

Financial Statements as of June 30, 2019

Handout

Agenda Item 5

Date January 16, 2020



Protecting public health and the environment by providing effective
wastewater collection, treatment, and recycling services

Cropper Accountancy Corporation

Items worthy of discussion

- Unmodified Opinion (pages 1 – 2)
- Communication with Those Charged with Governance (SAS 114)
 - Sensitive estimates
 - Pension, Other Post-Employment Benefits, and Depreciation
 - Sensitive disclosures
 - Pension, OPEB, Commitments/Contingencies, and iBank loan
- Communication with Those Charged with Governance (SAS 114)

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FY 2018 - 2019

| | |
|------------------------|----------------------|
| Operating Revenues | \$ 14,335,245 |
| Non-Operating Revenues | <u>1,970,392</u> |
| Total Revenues | 16,305,637 |
| Operating Expenses | (8,692,030) |
| Non-Operating Expenses | (856,897) |
| Capital Contributions | <u>637,037</u> |
| Change in Net Position | 7,393,747 |
| Beginning Net Position | <u>73,958,043</u> |
| Ending Net Position | <u>\$ 81,351,790</u> |

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STATEMENT OF NET POSITION JUNE 30, 2019

| | 2019 |
|----------------------------------|----------------------|
| Current Assets | \$ 68,828,159 |
| Non-Current Assets | <u>70,655,747</u> |
| Total Assets | 139,483,906 |
| Deferred Outflows | <u>1,380,122</u> |
| Total Assets & Deferred Outflows | 140,864,028 |
| Current Liabilities | (5,758,439) |
| Non-Current Liabilities | <u>(53,242,942)</u> |
| Total Liabilities | (59,001,381) |
| Deferred Inflows | <u>(510,857)</u> |
| Total Liabilities & Def. Inflows | <u>(59,512,238)</u> |
| Total Net Position | <u>\$ 81,351,790</u> |

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NET POSITION

| Components of Net Position at June 30, 2019 | |
|---|----------------------|
| Net Investment in Capital Assets | \$ 18,764,185 |
| Restricted | |
| For construction of capital assets | 36,628,065 |
| For debt service | 887,944 |
| Unrestricted | <u>25,071,596</u> |
| Total Net Position | <u>\$ 81,351,790</u> |

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Long-term Debt

| | Muni Finance Corp | Bank of Marin \$4.6M | Bank of Marin \$2.0M | State Revolving Fund | 2017 Revenue Bonds | Bond Premium | Total |
|---------------------|-------------------|----------------------|----------------------|----------------------|--------------------|--------------|--------------|
| Principal 7/1/2018 | \$ 4,978,800 | \$ 3,380,752 | \$ 915,029 | \$ 3,291,572 | \$37,415,000 | \$ 2,882,139 | \$52,863,292 |
| Additions | - | - | - | - | - | - | - |
| Reductions | (535,000) | (203,316) | (208,316) | (196,592) | (950,000) | (121,353) | (2,214,577) |
| Principal 6/30/2019 | \$ 4,443,800 | \$ 3,177,436 | \$ 706,713 | \$ 3,094,980 | \$36,465,000 | \$ 2,760,786 | \$50,648,715 |

*The District has entered into an agreement with iBank for a \$12 million loan and has made a payment of principal and interest in August 2019, however, none of these funds have been received, and are not anticipated to be received for at least two years. Showing this on the Statement of Net Position would result in a gross up of long-term debt and long-term receivables.

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Management Letter (SAS 115)

- One material weakness noted
 - 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.
- Three Significant Deficiencies
 - 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

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