



**Annual Financial Report  
For the Fiscal Years Ended  
June 30, 2024 and 2023**



**Board of Directors as of June 30, 2024**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
Nancy Marsh	President	Elected	2020-2024
Jen Randle	Vice-President	Elected	2022-2026
Matthew Clark	Director	Elected	2020-2024
Barbara Dye	Director	Elected	2022-2026
Jill Grant	Director	Elected	2022-2026

**Chuck Duffy, General Manager  
504 Avenue Alhambra, Third Floor  
P.O. Box 335  
El Granada, California 94018  
(650) 726-7093**

**Granada Community Services District**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Granada Community Services District  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2024 and 2023**

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# **Financial Section**





# C.J. Brown & Company CPAs

An Accountancy Corporation

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## **Independent Auditor's Report**

Board of Directors  
Granada Community Services District  
El Granada, California

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

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Granada Community Services District (District) as of and for the years ended June 30, 2024 and 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 business-type activities, and each major fund of the Granada Community Services District, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

## **Independent Auditor's Report, continued**

### ***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 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, we:

- exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 on pages 4 through 8, and the required supplementary information on pages 37 through 38, 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.

## Independent Auditor's Report, continued

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2025, 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 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 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. That report can be found on pages 39 and 40.

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company, CPAs**  
Cypress, California  
May 15, 2025

**Granada Community Services District**  
***Management's Discussion and Analysis***  
**For the Fiscal Years Ended June 30, 2024 and 2023**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Granada Community Services District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net position increased 5.00% or \$899,462, to \$18,887,641. In fiscal year 2023, the District's net position increased 3.00% or \$523,681, to \$17,988,179.
- Total revenues decreased 8.92% or \$433,750, to \$4,427,865. In fiscal year 2023, total revenues increased 22.52% or \$893,604, to \$4,861,615.
- Total expenses decreased 18.66% or \$809,531, to \$3,528,403. In fiscal year 2023, total expenses increased 15.70% or \$588,776, to \$4,337,934.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statements of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. They also provide the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statements are the Statements of Cash Flows, which provide information about the District's cash receipts and cash payments during the reporting period. The Statements of Cash Flows report cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to questions such as: where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Granada Community Services District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Financial Analysis of the District, continued**

These statements report the District's *net position* and changes in it. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 36.

**Statements of Net Position**

A summary of the statements of net position is as follows:

<b>Condensed Statements of Net Position</b>					
	<b>2024</b>	<b>As Restated 2023</b>	<b>Change</b>	<b>As Restated 2022</b>	<b>Change</b>
<b>Assets:</b>					
Current assets	\$ 6,449,528	5,473,870	975,658	5,477,534	(3,664)
Non-current assets	12,659,836	12,882,396	(222,560)	12,247,853	634,543
<b>Total assets</b>	<b>19,109,364</b>	<b>18,356,266</b>	<b>753,098</b>	<b>17,725,387</b>	<b>630,879</b>
<b>Deferred outflows of resources</b>	<b>131,418</b>	<b>132,898</b>	<b>(1,480)</b>	<b>88,433</b>	<b>44,465</b>
<b>Liabilities:</b>					
Current liabilities	142,528	298,772	(156,244)	176,321	122,451
Non-current liabilities	204,826	185,455	19,371	86,607	98,848
<b>Total liabilities</b>	<b>347,354</b>	<b>484,227</b>	<b>(136,873)</b>	<b>262,928</b>	<b>221,299</b>
<b>Deferred inflows of resources</b>	<b>5,787</b>	<b>16,758</b>	<b>(10,971)</b>	<b>86,394</b>	<b>(69,636)</b>
<b>Net position:</b>					
Net investment in capital assets	7,568,383	7,846,357	(277,974)	7,539,419	306,938
Restricted	1,627,302	1,593,040	34,262	2,376,601	(783,561)
Unrestricted	9,691,956	8,548,782	1,143,174	7,548,478	1,000,304
<b>Total net position</b>	<b>\$ 18,887,641</b>	<b>17,988,179</b>	<b>899,462</b>	<b>17,464,498</b>	<b>523,681</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,887,941 and \$17,988,179 as of June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, net position of the District increased by 5.00% or \$899,462 and 3.00% or \$523,681, respectively. The District's total net position is made up of three components: (1) net investment in capital assets, (2) restricted net position (restricted for Assessment District), (3) and unrestricted net position

**Granada Community Services District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Statements of Net Position, continued**

By far the largest portion of the District's net position (40.07% and 43.62% as of June 30, 2024 and 2023, respectively) reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2024 and 2023, the District showed a positive balance in its unrestricted net position of \$9,691,956 and \$8,548,782, respectively, which may be utilized in future years. (See Note 7 for further discussion)

**Statements of Revenues, Expenses, and Changes in Net Position**

A summary of the statements of revenues, expenses, and changes in net position is as follows:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2024</u>	<u>As Restated 2023</u>	<u>Change</u>	<u>As Restated 2022</u>	<u>Change</u>
<b>Revenue:</b>					
Operating revenues	\$ 2,470,866	2,166,798	304,068	1,864,460	302,338
Non-operating revenues	<u>1,956,999</u>	<u>2,694,817</u>	<u>(737,818)</u>	<u>2,103,551</u>	<u>591,266</u>
<b>Total revenue</b>	<u>4,427,865</u>	<u>4,861,615</u>	<u>(433,750)</u>	<u>3,968,011</u>	<u>893,604</u>
<b>Expense:</b>					
Operating expense	3,230,651	4,006,350	(775,699)	3,478,853	527,497
Depreciation expense	<u>297,752</u>	<u>331,584</u>	<u>(33,832)</u>	<u>270,305</u>	<u>61,279</u>
<b>Total expense</b>	<u>3,528,403</u>	<u>4,337,934</u>	<u>(809,531)</u>	<u>3,749,158</u>	<u>588,776</u>
<b>Changes in net position</b>	899,462	523,681	375,781	218,853	304,828
<b>Net position, beginning of year, as restated</b>	<u>17,988,179</u>	<u>17,464,498</u>	<u>523,681</u>	<u>17,245,645</u>	<u>218,853</u>
<b>Net position, end of year</b>	<u>\$ 18,887,641</u>	<u>17,988,179</u>	<u>899,462</u>	<u>17,464,498</u>	<u>523,681</u>

The statements of revenues, expenses, and changes in net position show how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

The District's net position increased 5.00% or \$899,462, to \$18,887,641, from continuing operations. In fiscal year 2023, the District's net position increased 3.00% or \$523,681, to \$17,988,179.

The District's total revenues decreased 8.92% or \$433,750, to \$4,427,865. In fiscal year 2023, total revenues increased 22.52% or \$893,604, to \$4,861,615.

The District's operating revenues increased 14.03% or \$304,068, to \$2,470,866, due to increase of \$431,673 in sewer service charges offset by a decrease of \$127,605 in connection fees. In fiscal year 2023, the District's operating revenues increased 16.22% or \$302,338, to \$2,166,798, due to increases of \$207,636 in sewer service charges and \$94,702 in connection fees. The District's non-operating revenues decreased 27.38% or \$737,818, to \$1,956,999, due to decreases of \$450,224 in Assessment District revenues, \$272,191 in investment in Sewer Authority Mid-Coastside, \$28,409 in property taxes, and \$26,833 in investment income from the Assessment District, offset by increases of \$23,437 in other non-operating revenues and \$16,402 in investment earnings, net of fair value.

**Granada Community Services District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Statements of Revenues, Expenses, and Changes in Net Position, continued**

In fiscal year 2023, the District's non-operating revenues increased 28.11% or \$591,266, to \$2,694,817, due to increases of \$267,380 in investment in Sewer Authority Mid-Coastside, \$218,307 in investment earnings, net of fair value, \$160,957 in property taxes, \$67,537 in other non-operating revenues, and \$51,113 in investment income from the Assessment District, offset by a decrease of \$174,028 in Assessment District revenues.

The District's total expenses decreased 18.66% or \$809,531, to \$3,528,403. In fiscal year 2023, the District's total expenses increased 15.70% or \$588,776, to \$4,337,934.

The District's operating expenses decreased 19.36% or \$775,699, to \$3,230,651, primarily due to decreases of \$690,232 in Assessment District administrative and general expenses, \$110,111 in parks and recreation, \$34,402 in administrative and general expenses, and \$33,968 in infrastructure repair costs, offset by increases of \$75,977 in sewage administration and \$11,974 in sewage treatment expenses. In fiscal year 2023, the District's operating expenses increased 15.16% or \$527,497, to \$4,006,350, due to increases of \$242,377 in parks and recreation, \$175,008 in Assessment District administrative and general expenses, \$81,267 in infrastructure repair costs, \$61,848 in administrative and general expenses, \$34,380 in sewage treatment, and \$12,081 in sewage environmental compliance expenses, offset by decreases of \$44,252 in sewage administration and \$35,212 in sewage collection expenses.

The District's depreciation expenses decreased 10.20% or \$33,832, to \$297,752. In fiscal year 2023, the District's depreciation expenses increased 22.67% or \$61,279, to \$331,584.

**Capital Asset Administration**

At the end of fiscal years 2024 and 2023, the District's investment in capital assets (net of accumulated depreciation), amounted to \$7,568,383 and \$7,846,357, respectively. This investment in capital assets includes land, water transmission and distribution systems, buildings and structures, equipment, and vehicles. (See note 4 for further discussion).

The change in capital assets for 2024, was as follows:

	<b>Balance 2023</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance 2024</b>
Non-depreciable assets	\$ 2,862,979	-	-	2,862,979
Depreciable assets	12,865,414	19,777	(10,085)	12,875,106
Accumulated depreciation	<u>(7,882,036)</u>	<u>(297,751)</u>	<u>10,085</u>	<u>(8,169,702)</u>
Total capital assets, net	<u>\$ 7,846,357</u>	<u>(277,974)</u>	<u>-</u>	<u>7,568,383</u>

The change in capital assets for 2023, was as follows:

	<b>Balance 2022</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance 2023</b>
Non-depreciable assets	\$ 3,408,416	638,522	(1,183,959)	2,862,979
Depreciable assets	11,681,455	1,183,959	-	12,865,414
Accumulated depreciation	<u>(7,550,452)</u>	<u>(331,584)</u>	<u>-</u>	<u>(7,882,036)</u>
Total capital assets, net	<u>\$ 7,539,419</u>	<u>852,375</u>	<u>-</u>	<u>7,846,357</u>

**Granada Community Services District**  
***Management's Discussion and Analysis, continued***  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 504 Avenue Alhambra, 3<sup>rd</sup> Floor, P.O. Box 335, El Granada, California 94018.

# **Basic Financial Statements**

**Granada Community Services District  
Statements of Net Position  
June 30, 2024 and 2023**

	<u>2024</u>	<u>As Restated 2023</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 4,479,644	3,512,323
Cash and cash equivalents – restricted (note 2)	191,721	121,532
Investments – restricted (note 2)	1,435,581	1,471,508
Accounts receivable, net	57,431	87,575
Excess ERAF receivable	265,158	252,022
Interest receivable	9,818	24,173
Prepaid expenses	10,175	4,737
<b>Total current assets</b>	<u>6,449,528</u>	<u>5,473,870</u>
<b>Non-current assets:</b>		
Investment in Sewer Authority Mid-Coastside (note 3)	5,091,453	5,036,039
Capital assets – not being depreciated (note 4)	2,862,979	2,862,979
Capital assets – being depreciated (note 4)	4,705,404	4,983,378
<b>Total non-current assets</b>	<u>12,659,836</u>	<u>12,882,396</u>
<b>Total assets</b>	<u>19,109,364</u>	<u>18,356,266</u>
<b>Deferred outflows of resources:</b>		
Deferred outflows – pensions (note 6)	131,418	132,898
<b>Total deferred outflows of resources</b>	<u>\$ 131,418</u>	<u>132,898</u>

Continued on next page

**Granada Community Services District  
Statements of Net Position, continued  
June 30, 2024 and 2023**

	<b>2024</b>	<b>As Restated 2023</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 93,096	219,479
Accrued payroll and payroll liabilities	4,516	22,485
Customer deposits and unearned revenue	33,615	29,777
Compensated absences (note 5)	11,301	27,031
<b>Total current liabilities</b>	<b>142,528</b>	<b>298,772</b>
<b>Non-current liabilities:</b>		
Net pension liability (note 6)	204,826	185,455
<b>Total non-current liabilities</b>	<b>204,826</b>	<b>185,455</b>
<b>Total liabilities</b>	<b>347,354</b>	<b>484,227</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows – pensions (note 6)	5,787	16,758
<b>Total deferred inflows of resources</b>	<b>5,787</b>	<b>16,758</b>
<b>Net position (note 7):</b>		
Net investment in capital assets	7,568,383	7,846,357
Restricted	1,627,302	1,593,040
Unrestricted	9,691,956	8,548,782
<b>Total net position</b>	<b>\$ 18,887,641</b>	<b>17,988,179</b>

See accompanying notes to the basic financial statements

**Granada Community Services District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>As Restated 2023</u>
<b>Operating revenues:</b>		
Sewer service charges	\$ 2,443,841	2,012,168
Connection fees	27,025	154,630
<b>Total operating revenues</b>	<u>2,470,866</u>	<u>2,166,798</u>
<b>Operating expenses:</b>		
Sewer Authority Mid-Coastside Expenses (note 3)		
Sewage administration	361,551	285,574
Sewage treatment	731,476	719,502
Sewage environmental compliance	45,224	49,651
Sewage collection	218,890	209,400
Administration and general	917,682	948,522
Administration and general – Assessment District	76,118	766,350
Parks and recreation	293,899	404,010
Infrastructure repair costs (note 3)	585,811	623,341
<b>Total operating expenses</b>	<u>3,230,651</u>	<u>4,006,350</u>
Operating loss before depreciation	(759,785)	(1,839,552)
Depreciation expense	(297,752)	(331,584)
<b>Operating loss</b>	<u>(1,057,537)</u>	<u>(2,171,136)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes – ERAF	530,316	493,234
Property taxes – parks	880,779	946,270
Assessment revenue – Assessment District	79,508	529,732
Investment income – Assessment District	26,510	53,343
Investment returns (unrealized loss)	209,252	192,850
Investment in Sewer Authority Mid-Coastside (note 3)	55,414	327,605
Other non operating revenues, net	175,220	151,783
<b>Total non-operating revenues, net</b>	<u>1,956,999</u>	<u>2,694,817</u>
<b>Change in net position</b>	899,462	523,681
<b>Net position, beginning of year, as restated (note 8)</b>	<u>17,988,179</u>	<u>17,464,498</u>
<b>Net position, end of year</b>	<u>\$ 18,887,641</u>	<u>17,988,179</u>

See accompanying notes to the basic financial statements

**Granada Community Services District**  
**Statements of Cash Flows**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>As Restated 2023</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for sales and service	\$ 2,504,848	2,126,635
Cash paid to vendors and suppliers	(3,141,737)	(3,722,177)
Cash paid to employees	(244,554)	(172,096)
<b>Net cash used in operating activities</b>	<b>(881,443)</b>	<b>(1,767,638)</b>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	1,397,959	1,409,481
Proceeds from assessments	106,018	610,763
Proceeds from other non-operating revenue, net	175,220	151,783
<b>Net cash provided by non-capital financing activities</b>	<b>1,679,197</b>	<b>2,172,027</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(19,778)	(638,522)
<b>Net cash used in capital and related financing activities</b>	<b>(19,778)</b>	<b>(638,522)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	259,534	716,318
<b>Net cash provided by investing activities</b>	<b>259,534</b>	<b>716,318</b>
<b>Net increase in cash and cash equivalents</b>	1,037,510	482,185
<b>Cash and cash equivalents, beginning of year</b>	3,633,855	3,151,670
<b>Cash and cash equivalents, end of year</b>	\$ 4,671,365	3,633,855
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>		
Cash and cash equivalents	\$ 4,479,644	3,512,323
Cash and cash equivalents – restricted	191,721	121,532
<b>Total cash and cash equivalents</b>	\$ 4,671,365	3,633,855

Continued on next page

**Granada Community Services District  
Statements of Cash Flows, continued  
June 30, 2024 and 2023**

	<b>2024</b>	<b>As Restated 2023</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ <u>(1,057,537)</u>	<u>(2,171,136)</u>
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Depreciation	297,752	331,584
<b>Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:</b>		
(Increase)decrease in assets and deferred outflows:		
Accounts receivable, net	30,144	(35,194)
Prepaid expenses	(5,438)	(90)
Deferred pension outflows	1,480	(44,465)
Increase(decrease) in liabilities and deferred inflows:		
Accounts payable	(126,383)	80,870
Accrued payroll and payroll liabilities	(17,969)	20,987
Customer deposits and unearned revenue	3,838	(4,969)
Compensated absences	(15,730)	25,563
Net pension liability	19,371	98,848
Deferred pension inflows	<u>(10,971)</u>	<u>(69,636)</u>
<b>Total adjustments</b>	<u>176,094</u>	<u>403,498</u>
<b>Net cash used in operating activities</b>	<u>\$ (881,443)</u>	<u>(1,767,638)</u>

See accompanying notes to the basic financial statements

**Granada Community Services District**  
**Notes to the Basic Financial Statements**  
**June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Granada Community Services District (District) was created in 1958 under the provisions of Section 6400 of the State of California Health and Safety Code. In October of 2014, the District was reorganized as the Granada Community Services District under California Government Code 61000 et seq. The District is responsible for parks, recreation, garbage, and recycling services in the unincorporated areas of El Granada, Princeton, Princeton-by-the-Sea, Clipper Ridge, and Miramar. The District is also responsible for the sewage collection system and disposal in these same unincorporated areas as well as the northern portion of the City of Half Moon Bay. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

The Assessment District was formed and funded in 1996 for the purpose of providing the District's share of funds for the expansion of the Sewer Authority Mid-Coastside (SAM) Wastewater Treatment Plant. It was created under the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915 in combination with the Integrated Financing District Act. Although the Assessment District is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing sewer service to its service area on a continuing basis be financed or recovered primarily through user charges (sewer service charge), connection fees, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as sewage administration, treatment, environmental compliance, and collection, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncement in the current year:

***Governmental Accounting Standards Board Statement No. 99***

In April 2022, the GASB issued Statement No. 99 – Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 100***

In June 2022, the GASB issued Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**3. Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation level is based on quoted prices in active markets for identical assets. The District currently holds money market mutual fund investments valued at this level.
- **Level 2** – Valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals. The District does not currently hold any investments valued at this level.
- **Level 3** – Valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market. The District does not currently hold any investments valued at this level.

The District's investment in LAIF is valued at amortized cost therefore the District has determined it does not meet fair value measurement criteria.

**5. Accounts Receivable**

The District extends credit to sewer service customers in the normal course of operations. Sewer service charges are billed on the County of San Mateo tax roll.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**6. Property Taxes and Assessments**

Property taxes and sewer service charges are billed and collected by the County of San Mateo through the property tax billings. Real property taxes are levied against owners of record. In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the “Teeter Plan”). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end.

Under this plan, the Counties assume an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Granada Community Services District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of San Mateo, which have not been credited to the District’s cash balance as of June 30. Property taxes are based on assessed values of real property. A revaluation of all real property must be made upon sale or completion of construction. Amounts due from the County of San Mateo include both property taxes and sewer service charges.

The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

**7. Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**8. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Sewer Collection System – 33 to 50 years
- Equipment – 5 years

**9. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of resources applicable to future periods.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**10. Compensated Absences**

The District's policy is to permit employees to accumulate earned vacation and sick.

Vacation accruals are capped at 50 days. Upon termination of employment, employees are paid all unused accrued vacation.

Employees will accrue 4 hours of paid sick leave per pay period. Sick accruals are capped at 20 days. No compensation will be paid for accrued sick leave upon termination of employment.

**11. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' 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.

GASB 68 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

- Valuation date: June 30, 2022
- Measurement date: June 30, 2023
- Measurement period: July 1, 2022 to June 30, 2023

**12. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

**13. Unearned Revenue**

Unearned revenues arise when resources are received in exchange transactions before the District has a legal claim to them. Unearned revenues at June 30, 2024 and 2023, consisted of miscellaneous receipts for future services.

**14. Net Position**

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, are included in this component of net position.
- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of *the net investment in capital assets* or *restricted* components of net position.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents**

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

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 4,479,644	3,512,323
Cash and cash equivalents – restricted	191,721	121,532
Investments – restricted	1,435,581	1,471,508
Total	\$ 6,106,946	5,105,363

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

	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 226	207
Deposits with financial institutions	264,470	203,266
Investments	5,842,250	4,901,890
Total	\$ 6,106,946	5,105,363

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) 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 Project, rather than the general provisions of the California Government Code or the District's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Government Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 year	100%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	100%	None
Beneficial Interest of a Joint Power Authority	N/A	100%	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code.

\*\* Except when authorized by the District's legislative body in accordance with Government Code

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents, continued**

***Investment in State Investment Pool***

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of 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 custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits 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 amount deposited by public agencies.

As of June 30, 2024 and 2023, \$250,000 of the District's bank balance is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

***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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents, continued**

***Interest Rate Risk, continued***

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Maturities of investments at June 30, 2024 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 months or less</u>
Local Agency Investment Fund (LAIF) \$	248	248
Money Market Mutual Funds	1,435,582	1,435,582
CalTRUST Liquidity Fund	<u>4,406,420</u>	<u>4,406,420</u>
Total	<u>\$ 5,842,250</u>	<u>5,842,250</u>

Maturities of investments at June 30, 2023 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 months or less</u>
Local Agency Investment Fund (LAIF) \$	3,435,060	3,435,060
Money Market Mutual Funds	<u>1,466,830</u>	<u>1,466,830</u>
Total	<u>\$ 4,901,890</u>	<u>4,901,890</u>

***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. Per the District's investment policy, credit risk is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the District's cash flow. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2024 were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year-End</u>		
			<u>Moody's Rating Aa3</u>	<u>S&amp;P Rating AAAm</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF) \$	248	N/A	-	-	248
Money Market Mutual Funds	1,435,582	N/A	1,435,582	-	-
CalTRUST Liquidity Fund	<u>4,406,420</u>	N/A	-	<u>4,406,420</u>	-
Total	<u>\$ 5,842,250</u>		<u>\$ 1,435,582</u>	<u>4,406,420</u>	<u>248</u>

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents, continued**

*Credit Risk, continued*

Credit ratings of investments as of June 30, 2023 were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year-End</u>	
			<u>Moody's Rating Aa3</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF) \$	3,435,060	N/A	-	3,435,060
Money Market Mutual Funds	1,466,830	N/A	1,466,830	-
Total	\$ <u>4,901,890</u>		\$ <u>1,466,830</u>	<u>3,435,060</u>

*Concentration of Credit Risk*

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies, LAIF, is 0% and 70% as of June 30, 2024 and 2023, respectively, of the District's total depository and investment portfolio.

*Fair Value Measurements*

As of June 30, 2024, the District held investments in LAIF, money market mutual funds, and CalTrust liquidity funds. All these investment types are not subject to fair value hierarchy. As of June 30, 2023, the District held investments in LAIF and money market mutual funds. All these investment types are not subject to fair value hierarchy.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(3) Investment in Sewer Authority Mid-Coastside**

Sewer Authority Mid-Coastside (Authority) was created by a Joint Exercise of Powers Agreement between the City of Half Moon Bay, Granada Community Services District, and the Montara Sanitary District. The Authority was established to construct, maintain, and operate facilities for the collection, treatment, and disposal of wastewater for the benefit of the lands and inhabitants within the member agencies' respective boundaries. The following is a summary of financial information of the Authority from its June 30, 2024 and 2023 audited financial statements:

**Condensed Statements of Net Position**

	<b>2024</b>	<b>2023</b>
<b>Assets:</b>		
Current assets	\$ 3,053,207	2,975,207
Non-current assets	23,065,401	21,186,597
<b>Total assets</b>	26,118,608	24,161,804
<b>Deferred outflows of resources</b>	1,730,991	1,814,068
<b>Liabilities:</b>		
Current liabilities	716,192	481,328
Non-current liabilities	5,079,250	4,721,076
<b>Total liabilities</b>	5,795,442	5,202,404
<b>Deferred inflows of resources</b>	302,920	421,572
<b>Net position:</b>		
Net investment in capital assets	22,921,971	20,999,823
Unrestricted	(1,170,734)	(647,927)
<b>Total net position</b>	\$ 21,751,237	20,351,896

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(3) Investment in Sewer Authority Mid-Coastside, continued**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>		
Operating revenues	\$ 6,672,448	6,344,210
Non-operating revenues	<u>50,816</u>	<u>61,567</u>
<b>Total revenues</b>	<u>6,723,264</u>	<u>6,405,777</u>
<b>Expenses:</b>		
Operating expenses	7,364,053	6,602,216
Depreciation expense	<u>1,379,880</u>	<u>1,215,822</u>
<b>Total expenses</b>	<u>8,743,933</u>	<u>7,818,038</u>
<b>Net income before capital contributions</b>	(2,020,669)	(1,412,261)
<b>Capital contributions:</b>	<u>3,420,010</u>	<u>3,741,689</u>
<b>Change in net position</b>	1,399,341	2,329,428
<b>Net position, beginning of period</b>	<u>20,351,896</u>	<u>18,022,468</u>
<b>Net position, end of period</b>	<u>\$ 21,751,237</u>	<u>20,351,896</u>

Each member's ownership at June 30, 2024 and 2023 consists of the City of Half Moon Bay 50.5%, Granada Community Services District 29.5%, and Montara Sanitary District 20.0%. For the fiscal years ended June 30, 2024 and 2023, the District's investment in the Authority increased by \$55,414 and \$327,605, respectively. This increase is included in the statements of revenues, expenses, and changes in net position. Total payments made to the Authority for operations, treatment, environmental compliance, collections, and infrastructure repair costs for the fiscal years ended June 30, 2024 and 2023, respectively, are as follows:

	<u>2024</u>	<u>2023</u>
Sewage administration	\$ 361,551	285,574
Sewage treatment	731,476	719,502
Sewage environmental compliance	45,224	49,651
Sewage collection	218,890	209,400
Infrastructure repair costs	<u>585,811</u>	<u>623,341</u>
<b>Total</b>	<u>\$ 1,942,952</u>	<u>1,887,468</u>

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(3) Investment in Sewer Authority Mid-Coastside, continued**

Audited financial statements of the Authority for the years ended June 30, 2024 and 2023 are available at its office in Half Moon Bay, California. The calculation of the change in investment in the District's percentage share of the Sewer Authority Mid-Coastside as of June 30, were as follows:

	<u>2024</u>	<u>2023</u>
Investment in Sewer Authority Mid-Coastside, beginning \$	5,036,039	4,708,434
Change in net position before capital contribution	<u>(2,020,669)</u>	<u>(1,412,261)</u>
<b>Basis</b>	(2,020,669)	(1,412,261)
District's percentage of capital contributions	<u>29.50%</u>	<u>29.50%</u>
<b>Loss allocation to District</b>	(596,097)	(416,617)
Share of capital contributions per agreement	582,852	598,569
Federal and state grants	<u>68,659</u>	<u>145,653</u>
<b>Net income allocation to District</b>	<u>55,414</u>	<u>327,605</u>
Investment in Sewer Authority Mid-Coastside, ending \$	<u><u>5,091,453</u></u>	<u><u>5,036,039</u></u>

**(4) Capital Assets**

Changes in capital assets for 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 2,862,979	-	-	2,862,979
Total non-depreciable assets	<u>2,862,979</u>	<u>-</u>	<u>-</u>	<u>2,862,979</u>
Depreciable assets:				
Sewer Collection System	12,843,261	-	(10,085)	12,833,176
Equipment	22,153	19,777	-	41,930
Total depreciable assets	<u>12,865,414</u>	<u>19,777</u>	<u>(10,085)</u>	<u>12,875,106</u>
Accumulated depreciation				
Sewer Collection System	(7,859,883)	(295,280)	10,085	(8,145,078)
Equipment	(22,153)	(2,471)	-	(24,624)
Total accumulated depreciation	<u>(7,882,036)</u>	<u>(297,751)</u>	<u>10,085</u>	<u>(8,169,702)</u>
Total depreciable assets, net	<u>4,983,378</u>	<u>(277,974)</u>	<u>-</u>	<u>4,705,404</u>
Total capital assets, net	<u><u>\$ 7,846,357</u></u>			<u><u>7,568,383</u></u>

Major capital assets additions and deletions during the fiscal year ended 2024 consists of additions to equipment and deletions from the sewer collection system. Depreciation expenses were charged to the District's sewer and parks fund.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(4) Capital Assets, continued**

Changes in capital assets for 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 2,862,979	-	-	2,862,979
Construction in progress	<u>545,437</u>	<u>638,522</u>	<u>(1,183,959)</u>	<u>-</u>
Total non-depreciable assets	<u>3,408,416</u>	<u>638,522</u>	<u>(1,183,959)</u>	<u>2,862,979</u>
Depreciable assets:				
Sewer Collection System	11,659,302	1,183,959	-	12,843,261
Equipment	<u>22,153</u>	<u>-</u>	<u>-</u>	<u>22,153</u>
Total depreciable assets	<u>11,681,455</u>	<u>1,183,959</u>	<u>-</u>	<u>12,865,414</u>
Accumulated depreciation				
Sewer Collection System	(7,528,299)	(331,584)	-	(7,859,883)
Equipment	<u>(22,153)</u>	<u>-</u>	<u>-</u>	<u>(22,153)</u>
Total accumulated depreciation	<u>(7,550,452)</u>	<u>(331,584)</u>	<u>-</u>	<u>(7,882,036)</u>
Total depreciable assets, net	<u>4,131,003</u>	<u>852,375</u>	<u>-</u>	<u>4,983,378</u>
Total capital assets, net	<u>\$ 7,539,419</u>			<u>7,846,357</u>

Major capital assets additions during the fiscal year ended 2023 consists of additions to the sewer collection system. Depreciation expenses were charged to the District's sewer and parks fund.

**(5) Compensated Absences**

Changes in compensated absences balance in 2024, were as follows:

	<u>Restated 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2024</u>
\$	<u>27,301</u>	<u>13,400</u>	<u>(29,400)</u>	<u>11,301</u>

Changes in compensated absences balance in 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restated 2023</u>
\$	<u>1,468</u>	<u>27,309</u>	<u>(1,476)</u>	<u>27,301</u>

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, are summarized as follows:

	<b>2024</b>		<b>2023</b>	
	<b><u>New Classic</u></b>	<b><u>PEPRA</u></b>	<b><u>New Classic</u></b>	<b><u>PEPRA</u></b>
Hire date	Prior to December 31, 2012	On or after January 1, 2013	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service		5 years of service	
Benefit payments	monthly for life		monthly for life	
Retirement age	50 - 55	52 - 62	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	2.00%	2.00%
Required employee contribution rates	6.92%	7.75%	6.92%	6.75%
Required employer contribution rates	11.84%	7.68%	10.32%	7.47%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution for the Plan is determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans**

*Contributions, continued*

For the years ended June 30, the District's employer contributions reduced its net pension liability as follows:

		<b>2024</b>	<b>2023</b>
Contributions - employer	\$	50,822	52,802

*Net Pension Liability*

As of the fiscal years ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

		<b>2024</b>	<b>2023</b>
Proportionate share of net pension liability	\$	204,826	185,455

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2024, the net pension liability of the Plan is measured as of June 30, 2023 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (the valuation date), rolled forward to June 30, 2023, using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's changes in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the fiscal years ended June 30, 2024 and 2023 with measurement dates June 30, 2023 and 2022, respectively, are as follows:

	<b>Proportionate Share</b>	
	<b>2024</b>	<b>2023</b>
Proportion – beginning of year	0.001606%	0.001601%
Change in proportionate share	0.000036%	0.000005%
Proportion – end of year	0.001642%	0.001606%

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans**

*Deferred Pension Outflows (Inflows) of Resources*

For the years ended June 30, 2024 and 2023, the District recognized pension expense of \$7,899 and credit of \$15,193, respectively. As of the fiscal years ended June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 50,822	-	52,802	-
Differences between actual and expected experience	8,840	-	1,230	-
Changes in assumptions	12,366	-	19,004	-
Difference between projected and actual earnings on plan investments	33,164	-	33,970	-
Change in employer's proportion		(5,787)		(16,758)
Differences between employer's contributions and proportionate share of contributions	26,226	-	25,892	-
Total	<u>\$ 131,418</u>	<u>(5,787)</u>	<u>132,898</u>	<u>(16,758)</u>

As of June 30, 2024 and 2023, the District reported \$50,822 and \$52,802, as deferred outflows related to pension contributions subsequent to the measurement dates June 30, 2024 and 2023, will be/were recognized as a reduction of the net pension liability for the fiscal years ended June 30, 2025 and 2024, respectively.

For the years ended June 30, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year</u>	<u>Deferred Net</u>
<u>Ending</u>	<u>Outflows(Inflows)</u>
<u>June 30,</u>	<u>of Resources</u>
2025	\$ 25,493
2026	18,373
2027	29,992
2028	951

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans, continued**

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions:

The following is a summary of the actuarial assumptions and methods:

Valuation dates	June 30, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
<b>Actuarial assumptions:</b>	
Discount rate	2024 - 6.90% 2023 - 6.90%
Inflation	2024 - 2.30% 2023 - 2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	6.90 % net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial experience survey assumptions were based	1997-2015
Post retirement benefit	COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

\* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2024 and 2023, for the PERF C was 6.90% for both years. This discount rate is not adjusted for administrative expenses.

The PERF C 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 for those pension plan's investments were 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.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans, continued**

*Discount Rate, continued*

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 and forecasted information for all funds' asset classes, expected compound (geometric) 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Return Years 1-10</u>
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Non-Cap-weighte	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	27.00
Mortgage-backed Securities	5.00	50.00
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	<u>(5.00)</u>	<u>(0.59)</u>
Total	<u>100.00</u>	

*Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate*

The following table presents the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

As of June 30, 2024, the discount rate comparison is as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
District's net pension liability \$	<u>341,404</u>	<u>204,826</u>	<u>92,410</u>

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Defined Benefit Pension Plans, continued**

*Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate, continued*

As of June 30, 2023, the discount rate comparison is as follows:

	<b>Discount Rate - 1% 5.90%</b>	<b>Current Discount Rate 6.90%</b>	<b>Discount Rate + 1% 7.90%</b>
District's net pension liability	\$ 297,152	185,455	93,556

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 37 and 38 for the Required Supplementary Information.

**(7) Net Position**

Calculation of net position as of June 30, was as follows:

	<b>2024</b>	<b>As Restated 2023</b>
Net investments in capital assets:		
Capital assets – not being depreciated	\$ 2,862,979	2,862,979
Capital assets – being depreciated	4,705,404	4,983,378
Total net investments in capital assets	7,568,383	7,846,357
Restricted - assessment district		
Cash and cash equivalents – restricted	191,721	121,532
Investments - restricted	1,435,581	1,471,508
Total restricted net position	1,627,302	1,593,040
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses	10,175	4,737
Total non-spendable net position	10,175	4,737
Spendable net position:		
Unrestricted	9,681,781	8,544,045
Total spendable net position	9,681,781	8,544,045
Total unrestricted net position	9,691,956	8,548,782
Total net position	\$ 18,887,641	17,988,179

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(8) Adjustments to Net Position**

In fiscal year 2024, the District determined it did not properly record compensated absences for the fiscal year ended 2023. As a result, the District restated its net position in the amount of \$23,515 as of June 30, 2023.

The adjustments to net position are as follows:

Net position at July 1, 2022, as previously stated	\$ 17,464,498
Effect of the adjustment to record change in compensated absences balance	(23,515)
Change in net position at June 30, 2023, as previously stated	547,196
Net position at June 30, 2023, as restated	\$ 17,988,179

In fiscal year 2023, the District determined it did not properly record amounts for Excess ERAF funds from the County of San Mateo for the fiscal years ended 2021 and 2022. As a result, the District restated its net position in the amount of \$265,134 and \$221,999 as of June 30, 2021 and 2022, respectively.

The adjustments to net position are as follows:

Net position at July 1, 2020, as previously stated	\$ 17,166,131
Effect of the adjustment to record receivable from County of San Mateo for Excess ERAF	265,134
Change in net position at June 30, 2021, as previously stated	(185,620)
Net position at June 30, 2021, as restated	17,245,645
Effect of the adjustment to reverse prior year receivable from County of San Mateo for Excess ERAF	(265,134)
Effect of the adjustment to record receivable from County of San Mateo for Excess ERAF	221,999
Subtotal adjustments to net position	(43,135)
Change in net position at June 30, 2022, as previously stated	261,988
Net position at June 30, 2022, as restated	\$ 17,464,498

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(9) 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; injuries to employees; and natural disasters. The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2024:

- General and auto liability, employment practices liability, and public officials and employees' errors and omissions: Total risk financing self-insurance and reinsurance/excess limits of \$10,000,000, combined single limit per occurrence.
- Public Officials and Management Liability up to \$1,000,000 per loss, including wrongful acts, employment practices, privacy and network security, subject to a \$2,500 deductible per loss.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, subject to a \$5,000 deductible per loss.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years, and there were no reductions in the District's insurance coverage during the fiscal years ended June 30, 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

**(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 101***

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 102***

In December 2023, the GASB issued Statement No. 102 – Certain Risk Disclosures. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 103***

In April 2024, the GASB issued Statement No. 103 – Financial Reporting Model Improvements. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 104***

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

**Granada Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(11) Commitments and Contingencies**

*Grant Awards*

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

*Litigation*

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(12) Subsequent Events**

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of May 15, 2025, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**



**Granada Community Services District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2024**  
**Last Ten Years**

<u>Description</u>	<u>Measurement Dates</u>									
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's proportion of the net pension liability	<u>0.001642%</u>	<u>0.001606%</u>	<u>0.001601%</u>	<u>0.001658%</u>	<u>0.001732%</u>	<u>0.001806%</u>	<u>0.001873%</u>	<u>0.001969%</u>	<u>0.002215%</u>	<u>0.002741%</u>
District's proportionate share of the net pension liability	<u>\$ 204,826</u>	<u>185,455</u>	<u>86,607</u>	<u>180,448</u>	<u>177,495</u>	<u>174,065</u>	<u>185,779</u>	<u>170,410</u>	<u>152,020</u>	<u>166,360</u>
District's covered payroll	<u>\$ 227,028</u>	<u>203,382</u>	<u>169,431</u>	<u>329,968</u>	<u>353,350</u>	<u>284,641</u>	<u>260,629</u>	<u>283,860</u>	<u>107,294</u>	<u>107,294</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>90.22%</u>	<u>91.19%</u>	<u>106.50%</u>	<u>174.90%</u>	<u>154.13%</u>	<u>197.52%</u>	<u>192.25%</u>	<u>174.50%</u>	<u>155.05%</u>	<u>155.05%</u>
District's proportionate share of fiduciary net position as a percentage of total pension liability	<u>76.21%</u>	<u>76.68%</u>	<u>88.29%</u>	<u>75.10%</u>	<u>75.26%</u>	<u>75.26%</u>	<u>73.31%</u>	<u>74.06%</u>	<u>78.40%</u>	<u>80.43%</u>

Notes to schedule:

Benefits changes:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that long-term expected rate of return should be determined net of pension plan investment expense but without reduction of pension plan administrative expense.

The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

The inflation rate was reduced from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

**Granada Community Services District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability, continued**  
**As of June 30, 2024**  
**Last Ten Years\***

Description	Fiscal Years Ended									
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 50,822	52,802	52,743	41,518	45,198	41,490	37,399	34,626	36,192	26,207
Contributions in relation to the actuarially determined contribution	(50,822)	(52,802)	(52,743)	(41,518)	(45,198)	(41,490)	(37,399)	(34,626)	(36,192)	(26,207)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 227,028	203,382	127,025	169,431	158,369	141,194	145,389	87,196	108,447	107,294
Contributions as a percentage of covered payroll	22.39%	25.96%	41.52%	24.20%	20.00%	22.84%	23.56%	20.66%	7.99%	7.99%
Notes to schedule:										
Valuation dates	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Methods and assumptions used to determine contribution rates:</b>										
Actuarial cost method	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)
Amortization method										
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	15 year Smoothed Market Method
Inflation	2.300%	2.300%	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.150% (3)	7.000% (3)	7.250% (3)	7.375% (3)	7.500% (3)	7.500% (3)	7.500% (3)	7.500% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

# **Report on Internal Controls and Compliance**





**C.J. Brown & Company CPAs**  
An Accountancy Corporation

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**Independent Auditor's Report on Internal Controls Over Financial Reporting  
and on Compliance and Other Matters Based on the Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Granada Community Services District  
El Granada, 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 Granada Community Services District (District), as of and for the years ended June 30, 2024 and 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 May 15, 2025.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting  
and on Compliance and Other Matters Based on the Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company, CPAs**  
Cypress, California  
May 15, 2025