Expenditures*	\$ 8,972,069	\$ 7,060,694	\$ -
Grants Received**	\$ (5,099,633)	\$ (3,357,803)	\$ -
Reserve Balance	\$ 36,112	\$ (2,202,891)	\$ 500,000

* Infrastructure and Equipment Expenditures from Date Reserves Established in FY 2015/16 (water) and 2018/19 (sewer)

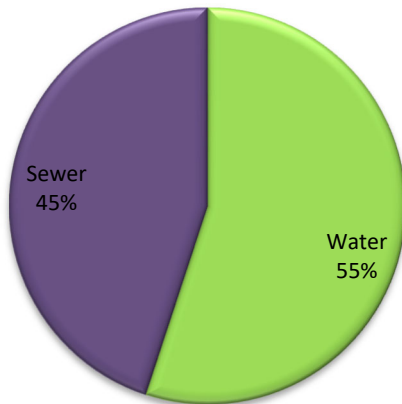
** Grants Received for Infrastructure and Equipment from Date Reserves Established in FY 2015/16 (water) and 2018/19 (sewer)

Since established, the water and sewer rate increases, state and federal grants and reserve funds have provided cash for the upgrade and replacement of \$16,032,763 in equipment, facility renovations and infrastructure replacements. State and federal grants totaling \$8,457,436 have been leveraged since the inception of the rate increases. Water fund capital expenditures of \$1,884,342 in Fiscal Year 2021/2022 resulted in a drawdown of water capital reserve funds to \$36,112, while Sewer fund capital expenditures in the same year totaled \$4,605,056 resulting in the sewer reserve being depleted and \$1,702,891 of sewer fund balance being spent through June 30, 2023.

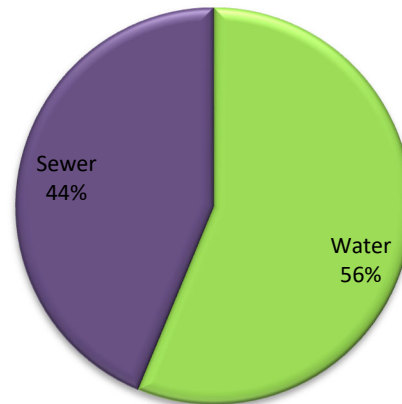
GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

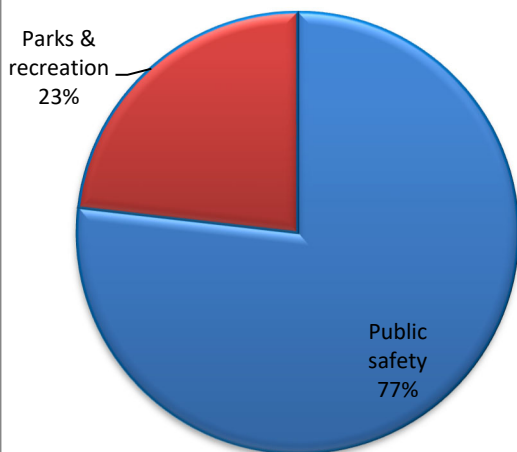
FY 23 Charges for Services for Business-type Activities



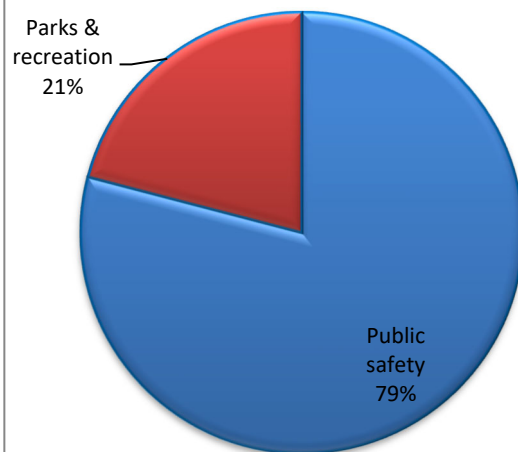
FY 22 Charges for Services for Business-type Activities



FY 23 Revenue for Governmental Activities



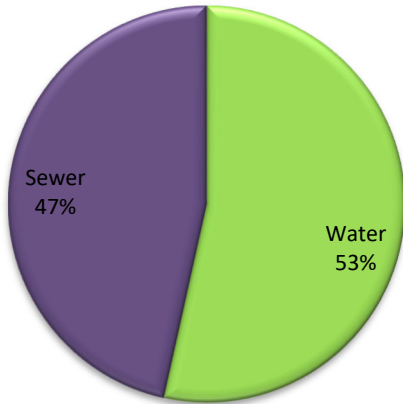
FY 22 Revenue for Governmental Activities



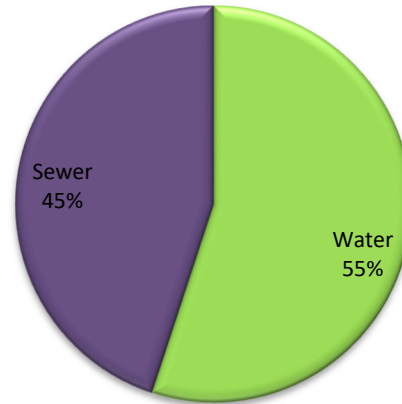
GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

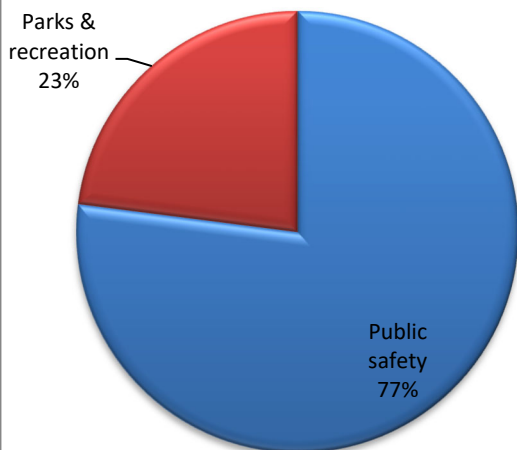
FY 23 Operating Expenses for Business-type Activities



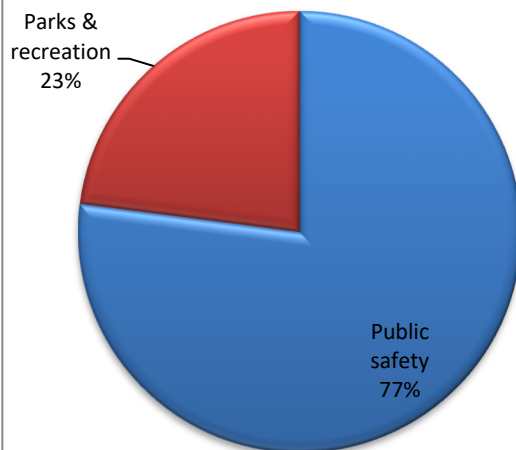
FY 22 Operating Expenses for Business-type Activities



FY 23 Expenses for Governmental Activities



FY 22 Expenses for Governmental Activities



GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Changes in Net Fund Balance/Net Position

Governmental fund balances

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

The budgeted cost of the Schedule A and Amador contract has exceeded available property tax revenue each year, however the actual amount billed by CAL FIRE has historically been well under budget. In addition, due to serious drought conditions from 2014 through 2017 which resulted in an extended state fire season, no Amador Contract expenses were incurred in those years and therefore revenue and expenses were in balance. In the 2018/19 and again in the 2019/20 fiscal year, the Amador contract expense was billed by CAL FIRE and the Schedule A billing began increasing by over 5% per year which approached the amount budgeted, causing the fund balance to be drawn down to balance revenue and expenses for the year. In the 2019/20 fiscal year, the fire department fund balance was depleted by \$204,905 and then recovered by only \$53,762 in fiscal year 2020/21. Once again the fire department fund balance was reduced by \$2,515 in fiscal year 2021/22 and \$282,348 in fiscal year 2022/23 due to expenses exceeding revenue. The District estimates that without additional revenue, the remaining fire department cash will be depleted by the end of the 2024/25 Fiscal Year or sooner if major equipment failure were to occur.

Considering the fire department budget deficit, inability to replace critical equipment and inability to reduce expenses further and continue to provide required staffing, the District completed an update of its fire department master plan to identify required immediate and long term expenses to meet established fire protection and emergency response standards and evaluate department revenue options. Concurrently in 2019/20 fiscal year, the District hired professional consultants to determine, develop and place before the voters a revenue measure to ensure that fire services are adequately funded into the future. Due to the COVID-19 Pandemic and its negative economic impact locally, the fire revenue measure planned for 2020 was placed on hold. In January 2021 the District entered into a joint powers agreement with Tuolumne County and the other county fire departments for the purpose of placing a special tax revenue measure on the June 8, 2021 special election ballot. If approved, the special tax measure would have provided over \$500,000 annually to the District fire department to replace equipment and develop a contingency and reserve fund. The measure was defeated by the voters and the JPA dissolved.

In addition, as recommended in the updated 2020 Fire Master Plan, the District has been negotiating with the County of Tuolumne for funding assistance to offset the expense and impact of providing fire protection and emergency response services for an increasing 911 call volume occurring outside the District boundaries, predominantly in the county's responsibility area, as a result of the District's via its automatic/mutual aid agreement. As a result, the County assumed the cost of the Amador Contract which funds the non-fire season staffing at the CAL FIRE Merrell Rd fire station at an estimated cost of \$260,000 annually. The County also entered into agreement with the District in August 2022 to co-locate a fully staffed, Tuolumne County Fire Department engine in the Groveland fire station for a period of one year. This action by the county increases the level of staffing and services provided consistently, year round, but does not balance the fire department revenue and expense.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

To address the cost of expanding fire department staffing in the future with the growth of the community, the District has adopted development policies requiring the formation of Community Facilities Districts which authorizes the levy of a special tax as well as the charging of Development Impact Fees on newly developing properties, with the revenue being set aside for staff and equipment expansion when emergency call volume warrants.

Park Fund – The park services benefit from the administrative services of the District, which include shared Board, management and office expenses. Since the 2018/19 fiscal year, the District has allocated approximately 5% of the majority of administrative expenses to the park services, to accurately reflect the benefit received in accordance with law.

The District is actively applying for state grant funds with the intent of developing facilities that will generate rental revenue, increase volunteer participation and increase donation revenue.

Business Type Activity Funds

The **Water Fund** generated operating income of \$581,697, a net increase from nonoperating activities of \$87,950 and a net increase in capital activity of \$80,000 for a total increase in net position of \$749,647. The primary capital activity item was grant revenue of \$80,000 and primary nonoperating item was state revenue of \$123,337, federal revenue of \$50,000 and interest expense of \$49,468 on long-term debt.

The **Sewer Fund** generated operating income of \$310,189, a net increase from nonoperating activities of \$2,127,559, and a net increase in capital activity of \$5,220 for a total increase in net position of \$2,442,968. The primary capital activity item was state grant revenue of \$5,220 and primary nonoperating item was federal revenue of \$2,209,210 and interest expense of \$74,955 on long-term debt.

Change in Fund Balance/Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Governmental Fund Balance:			
Fire protection	\$ 666,384	\$ 948,732	\$ (282,348)
Parks and recreation	435,563	165,433	270,130
Enterprise Net Position:			
Water	11,691,364	10,941,717	749,647
Davis-Grunsky	19,088	18,620	468
Sewer	8,854,120	6,411,152	2,442,968

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CAPITAL ASSETS

At June 30, 2023 the District invested \$22,671,154 in capital assets. This amount represents a net increase of \$5,187,652 from last year. The increase in capital assets was primarily a result of \$1,039,188 related to the annual depreciation expense offset by capital asset additions of \$6,260,127. The most significant additions to the capital assets during this fiscal year are detailed below:

Assets Shared by Multiple Services

- Admin Parking Lot Upgrade
- Dump Truck & Trailer
- Truck #15 Replacement
- Tire Machine/ Balancing Machine
- Shop Parts Washer
- New Collection and Distribution (C&D) Truck

Water Service

- Truck # 6 Replacement
- Big Creek-2G Clearwell, Butler Way Bypass
- Generator Installations
- 1 Pump Control and 2 Surge Valves for WTP
- SCADA Improvements
- Highland Pump Station Kohler Generator
- 2022 Groveland Drought Resiliency Project
- New AC/Heater Unit for Operations Building
- Water Treatment Plant Flow Meters
- Skip Loader Tractor
- Chlorine analyzer for WTP x 4
- Heating Element for AWS hot water heater
- New AC/Heater unit (Mitsubishi) for Maintenance Dept.
- 2G Booster Pump Repair
- Tank #4 40H Pump/Motor Repair

Sewer Service

- Downtown Groveland/BOF Sewer Collection Rehab Project
- WWTP Improvements, Phase 2-Headworks, LS2, Irrigation, Sludge Pump, Influent Pump
- Concrete & grading by Screw Press
- Vac-Con Truck
- Generator Installations
- STP Blower & Gen Room Rehab (blower room door installation)
- Lift Station Driveway Rehabilitation
- 2 HACH Flow Monitoring units
- LS#1 Kohler Generator
- New AC/Heater Unit for Operations Building

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2023

- STP Polymer Pump
- Skip Loader Tractor
- WWTP Pond 1 Liner
- HH RR Park Land Acquisition
- New AC/Heater unit (Mitsubishi) for Maintenance Dept.
- Lift Station #10 Pump
- Lift Station # 7 repair

Fire

- Asphalt repair (driveway/employee parking area)
- GCSD Infrastructure Fuel Reduction Project
- Source Capture Exhaust System
- HH RR Park Land Acquisition

Park

- Groveland Asset Rehabilitation and Beautification Project
- Park Parking Lot Repair
- Hetch Hetchy RR Project

Total Funds Invested in Capital Assets

	<u>2023</u>	<u>2022</u>	Increase (Decrease)
Land	\$ 612,081	\$ 645,368	\$ (33,287)
Structures and improvements	34,025,951	33,117,406	908,545
Furniture and equipment	4,060,094	3,178,137	881,957
Vehicles	2,742,041	1,656,762	1,085,279
Right-to-use asset	350,000		350,000
Construction in progress	8,943,271	5,908,925	3,034,346
Accumulated depreciation	<u>(28,062,284)</u>	<u>(27,023,096)</u>	<u>(1,039,188)</u>
 Total	 <u>\$ 22,671,154</u>	 <u>\$ 17,483,502</u>	 <u>\$ 5,187,652</u>

LONG-TERM DEBT

At June 30, 2023, the District has \$9,206,944 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, net OPEB liability (asset), the finance purchase and lease liability.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The District provides pension benefits to its employees through the Groveland Community Services District Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 for classic employees and 2% at 62 for PEPRA employees in the Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. As of June 30, 2023, the District's proportionate share of the Plan's net pension liability was \$3,135,806, which is determined by an actuary annually. The District is evaluating refinancing methods to further reduce its CalPERS Unfunded Accrued Liability.

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Bonds, net	\$ 1,990,298	\$ 2,449,396	\$ (459,098)
Net OPEB obligation	91,323		91,323
Compensated absences	241,064	195,768	45,296
Net pension liability	3,135,806	1,919,204	1,216,602
Finance purchase	1,081,056		1,081,056
Lease liability	350,000		350,000
Other long-term debt	<u>2,317,397</u>	<u>2,641,159</u>	<u>(323,762)</u>
Total	<u>\$ 9,206,944</u>	<u>\$ 7,205,527</u>	<u>\$ 2,001,417</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Fire Services – The District continued its contract with CAL FIRE for the operation of the Fire Department, and for the third consecutive year as predicted, the expenses associated with the Schedule A contract, building improvements and operating costs exceeded the available annual property tax allocation, causing a drawdown of fund balance. An increase in Fire fund revenue is needed prior to June 30, 2025, and the District is planning to secure voter approval of a revenue measure in 2024.

The cost associated with the CAL FIRE Schedule A Contract will increase by 17%, \$176,486 in FYE 2024 and 33%, \$406,820 in FYE 2025. It is also estimated that Fire Department revenue will increase at approximately 2% to 4% annually during this same period, resulting in further reductions in net position and cash unless additional revenue is secured to balance the budget. The District's Government (Fire) Fund balances could be depleted by June 30, 2025 and earlier if any catastrophic failure occurs to the main fire engines.

In addition, GCSD maintains over \$4.7 million in Fire Department capital assets, including fire engines, buildings, tools and safety equipment. Recent past budgets have not included adequate revenue for the short and long term replacement of fire department equipment. In January 2020 the Board adopted the Fire Department capital asset replacement schedule which revealed that a \$274,000 expense or reserve is required annually to replace critical department equipment and facilities as they wear out. The amount of funding available to the District for its Fire Department

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

is inadequate to fund replacement of the capital assets. The Board subsequently adopted the updated Fire Master Plan in March 2020 which recommended a number of actions related to department finances, as listed in italics below:

1. *Pursue a cost reimbursement or direct funding assistance from Tuolumne County for the expense associated with providing fire services outside the District boundaries, including the Amador Contract costs.*

The County has entered into agreement with the District to co-locate a fully staffed fire engine in the Groveland station, for one year, to provide fire and emergency services in the region, responding to emergency calls outside the District boundaries, thus reducing the time impact on the GCSD fire engine and staff.

2. *Pursue a fire special tax or assessment to fund the structural fire department deficit and to cover the cost of CAL FIRE contracts and equipment replacement.*

The District actively worked with Tuolumne County and the other fire districts in the county in formation of a Joint Powers Authority and placed a special parcel tax on the ballot countywide in June 2021. The measure failed and the JPA was dissolved. Other funding options are currently being pursued by the District including formation of community facilities districts and implementation of development impact fees for new development projects. The District is also developing a revenue/ballot measure for consideration by the local voters in 2024.

3. *Evaluate cost sharing agreements with Tuolumne County regarding services provided to new land development projects.*

District management is working with the county in preparation of a Fire Services Standards of Coverage evaluation, and to assist in identifying appropriate fire station locations based on call volume and locations, and to establish desired response service levels and cost. The evaluation will also identify the impact of new land development in terms of call volume increases. As discussed above, the County added a fire engine and crew staffed 24x7x365, co-located at the District fire station beginning August 1, 2022. The County is considering the implementation of a funding mechanism to apply to new land development projects for the purpose of funding fire and emergency response services. The District will continue to work with the County to ensure that the funding is implemented and applied to continue and increase fire department staffing in the District's response areas.

It is management's estimation that achieving success in all three actions listed above will result in a balanced Fire Department budget and the ability to fully fund the necessary equipment replacement schedule.

Park Services – As with Fire services, the expense of delivering basic park services including building and facility maintenance and repair, cleaning, insurance, replacements and other necessary expenses exceed the amount of property tax funding available. There is not adequate reserve funding available to sustain Park services in perpetuity into the future. The District is currently evaluating various revenue producing options to fund park services into the future including upgrading facilities to reduce maintenance costs, adding park features to increase facility rentals and donations. The Park Improvements Plan was completed in the 2021/22 fiscal year and the District received \$1,027,145 in grant funding commitments from the Clean California Local Grant Program, paid on a reimbursement basis and \$350,000 loan to complete park improvements and

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

restroom replacement. In addition, the first phase of a new trail system, Hetch Hetchy Railroad Trail, has been approved for funding through the Caltrans Active Transportation Program in the amount of \$6,323,000, to be planned, designed and constructed in the 2023/24 through 2027/28 fiscal years. This project is intended to increase tourism and community mobility, increase donations and volunteerism.

Water Services – The District has completed the planning and design process for a large-scale Water System Replacement Project which will improve the water distribution lines in the Groveland- Big Oak Flat area. The planning was funded by a \$405,000 state grant. The planning process resulted in engineered plans and specifications, state permits and environmental approvals necessary to construct the project should adequate grant and/or loan funding be awarded. The District has applied for \$6 million in project funding to the Drinking Water State Revolving Fund and to the Community Development Block Grant (CDBG) program as a subrecipient to the County of Tuolumne. In addition, a state grant funding contract has been received for \$3.9 million for the rehabilitation of two, two million gallon clear well water storage tanks, upgrade of a water booster pump station and replacement of a failing tank floor. This Clearwell Project was substantially completed by June 30, 2023. \$3,908,548 in cash generated from water rate increases beginning in 2015 were used to leverage grant funds, make loan and debt service payments, ultimately providing for an investment of \$8,972,069 in capital assets between July 1, 2015 and June 30, 2023. The District Water System Master Plan was also substantially completed by June 30, 2023. The Master Plan contains a long and short term Capital Improvement/Replacement Plan, for which the District will develop a financial plan to include establishing appropriate customer fees and charges to continue leveraging state and federal grants, loans and other financing.

Sewer Services – In 2018, the District completed the planning process for a large scale sewer system replacement and rehabilitation project. This planning was funded through a state grant in the amount of \$399,000. The planning process resulted in preliminary engineering, state permits and environmental approvals necessary to support an application for state funding for project construction, which resulted in a \$5.8 million state grant and loan funding agreement in 2021. Construction on this project was started in June 2022 and was nearly complete by June 30, 2023. The District also secured a \$1,511,053 low interest loan as discussed in the Long Term Debt section above, for the purpose of constructing improvements to the wastewater treatment plant to increase operating efficiency and reduce the production of odors. Construction on Phase 1 of the Project was completed in the 2022/23 fiscal year and construction of Phase 2 will begin in March 2023, weather permitting. \$2 million in cash generated from increases to customer sewer rates beginning in the 2018/19 fiscal year were used to leverage grant funds, make loan and debt service payments, and generate reserve funds for \$7,060,694 in capital projects completed between July 1, 2018 and June 30, 2023. The District Sewer System Master Plan was also substantially completed by June 30, 2023. The Master Plan contains a long and short term Capital Improvement/Replacement Plan, for which the District will develop a financial plan to include establishing appropriate customer fees and charges to continue leveraging state and federal grants, loans and other financing.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS:			
Cash and equivalents	\$ 1,490,946	\$ 4,525,452	\$ 6,016,398
Restricted cash and equivalents	276,239	4,274,862	4,551,101
Accounts receivable	50,833	1,606,652	1,657,485
Internal balances	(376,284)	376,284	
Depreciable/amortizable capital assets (net)	1,035,460	12,080,342	13,115,802
Nondepreciable capital assets	<u>1,043,250</u>	<u>8,512,102</u>	<u>9,555,352</u>
Total assets	<u>3,520,444</u>	<u>31,375,694</u>	<u>34,896,138</u>
DEFERRED OUTFLOW OF RESOURCES:			
Deferred outflow of resources related to pensions	76,767	1,369,468	1,446,235
Deferred outflow of resources related to OPEB		191,581	191,581
Deferred amount on debt refunding		<u>46,894</u>	<u>46,894</u>
Total deferred outflow of resources	<u>76,767</u>	<u>1,607,943</u>	<u>1,684,710</u>
LIABILITIES:			
Accounts payable and accrued liabilities	339,587	1,112,818	1,452,405
Interest payable		57,106	57,106
Deposits payable	200	8,522	8,722
Unearned revenue		2,057,468	2,057,468
Long-term liabilities, due within one year	62,310	1,233,976	1,296,286
Long-term liabilities, due in more than one year	315,269	4,368,260	4,683,529
Net OPEB liability		91,323	91,323
Net pension liability, due in more than one year	<u>166,448</u>	<u>2,969,358</u>	<u>3,135,806</u>
Total liabilities	<u>883,814</u>	<u>11,898,831</u>	<u>12,782,645</u>
DEFERRED INFLOW OF RESOURCES:			
Deferred inflow of resources related to pensions	21,326	380,454	401,780
Deferred inflow of resources related to OPEB		139,780	139,780
Deferred inflow of resources - lease asset	<u>350,000</u>		<u>350,000</u>
Total deferred inflow of resources	<u>371,326</u>	<u>520,234</u>	<u>891,560</u>
NET POSITION:			
Net investment in capital assets	2,068,008	13,203,821	15,271,829
Net position - restricted	276,239	1,196,747	1,472,986
Unrestricted	<u>(2,176)</u>	<u>6,164,004</u>	<u>6,161,828</u>
Total net position	<u>\$ 2,342,071</u>	<u>\$ 20,564,572</u>	<u>\$ 22,906,643</u>

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

20

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
Public safety	\$ 894,675		\$ 45,001	\$ 41,336	\$ (808,338)		\$ (808,338)
Parks and recreation	172,649	\$ 2,660			(169,989)		(169,989)
Total Governmental Activities	<u>1,067,324</u>	<u>2,660</u>	<u>45,001</u>	<u>41,336</u>	<u>(978,327)</u>		<u>(978,327)</u>
Business-type Activities:							
Water	2,892,556	3,370,849		253,337		\$ 731,630	731,630
Davis-Grunsky							
Sewer	2,513,357	2,736,150		2,214,430		2,437,223	2,437,223
Total Business-type Activities	<u>5,405,913</u>	<u>6,106,999</u>		<u>2,467,767</u>		<u>3,168,853</u>	<u>3,168,853</u>
Total Primary Government	<u>\$ 6,473,237</u>	<u>\$ 6,109,659</u>	<u>\$ 45,001</u>	<u>\$ 2,509,103</u>	<u>(978,327)</u>	<u>3,168,853</u>	<u>2,190,526</u>
General Revenues (Expenses):							
Property taxes					1,436,628	128	1,436,756
Interest earnings					38,883	162,352	201,235
State Revenue					246,491		246,491
Federal Revenue					257		257
Other revenue					84,158	8,355	92,513
Loss on disposal of capital asset					(16,448)	(146,605)	(163,053)
Total general revenues					<u>1,789,969</u>	<u>24,230</u>	<u>1,814,199</u>
Change in net position					<u>811,642</u>	<u>3,193,083</u>	<u>4,004,725</u>
Net position - beginning of year, as previously reported					1,530,429	17,187,716	18,718,145
Cumulative effect of prior period adjustment						183,773	183,773
Net position - beginning, as restated					<u>1,530,429</u>	<u>17,371,489</u>	<u>18,901,918</u>
Net position - ending					<u>\$ 2,342,071</u>	<u>\$ 20,564,572</u>	<u>\$ 22,906,643</u>

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

GROVELAND COMMUNITY SERVICES DISTRICT

BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2023

	<u>Fire Protection</u>	<u>Parks and Recreation</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and equivalents	\$ 1,146,836	\$ 344,110	\$ 1,490,946
Restricted cash and equivalents		276,239	276,239
Accounts receivable	<u>14,303</u>	<u>36,530</u>	<u>50,833</u>
Total assets	<u>\$ 1,161,139</u>	<u>\$ 656,879</u>	<u>\$ 1,818,018</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 321,974	\$ 17,613	\$ 339,587
Deposits payable		200	200
Due to other funds	<u>172,781</u>	<u>203,503</u>	<u>376,284</u>
Total liabilities	<u>494,755</u>	<u>221,316</u>	<u>716,071</u>
Fund balances:			
Restricted		276,239	276,239
Committed:			
Fire protection	666,384		666,384
Parks and recreation		<u>159,324</u>	<u>159,324</u>
Total fund balances	<u>666,384</u>	<u>435,563</u>	<u>1,101,947</u>
Total liabilities and fund balances	<u>\$ 1,161,139</u>	<u>\$ 656,879</u>	<u>\$ 1,818,018</u>

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

GROVELAND COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total fund balance, governmental funds \$ 1,101,947

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. 2,078,710

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

Deferred outflow of resources related to pensions 76,767
Deferred inflow of resources related to pensions (21,326)

Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount, related to deferred inflow of resources, included in the statement of net position. (350,000)

Compensated absences, net OPEB liability (assets) and the net pension liability are not due, payable, and available in the current period and, therefore, are not reported as liabilities or assets in the governmental funds; however, are included in the governmental activities in the statement of net position. (544,027)

Total net position, governmental activities \$ 2,342,071

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2023

	Fire Protection	Parks and Recreation	Total Governmental Funds
REVENUES:			
Property taxes	\$ 1,321,698	\$ 114,930	\$ 1,436,628
Interest earnings	22,622	16,261	38,883
Charges for services		2,660	2,660
Federal revenue	41,593		41,593
State revenue	45,001	246,491	291,492
Use of money and property		56,955	56,955
Other revenues	25,023	2,180	27,203
Total revenues	1,455,937	439,477	1,895,414
EXPENDITURES:			
Public safety	1,318,284		1,318,284
Parks and recreation		154,933	154,933
Capital outlay	428,919	366,198	795,117
Total expenditures	1,747,203	521,131	2,268,334
Excess (deficiency) of revenues over expenditures	(291,266)	(81,654)	(372,920)
OTHER FINANCING SOURCES (USES):			
Proceeds from lease assets loan	8,918	351,784	360,702
Net change in fund balance	(282,348)	270,130	(12,218)
Fund balances - beginning of year	948,732	165,433	1,114,165
Fund balances - end of year	\$ 666,384	\$ 435,563	\$ 1,101,947

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

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, 2023

Net change in fund balances - total governmental funds \$ (12,218)

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	\$ 795,117	
Depreciation expense not reported in governmental funds	<u>(79,556)</u>	715,561

In governmental funds, the entire proceeds from disposal of assets are reported as revenues. In the statements of activities, only the resulting gain or loss is reported. This is the difference between the proceeds from disposal of capital assets and the resulting gain or loss. (16,448)

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: 474,652

In governmental funds, retiree benefit costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are measured on an accrual basis. The difference between accrual basis OPEB costs and employer contributions was: 13,967

Increases/decreases in long-term debt 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, additions of long-term debt are recognized as liabilities and income is reduced. (360,702)

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. (3,170)

Change in net position of governmental activities \$ 811,642

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

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
ASSETS:				
Cash and equivalents	\$ 2,674,672	\$ 15,603	\$ 1,835,177	\$ 4,525,452
Restricted cash and equivalents	3,254,215		1,020,647	4,274,862
Due from other funds	411,774	3,485		415,259
Accounts receivable	353,777		1,252,875	1,606,652
Depreciable capital assets (net)	6,852,237		5,228,105	12,080,342
Nondepreciable capital assets	4,374,313		4,137,789	8,512,102
Total assets	17,920,988	19,088	13,474,593	31,414,669
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflow of resources related to pensions	789,979		579,489	1,369,468
Deferred outflow of resources related to OPEB	131,562		60,019	191,581
Deferred amount on debt refunding	29,951		16,943	46,894
Total deferred outflow of resources	951,492		656,451	1,607,943
LIABILITIES:				
Accounts payable and accrued liabilities	587,445		525,373	1,112,818
Due to other funds			38,975	38,975
Interest payable	22,022		35,084	57,106
Deposits payable	8,522			8,522
Unearned revenue	2,057,468			2,057,468
Long-term liabilities, due within one year	649,087		584,889	1,233,976
Long-term liabilities, due in more than one year	1,765,526		2,602,734	4,368,260
Net OPEB liability	62,713		28,610	91,323
Net pension liability, due in more than one year	1,712,876		1,256,482	2,969,358
Total liabilities	6,865,659		5,072,147	11,937,806
DEFERRED INFLOW OF RESOURCES:				
Deferred inflow of resources related to pensions	219,465		160,989	380,454
Deferred inflow of resources related to OPEB	95,992		43,788	139,780
Total deferred inflow of resources	315,457		204,777	520,234
NET POSITION:				
Net investment in capital assets	6,905,095		6,298,726	13,203,821
Net position - restricted	1,196,747			1,196,747
Unrestricted	3,589,522	19,088	2,555,394	6,164,004
Total net position	\$ 11,691,364	\$ 19,088	\$ 8,854,120	\$ 20,564,572

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, 2023

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
OPERATING REVENUES:				
Charges for services	\$ 3,320,491		\$ 2,710,687	\$ 6,031,178
Other	50,358		25,463	75,821
Total operating revenues	<u>3,370,849</u>		<u>2,736,150</u>	<u>6,106,999</u>
OPERATING EXPENSES:				
Salaries and wages	467,507		510,341	977,848
Payroll expenses	564,641		425,139	989,780
Utilities	311,275		171,285	482,560
Supplies, equipment, and materials	213,965		97,592	311,557
Repairs and maintenance	215,638		206,428	422,066
Professional services	165,236		156,760	321,996
Licenses and permits	20,301		45,407	65,708
Insurance	103,605		70,304	173,909
Miscellaneous	45,997		24,497	70,494
Communications	11,765		5,645	17,410
Employee development	38,764		44,920	83,684
Janitorial	25,530		14,362	39,892
Rents and leases	7,414			7,414
Memberships, dues, and subscriptions	36,474			36,474
Depreciation	561,040		653,281	1,214,321
Total operating expenses	<u>2,789,152</u>		<u>2,425,961</u>	<u>5,215,113</u>
Operating income	<u>581,697</u>		<u>310,189</u>	<u>891,886</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes		\$ 128		128
Federal revenue	50,000		2,209,210	2,259,210
State grant revenue	123,337			123,337
Interest earnings	79,480	340	82,532	162,352
Interest expense	(49,468)		(74,955)	(124,423)
Amortization	(29,315)		(5,083)	(34,398)
Other expenses	(24,621)		(7,358)	(31,979)
Loss on disposal of capital assets	(65,798)		(80,807)	(146,605)
Cost of issuance				
Other income	4,335		4,020	8,355
Total nonoperating revenues (expenses)	<u>87,950</u>	<u>468</u>	<u>2,127,559</u>	<u>2,215,977</u>
INCOME BEFORE CAPITAL ACTIVITY	<u>669,647</u>	<u>468</u>	<u>2,437,748</u>	<u>3,107,863</u>
CAPITAL ACTIVITY:				
State grant revenue	80,000		5,220	85,220
Change in net position	<u>749,647</u>	<u>468</u>	<u>2,442,968</u>	<u>3,193,083</u>
Net position - beginning of year, as previously reported	10,941,717	18,620	6,227,379	17,187,716
Cumulative effect of prior period adjustment			183,773	183,773
Net position - beginning, as restated	<u>10,941,717</u>	<u>18,620</u>	<u>6,411,152</u>	<u>17,371,489</u>
Net position - ending	<u>\$ 11,691,364</u>	<u>\$ 19,088</u>	<u>\$ 8,854,120</u>	<u>\$ 20,564,572</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, 2023

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,517,549		\$ 2,059,303	\$ 5,576,852
Cash payments to suppliers for goods and services	(1,176,361)		(259,930)	(1,436,291)
Cash payments to/on behalf of employees	<u>(1,534,776)</u>		<u>(1,221,205)</u>	<u>(2,755,981)</u>
Net cash provided (used) by operating activities	<u>806,412</u>		<u>578,168</u>	<u>1,384,580</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from grants	123,337		2,392,983	2,516,320
Cash received from taxes and assessments		\$ 128		128
Cash received from other nonoperating	54,335		4,020	58,355
Cash payments for other nonoperating	<u>(24,621)</u>		<u>(7,358)</u>	<u>(31,979)</u>
Net cash provided (used) by non-capital and related financing activities	<u>153,051</u>	<u>128</u>	<u>2,389,645</u>	<u>2,542,824</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash received from grants	2,137,468		5,220	2,142,688
Purchase of capital assets	(1,196,217)		(4,303,250)	(5,499,467)
Interest paid on long-term debt	(54,895)		(79,741)	(134,636)
Principal paid on long-term debt	(459,098)		(323,762)	(782,860)
Proceeds from financing debt	<u>303,640</u>		<u>766,714</u>	<u>1,070,354</u>
Net cash provided (used) by capital and related financing activities	<u>730,898</u>		<u>(3,934,819)</u>	<u>(3,203,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>79,480</u>	<u>340</u>	<u>82,532</u>	<u>162,352</u>
Net increase (decrease) in cash and cash equivalents	1,769,841	468	(884,474)	885,835
Cash and cash equivalents - beginning of year	<u>4,159,046</u>	<u>15,135</u>	<u>3,740,298</u>	<u>7,914,479</u>
Cash and cash equivalents - end of year	<u>\$ 5,928,887</u>	<u>\$ 15,603</u>	<u>\$ 2,855,824</u>	<u>\$ 8,800,314</u>
Cash and equivalents	\$ 2,674,672	\$ 15,603	\$ 1,835,177	\$ 4,525,452
Restricted cash and equivalents	<u>3,254,215</u>		<u>1,020,647</u>	<u>4,274,862</u>
Cash and cash equivalents - end of year	<u>\$ 5,928,887</u>	<u>\$ 15,603</u>	<u>\$ 2,855,824</u>	<u>\$ 8,800,314</u>

(Continued)

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2023 (Continued)

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Davis-Grunsky Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 581,697		\$ 310,189	\$ 891,886
Reconciliation of operating income to net cash provided (used) by operating activities				
Depreciation expense	561,040		653,281	1,214,321
(Increase) decrease in:				
Accounts receivable and deposits	147,510		(676,847)	(529,337)
Due from other funds	(387,499)			(387,499)
Deferred outflows of resources	(540,282)		(504,824)	(1,045,106)
Increase (decrease) in:				
Accounts payable and accrued liabilities	434,220		289,630	723,850
Due to other funds			302,528	302,528
Deposits payable	(810)			(810)
Compensated absences	22,611		19,512	42,123
Net pension liability	825,108		605,085	1,430,193
Net OPEB obligation	109,312		50,560	159,872
Deferred inflows of resources	(946,495)		(470,946)	(1,417,441)
Net cash provided (used) by operating activities	\$ 806,412	\$	\$ 578,168	\$ 1,384,580

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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, 2023

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.

Restricted net position is related to grant funding received in advance or externally required to be held separately by grantors.

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, 2023

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.

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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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 and lease assets exceeding the threshold of \$25,000. As of June 30, 2023, the District had no lease assets exceeding the \$25,000 threshold.

Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are as follows:

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

J. DEFERRED OUTFLOW/INFLOWS OF RESOURCES

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

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

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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

K. PENSIONS

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

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

M. COMPENSATED ABSENCES

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

N. FUND BALANCES

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

GROVELAND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

O. PROPERTY TAXES

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

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

P. LONG-TERM OBLIGATIONS

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

Q. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2022, the District implemented GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by governments. This statement requires recognition of certain subscription assets and liabilities for leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. There was no net effect of implementing GASB 96 as of June 30, 2023.

R. PRIOR PERIOD ADJUSTMENT

Beginning net position for the Sewer Fund had a prior period adjustment to properly account for revenue that should have been recognized as of June 30, 2022, which resulted in an increase in net position of \$183,773.

2. CASH AND EQUIVALENTS

The District's cash and cash equivalents as of June 30, 2023 are classified in the accompanying financial statements as follows:

Cash and equivalents	\$ 6,016,398
Restricted cash and equivalents	<u>4,551,101</u>
Total cash, cash equivalents and investments	<u>\$ 10,567,499</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Cash and equivalents as of June 30, 2023, consist of the following:

Cash with financial institutions	\$	10,526,849
Cash on hand		500
Cash and equivalents with LAIF		40,150
Total cash and equivalents	\$	10,567,499

Local Agency Investment Fund

The District is a voluntary participant in 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.

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 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.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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 \$7,871,526.

3. CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 224,976			\$ 224,976
Construction in Progress	<u>102,793</u>	\$ 728,024	\$ (12,543)	<u>818,274</u>
Total capital assets, not being depreciated	<u>327,769</u>	<u>728,024</u>	<u>(12,543)</u>	<u>1,043,250</u>
Capital assets, being depreciated/amortized:				
Structures and improvements	1,199,328	67,967	(37,577)	1,229,718
Furnishings & Equipment	360,068	1,025	(63,339)	297,754
Vehicles	705,248	10,642	(3,769)	712,121
Right-to-use asset – park lease		<u>350,000</u>		<u>350,000</u>
Total capital assets, being depreciated/amortized	<u>2,264,644</u>	<u>513,333</u>	<u>(104,685)</u>	<u>2,589,593</u>
Total accumulated depreciation	<u>(1,562,814)</u>	<u>(79,556)</u>	<u>88,237</u>	<u>(1,554,133)</u>
Total capital assets, being depreciated/amortized, net	<u>701,830</u>	<u>337,535</u>	<u>(16,448)</u>	<u>1,035,460</u>
Governmental activities capital assets, net	<u>\$ 1,029,599</u>	<u>\$ 1,065,559</u>	<u>\$ (28,991)</u>	<u>\$ 2,078,710</u>

For the year ended June 30, 2023, depreciation expense was charged to functions as follows:

Governmental activities:	
Public safety	\$ 61,386
Parks and recreation	<u>18,170</u>
Total depreciation expense	<u>\$ 79,556</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Business-Type Activities:

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions/ Transfers</u>	<u>Deductions/ Transfers</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 420,392		\$ (33,287)	\$ 387,105
Construction in progress	5,806,132	\$ 3,308,800	(989,935)	8,124,997
Total capital assets, not being depreciated	<u>6,226,524</u>	<u>3,308,800</u>	<u>(1,023,222)</u>	<u>8,512,102</u>
Capital assets, being depreciated:				
Structures and improvements	31,918,078	1,024,630	(146,475)	32,796,233
Equipment	2,818,069	1,068,009	(123,738)	3,762,340
Vehicles	951,514	1,089,786	(11,380)	2,029,920
Total capital assets, being depreciated	<u>35,867,661</u>	<u>3,182,425</u>	<u>(281,593)</u>	<u>38,588,493</u>
Total accumulated depreciation	<u>(25,460,282)</u>	<u>(1,214,321)</u>	<u>166,452</u>	<u>(26,508,151)</u>
Total capital assets, being depreciated, net	<u>10,227,379</u>	<u>(1,968,104)</u>	<u>(115,141)</u>	<u>12,080,342</u>
Business-type activities capital assets, net	<u>\$ 16,453,903</u>	<u>\$ 5,276,904</u>	<u>\$ (1,138,363)</u>	<u>\$ 20,592,444</u>

4. LONG-TERM DEBT

Long-term liability activity for the governmental activities the year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>	<u>Due within one year</u>
Compensated absences	\$ 13,704	\$ 3,173		\$ 16,877	\$ 16,877
Finance purchase		10,702		10,702	2,066
Lease liability – park		350,000		350,000	43,367
Net pension liability	<u>380,039</u>		\$ (213,591)	<u>166,448</u>	
Total	<u>\$ 393,743</u>	<u>\$ 363,875</u>	<u>\$ (213,591)</u>	<u>\$ 544,027</u>	<u>\$ 62,310</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Long-term liability activity for the business-type activities the year ended June 30, 2023 was as follows:

<u>Business-type Activities</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>	<u>Due within one year</u>
2019 Wastewater Installment Sale	\$ 1,392,895		\$ (59,672)	\$ 1,333,223	\$ 61,687
2019 Wastewater Refunding	1,248,264		(264,090)	984,174	271,502
2021 Water Refunding	2,449,396		(459,098)	1,990,298	469,951
Net pension liability	1,539,165	\$ 1,430,193		2,969,358	
Net OPEB obligation		91,323		91,323	
Finance purchase		1,070,354		1,070,354	206,649
Compensated absences	182,064	42,123		224,187	224,187
Total	<u>\$ 6,811,784</u>	<u>\$ 2,633,993</u>	<u>\$ (782,860)</u>	<u>\$ 8,662,917</u>	<u>\$ 1,233,976</u>

The District issued the 2019 Wastewater Revenue Refunding Bonds (2019 Wastewater Refunding) dated December 10, 2019 in the amount of \$1,906,811 with an interest rate of 2.840% to current refund the Wastewater Revenue Refunding Bonds, Series 2014 bonds (2014 Wastewater Revenue Refunding). Payments are due semiannually on July 10 and January 10. Final maturity is on July 20, 2026.

The District issued the 2019 Wastewater Revenue Installment Sale Agreement (2019 Wastewater Installment Sale) dated December 10, 2019 in the amount of \$1,511,053, with an interest rate of 3.350% for the immediate replacement and improvement of the Wastewater Treatment Plant Headworks, recycled wastewater irrigation system and wastewater collection system lift station #2. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2039.

The District issued the 2021 Water Refunding Bonds (2021 Water Refunding) dated January 4, 2021 in the amount of \$3,128,540 with an interest rate of 2.350% to current refund the 2013 Installment Sale Agreement and Water Revenue Refunding Bonds, Series 2014. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2027.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 803,140	\$ 114,211	\$ 917,351
2025	822,780	93,262	916,042
2026	953,013	71,799	1,024,812
2027	506,811	48,423	555,234
2028	218,718	37,125	255,843
2029-2033	389,621	139,567	529,188
2034-2038	460,028	69,162	529,190
2039-2040	153,585	5,174	158,759
Total	<u>\$ 4,307,695</u>	<u>\$ 578,723</u>	<u>\$ 4,886,418</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Lease liability

In July 2022, the District entered into a lease-purchase agreement with Municipal Finance Corporation (the Corporation) to finance the acquisition, construction and equipping of certain capital improvements at the District. The District leased property to the Corporation in exchange for an advance rental. The Corporation then leased back the property to the District which is then obligated to make payments to the Corporation. An initial lease liability was recorded in the amount of \$350,000 during the fiscal year ended June 30, 2023. As of June 30, 2023, the value of the lease liability was \$350,000 as payments do not begin until July 2023. The lease term is 9 years with a \$43,367 monthly payment. For purposes of discounting future payments on the lease, the District used a discount rate of 4.10%. The right-to-use asset as of the year ended June 30, 2023 was \$350,000 and is being amortized over the remaining term of the lease. As the Corporation advanced the District the full \$350,000, a deferred inflow of resources was recorded as this amount will be reduced as payments are made on the liability. The future minimum principal and interest lease payments as of June 20, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,017	\$ 14,350	\$ 43,367
2025	30,207	13,160	43,367
2026	31,445	11,922	43,367
2027	32,734	10,633	43,367
2028	34,077	9,290	43,367
2029-2032	<u>192,520</u>	<u>24,314</u>	<u>216,834</u>
Totals	<u>\$ 350,000</u>	<u>\$ 83,669</u>	<u>\$ 433,669</u>

Finance Purchase

In February 2023, the District entered into a lease-purchase agreement with Municipal Finance Corporation (the Corporation) to finance property to be purchased and leased back to the District. The property purchased and leased to the District will transfer ownership at the end of the lease. Payments are not due to begin until February 2024. The finance purchase agreement has a gross amount of \$1,129,341 for the assets financed. As of June 30, 2023, the District utilized \$1,075,056 of the proceeds to purchase vehicles and anticipates using the remaining \$48,285 of the proceeds in fiscal year 2024. Future minimum principal and interest lease payments as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2024	\$ 253,324
2025	253,324
2026	253,324
2027	253,324
2028	<u>253,326</u>
Total	1,266,622
Less amount representing interest	<u>(137,281)</u>
Present value of net minimum payments	<u>\$ 1,129,341</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

5. DEFINED BENEFIT PENSION PLAN

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

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 period ended June 30, 2023 for the PEPRA and miscellaneous plan were 7.47% and 14.03% of annual pay, respectively. Employer contributions rates may change if the Plan contract is amended.

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

The District's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2022 for the year ended June 30, 2023. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. As of June 30, 2023, the District's proportionate share of the Plan's net pension liability (NPL) was \$3,135,806.

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, 2022 measurement date was as follows:

	<u>Plan</u>
Proportion - June 30, 2022	0.067015%
Proportion - June 30, 2021	0.101074%
Change - increase (decrease)	<u>(0.034059%)</u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of (\$482,979). At June 30, 2023, 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	\$ 62,973	\$ (42,177)
Change in assumptions	321,329	
Net differences between projected and actual investment earnings of pension plan investments	574,396	
Change in proportions	7,537	(359,603)
Change in proportionate share of contributions	96,710	
Pension contributions subsequent to measurement date	383,290	
Total	\$ 1,446,235	\$ (401,780)

The \$383,290 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, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2024	\$	150,827
2025		109,017
2026		50,001
2027		351,320

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the TPL was determined by rolling forward the June 30, 2021 TPL, with update procedures used to roll forward the total pension liability to June 30, 2022. The June 30, 2021 TPL amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Change in assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

Discount Rate

The discount rate used to measure the TPL was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

<u>Asset Class⁽¹⁾</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10^(1,2)</u>
Global Equity- cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	<u>100.00%</u>	

(1) An expected inflation of 2.30% was used for this period.

(2) Figures are based on the 2021-22 Asset Liability management study.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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 6.90%, 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 (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate – 1%	Current Discount Rate	Discount Rate + 1%
District’s Proportionate Share of Plan’s NPL	\$ 5,095,344	\$ 3,135,806	\$ 1,523,593

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

6. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Benefits Provided

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

Employees Covered

As of the July 1, 2021 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	14
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>6</u>
Total	<u>20</u>

Contributions

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

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined using the Alternative Measurement Method with a valuation date of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

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

Actuarial Assumptions:	
Salary increases	3.00%
Inflation rate	2.75%
Investment rate of return	6.00%, net of OPEB plan investment expense
Health care cost trend rates	5.50% for 2022 decreasing to 5.25 percent for 2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.00 percent for all years.

Pre-retirement mortality rates from CalPERS Experience Study (2000-2019). Post-retirement mortality rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

For the June 30, 2022 measurement date, the annual money-weighted rate of return on investments, net of investment expense, was -10.76%. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts invested.

Discount Rate

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

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

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability at June 30, 2023 is based on these requirements and the following information:

Measurement Date	Long-Term Expected Return on Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2022	6.00%	3.69%	6.00%

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

Changes in the Net OPEB Liability (Asset)

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

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (TOL) (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a)-(b)</u>
Balance at June 30, 2022 (Measurement date June 30, 2021)	\$ 1,219,800	\$ 1,290,189	\$ (70,389)
Changes recognized for the measurement period:			
Service cost	16,992		16,992
Interest on TOL	72,237		72,237
Difference between expected and actual experience			
Changes in assumptions or other inputs			
Contributions—employer		66,644	(66,644)
Actual investment income		(138,799)	138,799
Benefit payments	(66,644)	(66,644)	
Administrative expense		(328)	328
Net changes	<u>22,585</u>	<u>(139,127)</u>	<u>161,712</u>
Balance at June 30, 2023 (Measurement date June 30, 2022)	<u>\$ 1,242,385</u>	<u>\$ 1,151,062</u>	<u>\$ 91,323</u>

Sensitivity of the District’s Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	<u>Discount Rate – 1% (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>Discount Rate +1% (7.00%)</u>
Net OPEB liability (asset)	\$ 250,382	\$ 91,323	\$ (40,771)

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

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

	<u>Health Care Trend Rate –1% (4.00%)</u>	<u>Health Care Trend Rate (5.00%)</u>	<u>Health Care Trend Rate +1% (6.00%)</u>
Net OPEB liability (asset)	\$ (59,216)	\$ 91,323	\$ 275,286

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

OPEB plan fiduciary net position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	3.9 years, Expected average remaining service lives (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of (\$427,388). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 67,449	
Change in assumptions	4,467	\$ (2,156)
Differences between expected and actual experience		(137,624)
Net difference between projected and actual return on investments	119,665	
Total	\$ 191,581	\$ (139,780)

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

The \$67,449 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability (asset) during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended</u> <u>June 30</u>		
2024	\$	(110,575)
2025		25,546
2026		26,141
2027		43,240

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq., effective July 1, 2006. During its membership, the general and auto liability, employee dishonesty coverage, property loss, boiler and machinery, public officials' personal liability, workers' compensation coverage and employer's liability policies were in effect, with excess coverage for general and auto liability, and errors and changes of \$10 million. Following is SDRMA's summary financial information as of June 30, 2022:

Total Assets	\$ 140,005,598		
Total Deferred Outflows of Resources	750,427	Total Operating Revenues	\$ 88,964,501
Total Liabilities	(72,967,545)	Total Operating Expenses	(80,958,538)
Total Deferred Inflows of Resources	<u>(445,351)</u>	Total Nonoperating income	<u>(7,006,121)</u>
Total Net Position	<u>\$ 67,343,129</u>	Change in Net Position	<u>\$ 999,842</u>

REQUIRED SUPPLEMENTARY INFORMATION

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE FIRE PROTECTION FUND YEAR ENDED JUNE 30, 2023

	<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	\$ 1,170,246	\$ 1,170,246	\$ 1,321,698	\$ 151,452
Interest earnings	2,000	2,000	22,622	20,622
Federal revenue	25,000	25,000	41,593	16,593
State revenue	410,000	410,000	45,001	(364,999)
Other revenue	<u>20,000</u>	<u>20,000</u>	<u>25,023</u>	<u>5,023</u>
Total revenues	<u>1,627,246</u>	<u>1,627,246</u>	<u>1,455,937</u>	<u>(171,309)</u>
EXPENDITURES:				
Public safety	1,657,164	1,557,361	1,318,284	239,077
Capital outlay	<u>532,785</u>	<u>532,785</u>	<u>428,919</u>	<u>103,866</u>
Total expenditures	<u>2,189,949</u>	<u>2,090,146</u>	<u>1,747,203</u>	<u>342,943</u>
Excess (deficiency) of revenues over expenditures	(562,703)	(462,900)	(291,266)	171,634
OTHER FINANCING SOURCES (USES):				
Proceeds from lease assets loan	<u> </u>	<u> </u>	<u>8,918</u>	<u>8,918</u>
Net change in fund balance	<u>(562,703)</u>	<u>(462,900)</u>	<u>(282,348)</u>	<u>180,552</u>
Fund balances - beginning	<u>948,732</u>	<u>948,732</u>	<u>948,732</u>	<u> </u>
Fund balances - ending	<u>\$ 386,029</u>	<u>\$ 485,832</u>	<u>\$ 666,384</u>	<u>\$ 180,552</u>

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE PARKS AND RECREATION FUND YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 101,759	\$ 101,759	\$ 114,930	\$ 13,171
Interest earnings	650	650	16,261	15,611
Charges for services	3,000	3,000	2,660	(340)
State revenue	948,311	948,311	246,491	(701,820)
Use of money and property	56,675	56,675	56,955	
Other revenue	2,000	2,000	2,180	180
Total revenues	1,112,395	1,112,395	439,477	(673,198)
EXPENDITURES:				
Parks and recreation	161,990	161,990	154,933	7,057
Capital outlay	1,046,245	1,046,245	366,198	680,047
Total expenditures	1,208,235	1,208,235	521,131	687,104
Excess (deficiency) of revenues over expenditures	(95,840)	(95,840)	(81,654)	14,186
OTHER FINANCING SOURCES (USES):				
Proceeds from lease assets loan	_____	_____	351,784	351,784
Net change in fund balance	(95,840)	(95,840)	270,130	365,970
Fund balances - beginning	165,433	165,433	165,433	_____
Fund balances - ending	\$ 69,593	\$ 69,593	\$ 435,563	\$ 365,970

GROVELAND COMMUNITY SERVICES DISTRICT

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 16,992	\$ 17,182	\$ 31,442	\$ 32,296	\$ 122,616	\$ 119,046
Interest	72,237	88,436	88,057	173,050	160,907	151,247
Differences between expected and actual experience		(308,722)		(1,423,388)		
Changes of assumptions and other inputs		13,401		(88,448)		
Benefit payments	<u>(66,644)</u>	<u>(93,124)</u>	<u>(104,561)</u>	<u>(113,741)</u>	<u>(113,141)</u>	<u>(105,560)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>22,585</u>	<u>(282,827)</u>	<u>14,938</u>	<u>(1,420,231)</u>	<u>170,382</u>	<u>164,733</u>
TOTAL OPEB LIABILITY, Beginning	<u>1,219,800</u>	<u>1,502,627</u>	<u>1,487,689</u>	<u>2,907,920</u>	<u>2,737,538</u>	<u>2,572,805</u>
TOTAL OPEB LIABILITY, Ending (a)	1,242,385	1,219,800	1,502,627	1,487,689	2,907,920	2,737,538
PLAN FIDUCIARY NET POSITION						
Contributions—employer	66,644	93,124	104,561	298,741	295,909	286,010
Contributions—employee						
Net investment income	(138,799)	154,079	67,685	59,152	28,892	15,864
Benefit payments	(66,644)	(93,124)	(104,561)	(113,741)	(113,141)	(105,560)
Trustee fees					(814)	
Administrative expense	<u>(328)</u>	<u>(401)</u>	<u>(531)</u>	<u>(179)</u>	<u>(319)</u>	<u>(218)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>(139,127)</u>	<u>153,678</u>	<u>67,154</u>	<u>243,973</u>	<u>210,527</u>	<u>196,096</u>
PLAN FIDUCIARY NET POSITION, Beginning	<u>1,290,189</u>	<u>1,136,511</u>	<u>1,069,357</u>	<u>825,384</u>	<u>614,857</u>	<u>418,761</u>
PLAN FIDUCIARY NET POSITION, Ending (b)	<u>1,151,062</u>	<u>1,290,189</u>	<u>1,136,511</u>	<u>1,069,357</u>	<u>825,384</u>	<u>614,857</u>
DISTRICT'S NET OPEB LIABILITY (ASSET), Ending (a) - (b)	<u>\$ 91,323</u>	<u>\$ (70,389)</u>	<u>\$ 366,116</u>	<u>\$ 418,332</u>	<u>\$ 2,082,536</u>	<u>\$ 2,122,681</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.65%	105.77%	75.63%	71.88%	28.38%	22.46%
Covered-employee payroll	\$ 533,072	\$ 479,466	\$ 473,494	\$ 469,796	\$ 595,041	\$ 677,904
District's net OPEB liability as a percentage of covered-employee payroll	17.13%	-14.68%	77.32%	89.05%	349.98%	313.12%

Notes to Schedule:

There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2022, 2020, 2018 or 2017. For the measurement date ended June 30, 2019, the healthcare cost trend rate changed from 5% for 2018 and later years to 6.00% for 2019 decreasing 0.10 percent each year to an ultimate rate of 5.00 percent for 2029 and later years. For the measurement date ended June 30, 2021, the inflation rate decreased from 3.00% to 2.75%.

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

GROVELAND COMMUNITY SERVICES DISTRICT

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

	Measurement Date									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
District's proportion of the net pension liability	0.067015%	0.101074%	0.065284%	0.064348%	0.063390%	0.061405%	0.061035%	0.059813%	0.048550%	
District's proportionate share of the net pension liability	\$ 3,135,806	\$ 1,919,204	\$ 2,753,741	\$ 2,576,825	\$ 2,388,940	\$ 2,420,627	\$ 2,120,274	\$ 1,640,950	\$ 1,199,800	
District's covered-employee payroll	\$ 1,596,175	\$ 1,272,283	\$ 1,097,703	\$ 758,439	\$ 819,134	\$ 832,387	\$ 704,247	\$ 909,010	\$ 898,662	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	196.46%	150.85%	250.86%	339.75%	291.64%	290.81%	301.07%	180.52%	133.51%	
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.28%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	81.15%	

Notes to Schedule:

Change of benefit terms – There have been 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 changed 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, 2021, 2020, 2019, 2018, 2016 and 2014, there were no changes in assumptions. As of June 2017 measurement date the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. As of June 30, 2022 measurement date, the discount rate for PERF C was lowered from 7.15% to 6.90%.

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

GROVELAND COMMUNITY SERVICES DISTRICT

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

	Fiscal Year								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 383,290	\$ 406,900	\$ 352,913	\$ 296,831	\$ 231,810	\$ 199,766	\$ 184,529	\$ 157,772	\$ 96,691
Contributions in relation to the contractually required contributions	<u>(383,290)</u>	<u>(406,900)</u>	<u>(352,913)</u>	<u>(296,831)</u>	<u>(231,810)</u>	<u>(199,766)</u>	<u>(184,529)</u>	<u>(157,772)</u>	<u>(96,691)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 1,679,024	\$ 1,596,175	\$ 1,272,283	\$ 1,097,703	\$ 758,439	\$ 819,134	\$ 832,387	\$ 704,247	\$ 909,010
Contributions as a percentage of covered-employee payroll	22.83%	25.49%	27.74%	27.04%	30.56%	24.39%	22.17%	22.40%	10.64%

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

SUPPLEMENTARY INFORMATION

GROVELAND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass- Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Environmental Protection Agency				
Clean Water State Revolving Fund (CWSRF) Cluster: Passed through State Water Resources Control Board				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C-06-8109-210	N/A	<u>\$ 2,209,210</u>
U.S. Department of Agriculture				
USDA Rural Development	10.U01	N/A	N/A	<u>50,000</u>
U.S. Department of Homeland Security/Federal Emergency Management Agency				
Passed through CalFire				
FEMA COVID Gloves	97.044	EMW-2020-FG-05121	N/A	257
FEMA Firefighters Grant Exhaust System	97.044	N/A	N/A	<u>41,336</u>
Total U.S. Department of Homeland Security				<u>41,593</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,300,803</u></u>

GROVELAND COMMUNITY SERVICES DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2023, was conducted in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District’s basic financial statements.
- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District’s basic financial statements.
- Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2023.

OTHER INDEPENDENT AUDITOR'S REPORTS

**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, and each major fund of the Groveland Community Services District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Meredith J. [unclear]", is positioned above the date.

December 5, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Groveland Community Service District (the District)’s compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

December 5, 2023

FINDINGS AND QUESTIONED COSTS SECTION

GROVELAND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Programs or Cluster</u>
66.458	Clean Water State Revolving Fund (CWSRF) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	---------------------	---------------------

B. FINANCIAL STATEMENT FINDINGS

None noted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.

GROVELAND COMMUNITY SERVICES DISTRICT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

None.

GROVELAND COMMUNITY SERVICES DISTRICT

MANAGEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2023

**TABLE OF
CONTENTS**

	<u>Page</u>
Required Communications	1 – 2

Board of Directors
Groveland Community Services District
Groveland, California

We have audited the financial statements of the Groveland Community Services District (District), for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated September 13, 2022. Professional standards require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted a new accounting policy to comply with the effects of GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, and the application of existing policies was not changed during 2023. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Accounting estimates are used in determining the depreciable lives and methods used for capital assets, compensated absences, OPEB liability and funding progress of CalPERS pension liability. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the employee retirement plan and other postemployment benefits plan disclosed in Notes 5 and 6 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We did not identify any significant audit adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

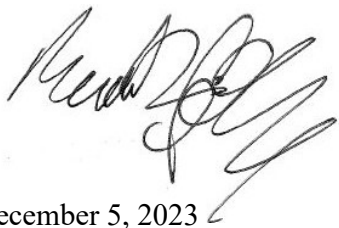
We have requested certain representations from management that are included in the management representation letter dated December 5, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written over a faint circular stamp.

December 5, 2023

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: January 9, 2024

SUBJECT: Agenda Item 6B: Consideration of a Potential Partnership with the Yosemite Highway 120 Chamber of Commerce Related to an Application to PG&E for the Installation of an Electrical Microgrid

RECOMMENDED ACTION:

Staff recommends the following action:

I move to authorize the General Manager to meet with the Yosemite Highway 120 Chamber of Commerce and PG&E for the purpose of determining the feasibility, risks, benefits and role of the District in funding, installation and operation of facilities related to an electrical Microgrid(s)

BACKGROUND:

The board of directors have held several recent meetings where we have discussed the unreliable electrical power supply provided by PG&E to District facilities, community residents and businesses. The impetus for these discussions was the recent implementation of PG&E's EPSS that allows for immediate shutdown of the electrical grid, which resulted in a multi-day power outage over the 4th of July weekend last year. In these recent meetings, the board directed staff to work with PG&E and possibly the California Public Utilities Commission to seek a solution to the lack of reliable electric service locally.

We received no direct response or feedback from PG&E on the concerns we raised. Further we attended the community meetings put on by PG&E and monitored the communications back and forth between PG&E and the county. Based upon the PG&E reaction to many clearly articulated concerns, it is obvious that solutions are going to be long in coming.

The purpose of this discussion today is to receive input from your board regarding whether the district should be involved in conversations with PG&E related to the potential for development of a microgrid to serve an area or areas within the GCSB boundaries. As discussed in the informational materials included with this agenda item, a microgrid could provide electrical power to an identified area both when the local grid is powered up by PG&E, and during power outages where the microgrid can be isolated and receive power from a different source of electricity. The alternate sources of electricity include solar

panels, battery storage devices and potentially diesel powered generators. We believe that this system of a microgrid or microgrids could provide extremely reliable electrical service to the specified areas during a power outage.

We were recently contacted by the Yosemite Highway 120 Chamber of Commerce requesting that we participate in discussions with them related to a potential application for funding for a local microgrid through PG&E's Microgrid Incentive Program (MIP). Initially, the Chamber has submitted the request for PG&E consultation as the project applicant and it appears they are eligible to do so.

The MIP can provide up to a total of \$18 million to plan and implement a local microgrid project. Please find attached to this document several pages of the PG&E MIP handbook, which provide a general overview of what a microgrid is, how it functions, how the MIP funding works, funding eligibility and the initial consultation process with PG&E. The initial consultation has been scheduled for January 9th in the afternoon after this meeting. We have also included, by hyperlink only due to document size, helpful informational materials including the [MIP handbook](#) and a [slide document](#) covering the materials presented by PG&E at an October 24th webinar workshop.

Also included with this agenda is a list of items for discussion and consideration between the district and Chamber of Commerce as well as between us collectively and PG&E in our initial consultation.

The District is the logical partner or participant in this project with the Chamber as it owns 280 acres directly adjacent to an existing underground PG&E microgrid. The simplest location to power up using a microgrid could be the area that was recently isolated by electrical equipment installed by PG&E on district property by the park. This existing underground system provides power to the properties abutting Hwy. 120 from the pharmacy on the west to the park on the east. This existing underground system was also to be extended by PG&E up Powderhouse Road to serve the clinic and ambulance building. We believe it may be possible to install a large solar array on the south facing slopes adjacent to the park and connect it to the existing PG&E switch gear. The solar system would charge batteries that maintain power production there is no sun. Power generated from this system would power the microgrid during power outages and available for sale to the local power market.

There may be opportunity to potentially expand the microgrid or install separate microgrids to serve into Big Oak Flat and/or Pine Mountain Lake if determined feasible physically and financially. Technical engineering evaluation would need to be completed first to

determine the feasibility, locations and extent of the microgrid system. The MIP program has funding for the technical studies as well up to \$25,000 to cover the cost of preparation of the funding application. GCSD management has laid out several questions to be asked of PG&E during the initial consultation if appropriate, which are included in these agenda materials. At the initial consultation, we are also asked to provide our community resilience needs and goals, as well as potential solutions to meet community needs. A first draft of needs and solutions has been prepared by GCSD but has not been reviewed with the Chamber or PG&E. This agenda item is an opportunity for the Board to provide input on the resilience needs and potential opportunities.

If so authorized and directed by the Board, staff will participate in the initial consultation and continue the discussion with the Chamber to address questions and prepare a recommendation to the Board at a future meeting regarding the District's role in an MIP application and microgrid development, if any, as well as the role and nature of the Chamber and District relationship in the project. District staff is not prepared at this meeting to make any form of final recommendation regarding a role in the microgrid.

FINANCIAL IMPACT

No impact at this time.

ATTACHMENTS:

1. Microgrid overview informational slides
2. MIP Initial Discussions and Considerations Document, including draft goals and solutions
3. [PG&E Microgrid Handbook](#) (Hyperlink only)
4. [PG&E Microgrid Webinar Slides](#) (Hyperlink only)

PG&E MICROGRID INCENTIVE PROGRAM INITIAL DISCUSSIONS AND CONSIDERATIONS

Hwy 120 Yosemite Chamber of Commerce Input for Discussion in Advance of Initial Consultation

- Current and desired Microgrid boundaries - defining our desired scope of the proposed project
- Community Microgrid components - defining our desired roles on this project
- Funding - basic understanding of the elements of grant funding
- Eligibility - ticking all the boxes, plus a basic understanding of the scoring system
- Initial Consultation - what to expect at Tuesday's meeting

GCS D questions for Initial Consultation

- Microgrid Island Study first, or both study and AIR application development?
- Should the application include generators and solar/battery or only one option
- What condition/location criteria does PG&E use in allowing overhead lines vs underground in the Island? Can the system be hardened to allow?
- How is community income determined for the purpose of meeting program objectives?
- Is serving a downtown commercial corridor an advantage or disadvantage in application ranking?
- How is Blue Sky and Island Mode revenue potential calculated, and will the technical evaluation evaluate the financial feasibility as well?

GCS D Draft Input for Initial Consultation

Identify Resilience Needs and Goals

- Significantly reduce the negative impacts of power outages on the residents, economy and visitor experience in our downtown communities
- Serve as a power-independent, environmentally sensitive model among rural California communities having tourism driven economies
- Provide facilities that support community economic growth and resilience
- Provide reliable power in all seasons and weather conditions that can be counted on by travelers as the gateway to Yosemite National Park
- Provide reliable power in support of critical public facilities and services including fire, water, wastewater, ambulance and medical, especially in emergencies, while allowing PG&E to fully deploy its EPSS and PSPS to avoid wildfire risks
- Reduce the cost and operational impacts of PPS and EPSS on critical water, wastewater, government facilities and services
- Improve reliability of communications systems, especially in emergencies by providing reliable power to internet and cellular facilities

Solutions to meet community needs (Draft GCS D Input)

- Identify generation locations and needed facilities to provide redundancy and allow for operation of multiple islands as determined necessary to serve downtown Groveland, Big Oak Flat and PML

- Plan and install a solar and battery storage system sized to meet 100% the power needs of the existing PG&E Groveland microgrid and proposed expansion area to Big Oak Flat and PML
- Harden existing PG&E infrastructure serving along Hwy 120 to Big Oak Flat, and feasible portions of PML to allow for expansion of the existing microgrid
- Install permanent, backup generators to provide emergency power in the event of solar or battery failure, or battery storage capacity exceedance
- Provide interpretive and educational opportunities along the Hetch Hetchy Railroad Trail to showcase our public/private partnership, environmental awareness, commitment to economic resilience and excellence in public services

MICROGRIDS

What is a Microgrid?

A microgrid is an interconnected, self-sufficient energy system within a clearly defined electrical boundary that can act as a single, controllable entity. It can connect to, disconnect from, or run in parallel with larger portions of the electric grid, and can be managed and isolated to withstand larger disturbances and maintain electrical supply to connected critical infrastructure.

Microgrids provide energy resilience by disconnecting from the larger electric grid during outages and providing power to customers within the boundary of the microgrid, utilizing local energy-generating resources such as solar panels, batteries, generators, etc.

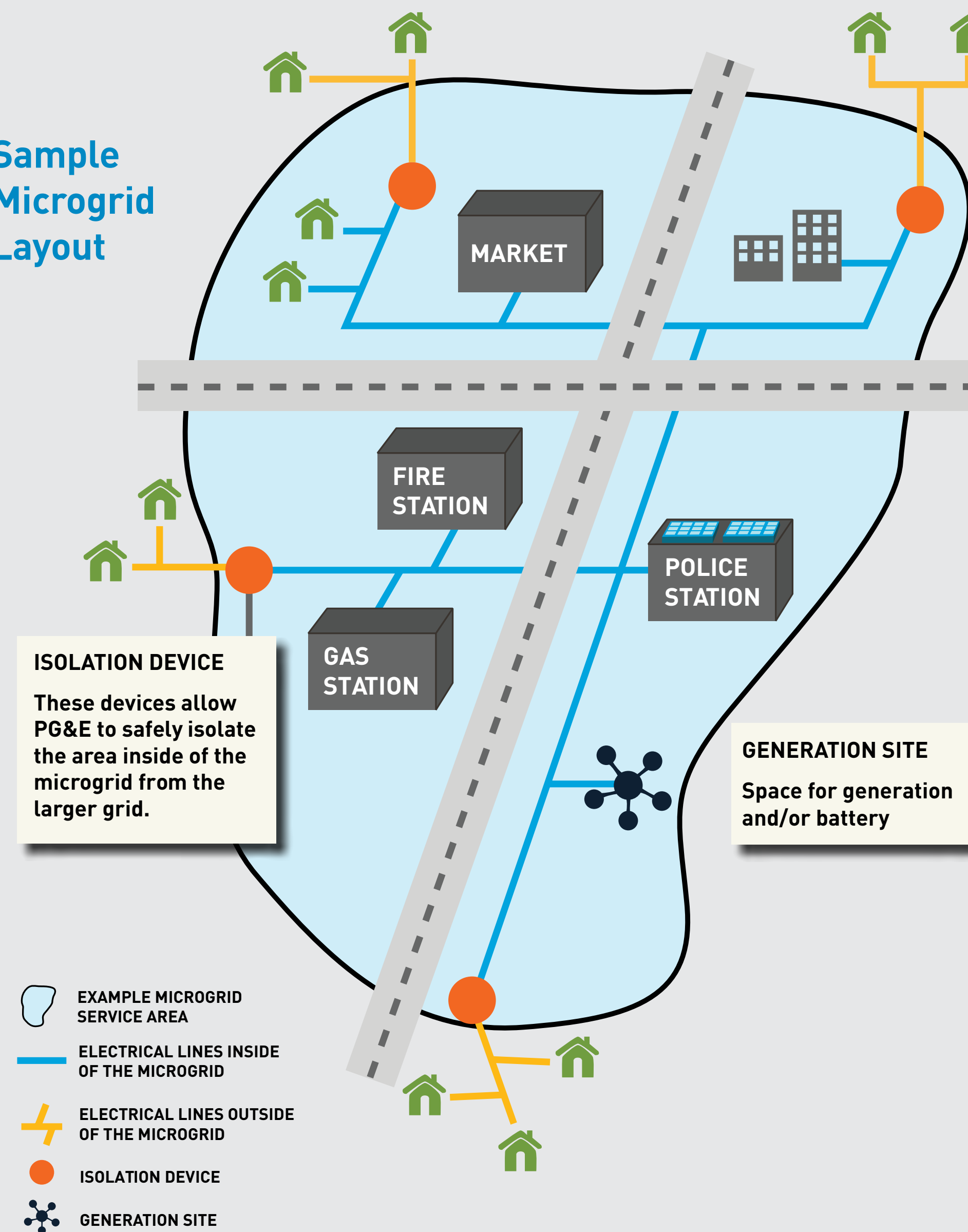
The MIP provides funding specifically for Community Microgrids. These are distinguished by a few key features:

- They serve multiple customers connected by utility distribution infrastructure.
- They utilize grid-forming generation resources and/or batteries located on the utility-controlled side of the electric meters (often referred to as located “in front of the meter”). These resources may be owned by the community or its partners.
- They involve a partnership between the 3rd party owner of one or more Distributed Energy Resources (DERs), a Community Microgrid Aggregator (CMG Aggregator), as the operator of the grid-forming resources, and the utility, as the grid owner and operator. Together, we partner in the development and operation of the microgrid.

How Does a Microgrid Work?

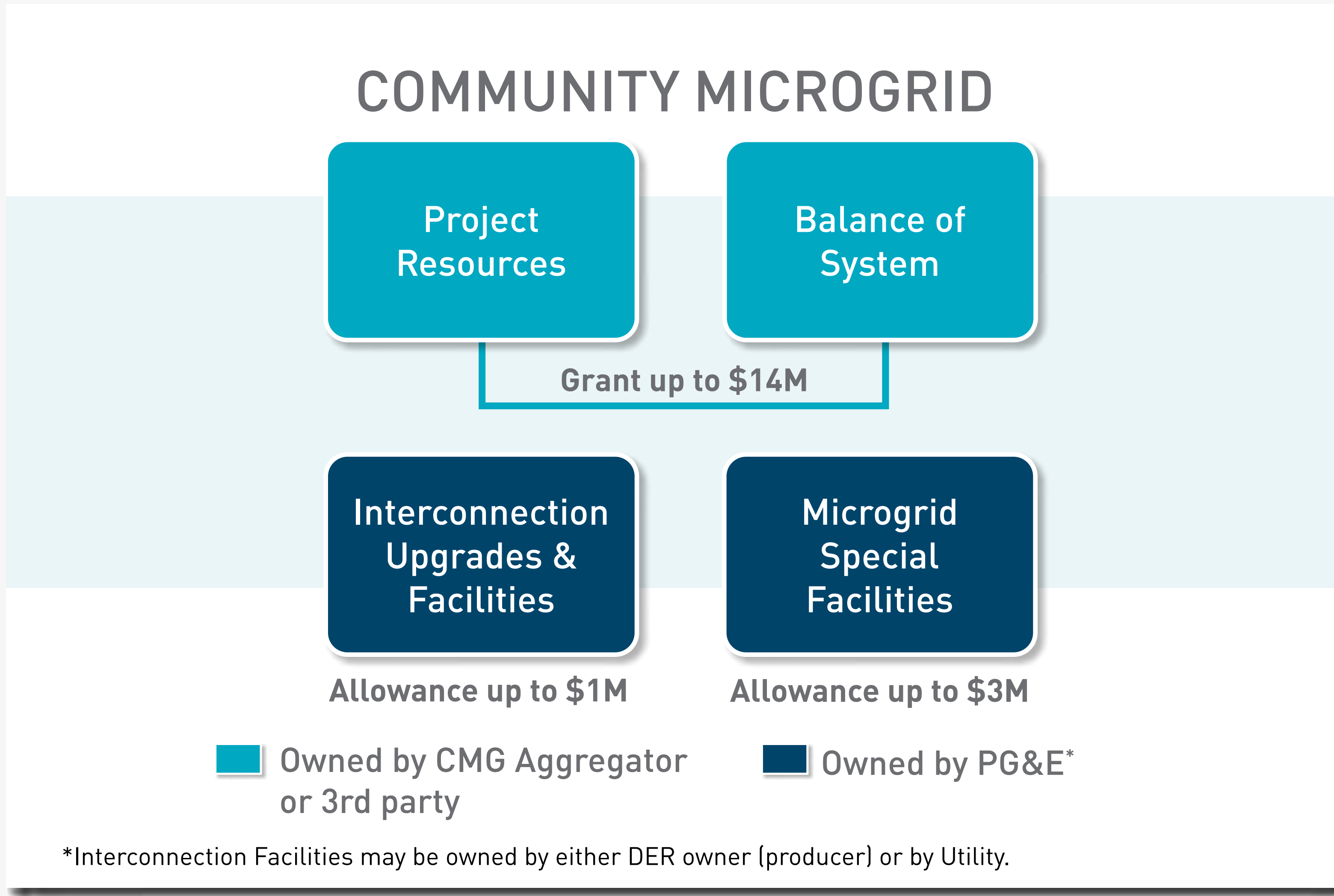
When necessary, microgrids can become isolated energy sources and independently provide electricity when an outage of the larger grid occurs. Outages can be planned or unplanned and happen for a variety of reasons including severe weather, wildfires, a Public Safety Power Shutoff (PSPS), or for other safety or reliability reasons. When a microgrid disconnects from the larger grid during an outage, it is designed to remain energized.¹ This is called Island Mode. However, most of the time, microgrids operate in Blue Sky Mode. This is when the larger electric grid is functioning under normal conditions, and resources within the microgrid boundary may, if they have authorization to interconnect to the grid during Blue Sky conditions, generate and store energy in parallel to the grid, and participate in regional energy markets.

Sample Microgrid Layout



- TABLE OF CONTENTS
- OVERVIEW
- MICROGRIDS: THE BASICS**
- FUNDING
- ELIGIBILITY
- MIP PROJECT LIFECYCLE STAGES
- GLOSSARY
- FOOTNOTES

What Are the Components of a MIP-funded Community Microgrid?



Project Resource²: In-front-of-the-meter (IFOM) electric generation and/or storage technology that is used to form a utility-operated microgrid. At least one Project Resource must have sufficient grid-forming capability to maintain acceptable frequency and voltage during Island Mode operation. A Project Resource is controlled by the CMG Aggregator but may be owned by another party.

Balance of System: Assets, facilities and equipment, other than the Project Resources, owned or controlled by the CMG Aggregator necessary to meet the requirements of the project and any applicable tariff or agreements.

Interconnection-Related Upgrades & Facilities: Distribution Upgrades and Interconnection Facilities necessary to enable the interconnection of a DER; Distribution Upgrades are utility-owned; Interconnection Facilities may be owned by DER owner (producer) or utility.

Microgrid Special Facilities: Utility-owned and operated equipment that enables the safe islanding and operation of the microgrid (e.g. microgrid controller that communicates with Project Resources' controllers, isolation and fault protection devices).

TABLE OF CONTENTS

OVERVIEW

MICROGRIDS: THE BASICS

FUNDING

ELIGIBILITY

MIP PROJECT LIFECYCLE STAGES

GLOSSARY

FOOTNOTES

What Does the MIP Pay For?

The MIP pays for the costs to design and develop a Community Microgrid. The funding falls in several categories as described below.

MIP Funding

Up to
\$14M
per project

Application Incentive Request (AIR)

For eligible **project engineering and development costs**, such as:

- IFOM batteries and generation resources
- Engineering and project management costs
- Property purchase or lease costs

Also includes the Application Development Grant of up to \$25,000.

Up to
\$3M
per project

Microgrid Special Facilities Allowance

For **utility equipment and services** that would otherwise be the cost responsibility of the Applicant, to enable the safe islanding of a Community Microgrid, such as:

- Microgrid Island Study (MIS)
- Equipment to enable safe transition and operation in Island Mode, which may include:
 - Isolation devices
 - Fault protection devices
 - Utility microgrid controller
 - System hardening

Up to
\$1M
per project

MIP Interconnection Allowance

For eligible **Interconnection Studies and equipment** that would otherwise be the cost responsibility of the Applicant, such as:

- Interconnection Study costs for eligible IFOM Project Resources
- Interconnection Facilities and Distribution Upgrades identified in the Interconnection Study

Eligibility

To be eligible for MIP, a proposed project must:

- Meet at least one requirement in **section A**
- Meet at least one requirement in **section B**
- Meet all technical requirements in **section C**

Eligible communities are encouraged to apply either on their own or through a designated representative. The MIP application process is competitive and eligibility does not guarantee funding.

Speak to a PG&E Resilience Coordinator at communitymicrogrids@pge.com for assistance in determining if your community meets these criteria.

A

Vulnerable to Outages

Project must be located in one of the following areas:

- Tier 2 or 3 High Fire-Threat District
- Area that experienced prior PSPS outage(s)
- Elevated earthquake risk zone
- Locations with lower historical reliability

Local or tribal government leadership may be able to justify other forms of vulnerability.

B

Disadvantaged and Vulnerable Community

Project must be located in a DVC (one of four criteria below), or power a critical community facility that primarily serves a DVC.

- Census tracts with median household incomes less than 60% of state median
- California Native American Tribal Community
- Community with highest risk per CalEnviroScreen
- A rural area⁴

C

Technical Eligibility

Project must:

- Meet the eligibility requirements of the [Community Microgrid Enablement Tariff \(CMET\)](#)
- Be able to serve a minimum of 24 consecutive hours of energy in Island Mode as determined by a typical load profile within the Microgrid Boundary

Project Resources must:

- Interconnect on a distribution line that is at 50kV or below
- Comply with the emissions standards adopted by the State Air Resources Board pursuant to the distributed generation certification program requirements of Section 94203 of Title 17 of the California Code of Regulations, or any successor regulation
- Have aggregate emissions, along with Non-Project Resources, no greater than equivalent grid power when operating in Island Mode
 - Energy storage that is charged with grid power will be deemed to have the emissions equivalent of the average system emissions for the Utility.

STAGE 1: Consultation

Initial Resilience Consultation

The initial resilience consultation and the subsequent technical consultation are important steps toward the submittal of a MIP application. The initial consultation is the first opportunity to share your community’s specific goals and energy needs with PG&E, and to discuss potential resilience solutions. The consultation will take place by phone or video call.


During the initial resilience consultation, PG&E will work with you to evaluate whether a MIP-eligible Community Microgrid is the best option to meet the community’s resilience objectives. Options to be explored may include:

- ✓ **A MIP-eligible, Community Microgrid involving⁵:**
 - IFOM resources
 - A combination of both IFOM and BTM resources
- ✓ **Other resiliency options that are ineligible for MIP funding may include:**
 - Single-customer microgrids using BTM solutions
 - Modification of existing utility facilities such as undergrounding overhead distribution facilities, pursuant to a Special Facilities Agreement

During this consultation, PG&E will also ensure you understand the criteria for MIP eligibility (please refer to the [Eligibility section](#) of this handbook). Tribal government applicants should be sure to discuss the issues pertaining to contract enforceability, and the likely need for a limited waiver of sovereign immunity.

The initial resilience consultation may also cover the following:

- Incentive application and scoring procedures
- Overview of microgrid study and development process, including relevant agreements
- Overview of utility transmission and distribution system characteristics in the identified Community Microgrid area
- Known technical issues related to the interconnection of new resources and/or microgrid configuration
- Information about the capacity of the proposed distribution facilities within the boundary of the microgrid
- Relevant information about PG&E’s past and planned PSPS mitigation activities
- Community Microgrid information, including potential grid isolation points that could establish the boundary of the microgrid (i.e., the Microgrid Islanding Point(s))

 **If the proposed microgrid is likely eligible⁶ and you wish to pursue incentive funding, you may proceed to the Microgrid Technical Consultation. From this point in the MIP process onwards, PG&E requires you to partner with an engineering firm with the qualifications to design the technical elements of the microgrid. As part of the initial resilience consultation, PG&E can help you identify characteristics of a competent technical partner.**

Microgrid Technical Consultation: see next page >

TABLE OF CONTENTS

OVERVIEW

MICROGRIDS: THE BASICS

FUNDING

ELIGIBILITY

MIP PROJECT LIFECYCLE STAGES

STAGE 1: CONSULTATION

STAGE 2: APPLICATION

STAGE 3: STUDIES

STAGE 4: CONTRACTING & DEVELOPMENT

STAGE 5: OPERATIONS

GLOSSARY

FOOTNOTES



October 2023

“PG&E” refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation. ©2023 Pacific Gas and Electric Company. All rights reserved.

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: January 9, 2024

SUBJECT: Agenda Item 6C: Approval of a Resolution of Appreciation for Tuolumne County for their Support of the Infrastructure and Fire/Emergency Services Provided by GCSB to the South County Communities

RECOMMENDED ACTION:

Staff recommends the following action:

I move to approve Resolution 01-2024 in Appreciation of Tuolumne County for their Support of the Infrastructure and Fire/Emergency Services Provided by GCSB to the South County Communities.

BACKGROUND:

Over the past few years, we have placed a significant focus on developing an understanding, cooperative, trusting and productive relationship with the County of Tuolumne. We have made great strides in developing the desired relationship and we felt it important to recommend that the board extend our appreciation for some recent milestones accomplished. The appreciation is for both the county Board of Supervisors and staff who have taken the time to understand our common needs and to take actions that have benefited the residents, businesses and visitors of the South county. The attached resolution will be framed and presented during public comment in an upcoming County Board of Supervisors meeting.

FINANCIAL IMPACT

None

ATTACHMENTS:

1. Resolution 01-2024

RESOLUTION 01-2024

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
GROVELAND COMMUNITY SERVICES DISTRICT
IN APPRECIATION OF TUOLUMNE COUNTY FOR THEIR SUPPORT OF THE
INFRASTRUCTURE AND FIRE/EMERGENCY SERVICES PROVIDED BY GCSD TO THE
SOUTH COUNTY COMMUNITIES**

WHEREAS, in 2019 County staff supported and in 2023 the Board of Supervisors unanimously approved allocating to the Groveland Community Services District (District) \$3.2 million in Community Development Block Grant funding to provide for the installation of a water main to allow the District to deliver water supply at adequate pressure and provide for functioning fire hydrants for the first time ever in the community of Big Oak Flat; and

WHEREAS, in 2020 the County staff recommended, and the Board of Supervisors unanimously supported a \$ _____ funding passthrough to the District from a state allocation intended for investments to offset the negative impacts of PG&E Public Safety Power Shutdown (PSPS), which funded the installation of a backup power generator to provide adequate water to the County airport and surrounding community; and

WHEREAS, in 2022 the County staff recommended and the Board of Supervisors unanimously supported an agreement with the District, funding a Tuolumne County Fire Department engine and crew to be collocated in the District's Groveland Station 78, which provided a staffed engine dedicated as a first responder to emergency calls outside the District boundaries and providing a staffing level adequate to meet District emergency response time standards and doubling the effectiveness of our response in fighting fires; and

WHEREAS, the Board of Supervisors recognizes the critical importance of securing funding for the future of its fire and emergency response services, and in 2023 began pursuing the creation and implementation of a Community Facilities District to offset growth impacts and provide a long term, secure source of funding for fire services; to build and improve fire stations, replace critical fire equipment and add fire staffing as our communities grow; and

WHEREAS, in 2023 County staff recommended and the Board of Supervisors supported including independent special district water suppliers on the Natural Resources Committee and funding for County staff to ensure the future of adequate water supply to support the people and economies of the County; and

WHEREAS, in 2023 County staff took the lead and is spearheading, facilitating and assisting other agencies in the development of important plans and strategies including Multijurisdictional Hazard Mitigation Plan to keep our communities safe and avoid property and public infrastructure damage; Standards of Coverage Evaluation to effectively plan the future of fire protection services, and drought contingency planning to protect public health.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby extend the appreciation of the community through this Board of Directors to the County of Tuolumne Staff and Board of Supervisors for their Support of the Infrastructure and Fire/Emergency Services Provided by GCSD to the South County Communities.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on January 9, 2024, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT

APPROVE:

Nancy Mora, Board President

ATTEST:

Rachel Pearlman, Board secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on January 9, 2024.

DATED: _____

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: January 9, 2024

SUBJECT: Agenda Item 6D: Adoption of a Resolution Approving the Consultant Selection Process as Detailed in the Caltrans Local Assistance Procedures Manual Chapter 10

RECOMMENDED ACTION:

Staff recommends the following action:

I move to approve Resolution 02-2024 Approving the Consultant Selection Process as Detailed in the Caltrans Local Assistance Procedures Manual Chapter 10

BACKGROUND:

The district currently has funding from Caltrans for two separate projects, the Groveland Asset Rehabilitation and Beautification Project, and the Hetch Hetchy Railroad Trail Project. As we discussed at prior meetings, Caltrans has very specific requirements for procurement of goods and services that must be followed to qualify for funding. The district currently does not have a policy specific to the procurement of consulting services and is required to do so as a condition of this funding. Caltrans allows for the adoption of their required consultant selection procedures, by resolution, as detailed in their Local Assistance Procedures Manual (LAPM) Chapter 10. The complete LAPM Chapter 10 is not included in the agenda materials due to its 78 page length, and is hyperlinked [here](#) and below. Paper copies of the LAPM are available on request.

The proposed policy prescribes the means to secure adequate consultant proposals and requires the selection of consultants using a very well documented competitive process based on qualifications and approach to the work, rather than the lowest cost. The policy details requirements and process for record keeping, methods of payment, as well as proposal review and ranking. One key provision of this policy is the requirement for all consultant cost proposals to be delivered in separate sealed envelopes, and not opened prior to completion of the proposal ranking process. The consultant cost proposal is intended to give you a position from which to begin final cost negotiations, with allowable costs also being detailed in the policy.

FINANCIAL IMPACT

There is no direct financial impact by adoption of this policy, however the staff time required for its implementation will be fairly significant, but not an increase in cost.

ATTACHMENTS:

1. Resolution 02-2024
2. [Caltrans LAPM](#) (Hyperlink only)

RESOLUTION 02-2024

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT APPROVING THE CONSULTANT SELECTION PROCEDURES AS DETAILED IN THE CALTRANS LOCAL ASSISTANCE PROCEDURES MANUAL CHAPTER 10

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the district desires to adopt a policy regarding this election of consultants who perform certain technical services for the district; and

WHEREAS, the California Department of Transportation, Caltrans, has produced a local assistance procedures manual that contains the desired consultant selection policy language at chapter 10; and

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby adopt Resolution 02-2024 Approving the Caltrans Consultant Selection Procedures as Detailed in the Caltrans Local Assistance Procedures Manual Chapter 10.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on January 9, 2024, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT

APPROVE:

Nancy Mora, Board President

ATTEST:

Rachel Pearlman, Board secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on January 9, 2024.

DATED: _____