

**BOLINAS COMMUNITY PUBLIC
UTILITY DISTRICT**

BOLINAS, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Basic Financial Statements	10-21
Required Supplementary Information:	
Schedule of District's Proportionate Share of the Net Pension Liability	Schedule 1 22
Schedule of Pension Contributions	Schedule 2 23

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bolas Community Public Utility District
Bolas, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Bolas Community Public Utility District (a California special district), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bolas Community Public Utility District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the California State Controller's *Minimum Audit Requirements for California Special Districts*; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Bolas Community Public Utility District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bolas Community Public Utility District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Bolas Community Public Utility District, as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, and the State Controller's *Minimum Audit Requirements for California Special Districts*.

Board of Directors
Bolin Community Public Utility District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and required supplementary information on pages 22-23, as listed in the table of contents, be presented to supplement the basic financial statements.

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

R. J. Ricciardi, Inc.

R. J Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 22, 2021

Bolas Community Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2020

General Overview

The Bolas Community Public Utility District's ("BCPUD" or "District") primary objective is to deliver a range of high-quality, cost-effective utility services to the residents of Bolas. These include, but are not limited to, municipal drinking water service; wastewater collection and treatment; solid waste management; drainage and flood control services.

BCPUD's strategic direction is set within the requirements of the California Public Utilities Code, Division 7, *The Public Utility District Act*.

This discussion and analysis of the Bolas Community Public Utility District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please review it in conjunction with the basic financial statements and notes to the statements that begin on page 10.

Using This Annual Report

The first statement in the audit report, on page 7, is titled Statement of Net Position – Business-Type Activities Enterprise Fund ("Net Position Statements"). The second statement, on page 8, is titled Statement of Revenues, Expenses and Net Position - Business-Type Activities Enterprise Fund ("Revenue and Expenses Statements"). The third statement, on page 9 is titled Statement of Cash Flows - Business-Type Activities Enterprise Fund ("Cash Flow Statements"). Following these statements are the Notes To Financial Statements ("Notes"), which provide explanations of specific items and sections of the report, as well as additional detail in tabular form. The Notes are integral to the Financial Statements.

The Net Position Statements can be seen as a snapshot of BCPUD's financial status effective June 30, 2020. It indicates the amount of cash and cash equivalents the District had on hand at the end of the fiscal period, as well as the value of the fixed assets owned by the District (buildings, equipment, land, pipelines, dams, etc.). This statement also shows total liabilities, including bills that were due at the end of the fiscal period, as well as total long-term debt. Finally, the statement shows total equity, or the net worth of the District. Assets equal Liabilities plus Net Position.

The Net Position Statements contains references to the Notes. The Notes provide additional detail and/or explanations for line items in the Net Position Statement. For example, on the Net Position Statements, under Liabilities and Net Position, there is a line item: Long-term debt, net of current portion (Note 5). The line item shows the total long-term debt, net of current portion, for the fiscal period ending June 30, 2020. Note 5 breaks the line item into current and long-term portions and includes a brief explanation of this debt, which consists of a single loan from the California Department of Public Health (now known as the State Water Resources Control Board); the loaned funds were used by the District to finance a water system improvement project (i.e., the relocation of the Terrace Avenue Water Main, which was threatened by coastal bluff erosion).

The Revenue and Expenses Statements shows the specific sources of income for the past fiscal year, and the specific operational targets of expenses. It also indicates that BCPUD had a Net Operating Income of \$213,121 for the period ending June 30, 2020.

The Cash Flow Statements provides a detailed picture of adjustments to and changes in the District's cash position for the fiscal period. The first line item under Reconciliation Of Net Operating Income To Net Cash Provided By Operating Activities shows the Net Operating Income figure from the Revenue and Expenses Statements. That can also be derived from the Cash Flow Statements' two line items - Net Cash Provided by Operating Activities minus Total Adjustments.

Bolinas Community Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2020

Financial Highlights

Table 1
Business-type Net Position

	Business-type Activities Enterprise Fund	
	2020	2019
Current and other assets	\$ 2,585,024	\$ 2,525,949
Capital assets	<u>5,015,630</u>	<u>4,743,174</u>
Total assets	<u>7,600,654</u>	<u>7,269,123</u>
Deferred outflows of resources	<u>186,151</u>	<u>129,951</u>
Current liabilities	230,351	174,023
Long-term liabilities	<u>1,233,678</u>	<u>1,178,061</u>
Total liabilities	<u>1,464,029</u>	<u>1,352,084</u>
Deferred inflows of resources	<u>116,104</u>	<u>82,452</u>
Net position:		
Invested in capital assets, net of related debt	4,456,878	4,133,772
Restricted	1,350,956	31,009
Unrestricted	<u>398,838</u>	<u>1,799,757</u>
Total net position	<u>\$ 6,206,672</u>	<u>\$ 5,964,538</u>

The District's business-type net position amounted to \$6,206,672 as of June 30, 2020, an increase of \$242,134 from 2019. This increase is the Change in Net Position reflected in the Business-Type Activities column of the Statement of Activities shown in Table 2.

The District's financial statements for the period ending June 30, 2020 continue to reflect the implementation of the Governmental Accounting Standards Board ("GASB") Statement No. 68 (known as "GASB 68"), which revised and established new financial reporting requirements for governments that provide their employees with pension benefits, effective as of the 2015 fiscal year. Significantly, GASB 68 requires that employers recognize a liability as employees earn their pension benefits (that is, as they provide services to the government). Specifically, employers are required to recognize their net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The District's Statements of Net Position on page 7 and the accompanying Note 4 reflect these requirements and were determined on the basis of information provided to the District by CalPERS (including CalPERS's actuarial assumptions as detailed in Note 4), the pension plan provider/administrator. The District's proportionate share of net pension liability for the period ending June 30, 2020 was \$674,926.

Table 2
Changes in Business-Type Net Position

	Business-Type Activities 2020	Business-Type Activities 2019	Change
	Operating revenues	\$ 1,778,292	
Operating expenses	<u>1,565,171</u>	<u>1,680,840</u>	<u>115,669</u>
Net operating income (loss)	<u>\$ 213,121</u>	<u>\$ 186,892</u>	<u>\$ 26,229</u>
Investment and other income	\$ 35,771	\$ 38,392	\$ (2,621)
Interest and other expenses	<u>-</u>	<u>(15,720)</u>	<u>15,720</u>
Non-operating net income	<u>\$ 35,771</u>	<u>\$ 22,672</u>	<u>\$ 13,099</u>

Bolinas Community Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year ended June 30, 2020

- The District's operating revenue (see page 8, Revenues and Expenses Statement) for the period ending June 30, 2020 decreased overall as compared to the period ending June 30, 2019 due to: decreases in grant income for a hazardous fuels reduction project.

Operating expenses for the District decreased by \$115,669 over the period ending June 30, 2019 (see page 8, Revenue and Expenses Statements) due primarily to the costs incurred by the District to perform the abovementioned hazardous fuels reduction project in the prior year.

- Depreciation expense was \$273,583 for the fiscal year ended June 30, 2020. See Note 3 of the financial statements for detail of non-depreciable assets (land), and depreciable assets (plant, system and other equipment, and vehicles) with additions during the year, and accumulated depreciation expense.
- The Table 2 above compares total operating revenue and expenditures for the fiscal years ending June 30, 2020 and June 30, 2019 and illustrates the District's net operating income of \$213,121 for the period ending June 30, 2020 as compared to the District's net operating income of \$186,892 for the period ending June 30, 2019.
- The Table 3 below depicts the District's capital assets at year end as compared to the fiscal year ended June 30, 2019 and reflects the District's capital improvement expenditures during the year to rehabilitate one of its water storage tanks and improve its wastewater treatment facility.

GASB Statement No. 34 requires the District to record all its capital assets, which were not recorded in prior years. At the end of fiscal year 2020, the cost of infrastructure and other capital assets recorded in the District's financial statements was as shown in Table 3 below:

Table 3
Capital Assets at Year End

	<u>2020</u>	<u>2019</u>
Land	\$ 328,006	\$ 328,006
Construction in progress	1,000,768	495,021
Sewer and water collection system	1,466,674	1,466,674
Transmission and distribution	3,320,049	3,279,762
Water and sewer treatment plant	4,008,645	4,008,645
Structures and other equipment	1,329,369	1,329,369
Shoreline Protection Facility	<u>641,581</u>	<u>641,581</u>
Subtotal	12,095,092	11,549,058
Accumulated depreciation	<u>(7,079,462)</u>	<u>(6,805,879)</u>
Net capital assets	<u>\$ 5,015,630</u>	<u>\$ 4,743,179</u>

Long-Term Debt - At year end, the District had \$558,752 in long term obligations as reported in Table 4 below. More detailed information regarding the District's long-term liabilities can be found in Note 5 of the financial statements.

Table 4
Long-Term Debt at Year End

	<u>2020</u>	<u>2019</u>
Clean Renewable Energy Bond (Wastewater)	\$ 56,500	\$ 70,625
Clean Renewable Energy Bond (Water)	151,249	189,062
California Department of Public Health	<u>351,003</u>	<u>372,938</u>
Total	<u>\$ 558,752</u>	<u>\$ 632,625</u>

Bolinas Community Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2020

Economic Outlook and Major Initiatives

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and the capital improvement needs of the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability. The District will continue to maintain a watchful eye over expenditures and remains committed to sound fiscal management practices to deliver the highest quality service to its customers.

This financial report is designed to provide a general overview of the District's fiscal situation for all those with an interest in the BCPUD's finances. Questions concerning any of the information in this report, or requests for additional financial information should be addressed to: General Manager, Bolinas Community Public Utility District, P.O. Box 390, Bolinas, California 94924.

Bolin Community Public Utility District
(A California Public Utility District)
STATEMENT OF NET POSITION
Business-Type Activities
Enterprise Fund
For the Year Ended June 30, 2020

ASSETS

Current assets:	
Cash and investments (Note 2)	\$ 1,177,388
Restricted cash and investments (Note 2):	
Debt service	63,095
Capital projects	1,287,861
Total cash and investments	2,528,344
Accounts receivable	40,175
Prepaid expenses	40
Total current assets	2,568,559
Loan fees, net of accumulated amortization	16,465
Capital assets (Note 3):	
Non-depreciable assets	1,328,774
Depreciable assets (net of depreciation)	3,686,856
Total assets	7,600,654

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - Pension (Note 4)	186,151
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LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	175,147
Accrued salaries and vacation	52,022
Fiscal agency funds	3,182
Total current liabilities	230,351
Long-term liabilities:	
Due within one year (Note 5)	63,095
Due in more than one year (Note 5)	495,657
Net pension liability (Note 4)	674,926
Total long-term liabilities	1,233,678
Total liabilities	1,464,029

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - Pension (Note 4)	116,104
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Net position:	
Net investment in capital assets	4,456,878
Restricted	1,350,956
Unrestricted	398,838
Total net position	\$ 6,206,672

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

Bolin Community Public Utility District
(A California Public Utility District)
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Business-Type Activities
Enterprise Fund
For the Year Ended June 30, 2020

Operating revenues:	
Water, sewer and septic service	\$ 1,185,955
Property taxes and special assessments (Note 6)	442,228
Resource recovery revenue	122,723
Grant income	2,000
Other revenue	25,386
Total operating revenues	<u>1,778,292</u>
Operating expenses:	
Salaries	570,159
Employee benefits	314,689
Insurance	25,880
Plant expenses	133,831
Power and fuel	29,804
Office expense	41,446
Trucks	5,549
Professional fees	56,198
Directors' fees	15,000
Depreciation (Note 3)	273,583
Fire fuel reduction project	-
Other expenses	99,032
Total operating expenses	<u>1,565,171</u>
Operating income (loss)	<u>213,121</u>
Non-operating revenues (expenses):	
Amortization	(6,758)
Interest income	44,236
Interest expense	(8,465)
Total non-operating revenues (expenses)	<u>29,013</u>
Changes in net position	<u>242,134</u>
Net position, beginning of period	<u>5,964,538</u>
Net position, end of period	<u>\$ 6,206,672</u>

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

Bolin Community Public Utility District
(A California Public Utility District)
STATEMENT OF CASH FLOWS
Business-Type Activities
Enterprise Fund
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 1,776,307
Payments to employees	(847,847)
Payments to suppliers	<u>(280,471)</u>
Net cash provided (used) by operating activities	<u>647,989</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(40,287)
Change in construction in progress	(505,747)
Payments on long-term debt	(73,873)
Interest paid on long-term debt	<u>(8,465)</u>
Net cash provided (used) by capital and related financing activities	<u>(628,372)</u>
Cash flows from investing activities:	
Interest earned	<u>44,231</u>
Net cash provided by investing activities	<u>44,231</u>
Net increase (decrease) in cash and cash equivalents	63,848
Cash and cash equivalents - beginning of period	<u>2,464,496</u>
Cash and cash equivalents - end of period	<u>\$ 2,528,344</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ 213,121
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	273,583
Changes in certain assets and liabilities:	
Accounts receivable	(1,985)
Prepaid expenses	-
Deferred outflow of resources - pension plan	(56,200)
Accounts payable	126,269
Accrued salaries and vacation	3,932
Deferred inflow of resources - pension plan	33,652
Net pension liability	<u>55,617</u>
Total adjustments	<u>434,868</u>
Net cash provided (used) by operating activities	<u>\$ 647,989</u>

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

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of District

Bolinas Community Public Utility District (the District) was organized in 1967 by taxpayers and residents of the District pursuant to the Health and Safety Code of the State of California. Its function is to provide water, sewer, and other utility services to the community and maintain programs to fulfill these obligations. Members of the board of directors are elected to four year terms and serve as the District's local governing body. The District is subject to the laws, regulations and guidelines as set forth by the State Controller's Office. Major sources of revenue for the District include water and sewer service charges and property taxes.

B. The Reporting Entity

The financial statements consist of the District's proprietary enterprise fund, which consists of the maintenance, operation and expansion of the water and sewer public utility system. These services are proprietary in nature and are maintained as an enterprise fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

The proprietary enterprise fund financial statements required by GASB No. 34 are reported using the "flow of economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statements of Financial Position. The Statement of Revenues, Expenses, and Net Position presents changes in fund equity. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

D. Net Position

The proprietary enterprise fund financial statements utilize a net position presentation. Net position categories are as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- Restricted Net Position - This component of net position consists of amounts with constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of net positions that do not meet the definition of restricted or net investment in capital assets. This may include amounts board-designated to be reported as being held for a particular purpose.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

The District adopts an annual budget for the Enterprise Fund.

The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expense, and non-operating income and expense items are not considered.

F. Accounts Receivable

The District bills the local residents for water usage on a quarterly basis and bills on behalf of the Resource Recovery Project for resource recovery services on a monthly basis. Water customers delinquent for over one billing period receive notices and face discontinuance of their services. Management believes all amounts are collectible and, accordingly, there is no provision for uncollectible accounts reflected herein.

G. Capital Assets

Capital assets in excess of \$2,000 are stated at cost of acquisition. Significant improvements or betterments to existing assets are capitalized; maintenance and repairs that do not extend the useful lives of the assets are charged to operations. Costs incurred during the construction phase of a project, including interest paid, are included in the construction in progress account and upon completion of the project are transferred to capital assets.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position – Business-type Activities Enterprise Fund as a reduction in the book value of capital assets. Depreciation is charged as an operating expense on the Statement of Revenue, Expenses and Net Position - Business-type Activities Enterprise Fund.

H. Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

I. Limited Risk Pooled Self-Insurance

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority. Through this Association the District has acquired liability, public officials' liability, property and workers' compensation insurance of which the first layer of coverage is pooled self-insurance. All claims above the first layer are covered by Joint Powers acquired insurance policies and the District's liability is limited to the premiums paid out plus a self-insured retention which is similar to a deductible.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Pensions

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

L. Reclassifications

Certain balances at, and for the year ended June 30, 2019, were reclassified to conform with June 30, 2020, balances.

M. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

N. Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the District's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District maintains a fiscal services and deposit account with California Bank and Trust, several money market and checking accounts with the Bank of Marin, an account with Local Agency Investment Fund, and all other funds are on deposit with the County of Marin investment pool, which is entirely insured or collateralized by the custodial bank with pooled securities designating the County of Marin as beneficiary in case of default. Cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield. The Marin County Treasurer’s Pool is not SEC-registered, but is invested in accordance with California State Government Code, and the Marin County Treasurer’s Investment Policy.

California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually. Additionally, the Investment Pool is rated by Fitch Ratings and has a “AAA/VI+” rating.

All pooled cash is entirely collateralized. The County of Marin’s investment pool consists of Treasury Bills, Federal Agency Securities, Negotiable Certificates of Deposit, Bankers Acceptances, and Commercial Paper. There are no repurchase agreements, investments in foreign currency, or derivative financial products.

These funds have been segregated into various accounts and at June 30, 2020, the balances were as follows:

	2020
Cash:	
Demand accounts	\$ 592,845
LAIF	584,543
Total	\$ 1,177,388
	2020
Restricted cash:	
Demand accounts	\$ 63,095
Marin County Treasury	1,287,861
Total	\$ 1,350,956

Cash deposits held at financial institutions can be categorized according to three levels of risk:

- 1) Deposits which are insured or collateralized with securities held by the District or by its agent in the District’s name.
- 2) Deposits which are collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.
- 3) Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District’s cash deposits are classified as Category 1.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (concluded)

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Both the California Local Agency Investment Fund (LAIF) and the County of Marin’s investment pool are classified as exempt in the fair value hierarchy, as they are valued at amortized cost, which is exempt from being classified under GASB 72.

NOTE 3 - CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2020 and 2019.

<u>Business-type Activities</u>	<u>Balance</u> <u>6/30/19</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/20</u>
Capital assets, not being depreciated:				
Land	\$ 328,006	\$ -	\$ -	\$ 328,006
Construction in progress	<u>495,021</u>	<u>505,747</u>	<u>-</u>	<u>1,000,768</u>
Total capital assets, not being depreciated	<u>823,027</u>	<u>505,747</u>	<u>-</u>	<u>1,328,774</u>
Capital assets, being depreciated:				
Sewer and water collection system	1,466,674	-	-	1,466,674
Transmission and distribution	3,279,762	40,287	-	3,320,049
Water and sewer treatment plants	4,008,645	-	-	4,008,645
Structures and other equipment	1,329,369	-	-	1,329,369
Shoreline protection facility	<u>641,581</u>	<u>-</u>	<u>-</u>	<u>641,581</u>
Total capital assets, being depreciated	<u>10,726,031</u>	<u>40,287</u>	<u>-</u>	<u>10,766,318</u>
Total accumulated depreciation	<u>(6,805,879)</u>	<u>(273,583)</u>	<u>-</u>	<u>(7,079,462)</u>
Total capital assets being depreciated – net	<u>3,920,152</u>	<u>(233,296)</u>	<u>-</u>	<u>3,686,856</u>
Capital assets – net	<u>\$ 4,743,179</u>	<u>\$ 272,451</u>	<u>\$ -</u>	<u>\$ 5,015,630</u>

NOTE 4 - PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government 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 the CalPERS website.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - PENSION PLAN (continued)

A. General Information about the Pension Plans (concluded)

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. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensations	2.0%	2.0%
Required employee contribution rates	7.0%	6.75%
Required employer contribution rates	8.081%	6.985%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
Contributions - employer	\$89,777

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 674,926

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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 plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020, was as follows:

	Miscellaneous
Proportion - June 30, 2019	0.017150%
Proportion - June 30, 2020	0.016451%
Change – Increase (Decrease)	(0.00070%)

For the year ended June 30, 2020, the District recognized pension expense of \$33,068. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 89,777	\$ -
Differences between actual and expected experience	46,876	(3,632)
Changes in assumptions	32,184	(11,409)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(89,263)
Adjustments due to differences in proportions	17,314	-
Net differences between projected and actual earnings on plan investments	-	(11,800)
Total	\$ 186,151	\$ (116,104)

\$89,777 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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>Year Ended June 30</u>			
2021		\$	17,216
2022			(32,094)
2023			(7,235)
2024			2,383
Thereafter			-

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 4 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (continued)

Actuarial Assumptions - The June 30, 2018, valuation was rolled forward to determine the June 30, 2019, total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5%
Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies

* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. For more details on this table, please refer to the December 2017 experience study report.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the 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.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (continued)

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

<u>Asset Class (a)</u>	<u>Allocation</u>	<u>Real Return Years 1-10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	-	0.77%	1.91%
Private equity	8%	6.30%	7.23%
Real assets	13%	4.75%	4.93%
Liquidity	1%	-	-0.92%
Total	<u>100%</u>		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.00% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, 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 1 percentage point lower or 1 percentage point higher than the current rate:

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 4 - PENSION PLAN (concluded)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (concluded)

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$1,075,016
Current Discount Rate	7.15%
Net Pension Liability	\$674,926
1% Increase	8.15%
Net Pension Liability	\$344,679

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan - At June 30, 2020, the District reported no amounts payable for the outstanding amount of contributions to the pension plan required for the year then ended.

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt as of June 30, 2020:

	June 30, 2019	Additions	Retirements	June 30, 2020	Current
Clean Renewable Energy Bond	\$ 70,625	\$ -	\$ 14,125	\$ 56,500	\$ 14,125
Clean Renewable Energy Bond	189,062	-	37,813	151,249	37,812
CA Dept of Public Health	<u>372,938</u>	<u>-</u>	<u>21,935</u>	<u>351,003</u>	<u>11,158</u>
Total	<u>\$ 632,625</u>	<u>\$ -</u>	<u>\$ 73,873</u>	<u>\$ 558,752</u>	<u>\$ 63,095</u>

On August 1, 2008, the District received funds from Municipal Finance Corporation for two issuances of Clean Renewable Energy Bonds (CREBs). These funds were used for the purchase and installation of solar arrays at the District's water treatment plant and at the wastewater treatment facility. The loan agreements require annual installment payments of principal-only beginning December 16, 2008, with the last payment due August 1, 2023.

Principal payments on the bonds for the succeeding five years and thereafter are as follows:

<u>Year ending June 30,</u>					
2021				\$	51,938
2022					51,938
2023					51,938
2024					<u>51,935</u>
Total				<u>\$</u>	<u>207,749</u>

The annual debt service on the CREBs bonds is funded through savings in power costs.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT (concluded)

The California Department of Public Health (CDPH) approved a loan for a maximum amount of \$485,000. The loan funds are part of the Safe Drinking Water State Revolving Fund, and were used to pay for one of the District’s water construction projects. Interest is 2.3035% per annum; interest-only payments began after payment of the first claim by CDPH to the District. Semi-annual principal and interest payments of \$15,200 began upon completion of the project in July 2014 and will be due in semiannual payments for 20 years.

The following is a schedule of the maturities of the notes payable for the succeeding five years and thereafter:

<u>Year ending June 30,</u>		
2021	\$	11,157
2022		22,702
2023		23,228
2024		23,766
2025		24,317
Thereafter		<u>245,833</u>
Total	\$	<u>351,003</u>

NOTE 6 - PROPERTY TAXES

Property taxes are assessed, collected and distributed by the County of Marin in accordance with legislation. Secured property taxes are attached as an enforceable lien on real property located in the County of Marin as of March 1. Secured property taxes are levied each November 1 on the assessed value of the real property as of prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date. Under California law, secured property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and then allocated to the District based upon complex formulas.

Unsecured property taxes are levied throughout the year beginning March 1 on the assessed value of personal property as of March 1. For unsecured property tax bills issued between March 1 and June 30, the amount is payable by August 31. For unsecured property tax bills issued after June 30, the amount of the tax is due 30 days after the bill is issued, but no later than February 28/29.

Special assessment charges are incorporated on the property tax bill, and therefore are attached as an enforceable lien on real property located within the District. Special assessment charges are due in two installments on December 10 and April 10 following the assessment date. The special assessments are collected and distributed to the District by the County of Marin.

Effective July 1, 1993, the District, in addition to other districts, entered into an agreement (hereafter known as the “Teeter Plan”) with the County of Marin whereby the County agreed to purchase without recourse all previously outstanding (net of all adjustments) secured delinquent property tax and special assessment receivables, penalties and interest of the districts as of June 30, 1993. Additionally, the County agreed to advance each district its share of the annual gross levy of secured property taxes and special assessments (net of adjustments) billed through the County’s Tax Collector for the fiscal year ended June 30, 1996, and for each subsequent fiscal year of the agreement. In consideration, the District gives the County of Marin its right to penalties and interest on delinquent property tax receivables and actual proceeds collected. This agreement is still operational as of the fiscal year ended June 30, 2020.

Bolinas Community Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the District paid the members of the Board of Directors a monthly Directors' fee. For each of the years ended June 30, 2020 and 2019, \$15,000 was paid in Directors' fees.

NOTE 8 - DEFERRED COMPENSATION PLAN

The District provides a deferred compensation plan (the "Plan") according to Internal Revenue Code Section 457. The Plan is available to all employees and permits the deferral of a portion of the participating employees' salaries. Deferred amounts may not be withdrawn until termination, retirement, death or unforeseeable emergency. Prior to August 20, 1996, the assets of the Plan were owned by the District and were subject to claims from general creditors. On August 20, 1996, President Clinton signed into law changes affecting Internal Revenue Code Section 457. New plans, which have been amended to comply with the new provisions, require the plans to hold the assets in trust for the exclusive benefit of the participant and their beneficiaries. The District has an obligation to ensure that the Plan's funds are prudently managed and invested. Participating employees may direct Plan investments to several categories of investment mutual funds provided by the Plan's trustee. Since the assets of the Plan are no longer available to general creditors, the respective assets and liabilities have been removed from these financial statements.

Bolinas Community Public Utility District
As of June 30, 2020
Last 6 Years

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

<u>Measurement Date</u>	2019	2018	2017	2016	2015	2014
Schedule of the Proportionate Share of the Net Pension Liability						
Proportion of the net pension liability	0.0016450%	0.0017150%	0.0017250%	0.0017550%	0.0018313%	0.0076300%
Proportionate share of the net pension liability	\$ 674,926	\$ 619,309	\$ 641,364	\$ 551,771	\$ 411,538	\$ 474,834
Covered - employee payroll	\$ 445,020	\$ 478,295	\$ 437,041	\$ 410,462	\$ 404,341	\$ 412,174
Proportionate share of the net pension liability as a percentage of covered-employee payroll	151.66%	129.48%	146.75%	134.43%	101.78%	115.20%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	77.69%	76.79%	78.16%	83.52%	80.29%

NOTES TO SCHEDULE:

Changes in Benefit Terms - None

Changes in Assumptions-None

*Schedule is intended to show information for 10 years. Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

Bolinas Community Public Utility District
As of June 30, 2020
Last 6 Years
SCHEDULE OF CONTRIBUTIONS

<u>Fiscal Year End</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SCHEDULE OF CONTRIBUTIONS</u>						
Contractually required contribution (actuarially determined)	\$ 89,777	\$ 45,631	\$ 30,645	\$ 28,625	\$ 50,081	\$ 42,360
Contributions in relation to the actuarially determined contributions	<u>89,777</u>	<u>45,631</u>	<u>30,645</u>	<u>28,625</u>	<u>50,081</u>	<u>42,360</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll during the fiscal year	\$ 445,020	\$ 619,309	\$ 437,041	\$ 410,462	\$ 404,341	\$ 412,174
Contributions as a percentage of covered-employee payroll	20.17%	7.37%	7.01%	6.97%	12.39%	10.28%

NOTES TO SCHEDULE:

Valuation date	6/30/2019
<u>Methods and assumptions used to determine contribution rates:</u>	
Single and Agent Employers Example	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	5 years
Asset valuation method	5-year straight-line
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Retirement age	50-63
Mortality	Derived from CalPERS' Membership Data

*Schedule is intended to show information for 10 years. Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.