

# Inverness Public Utility District

Fire Department  Water System  
50 Inverness Way North • P.O. Box 469 • Inverness CA 94937 • (415) 669-1414

## Board of Directors

Wednesday, April 22, 2020

## AGENDA

9:00 a.m.

## Regular Meeting

Teleconference

<https://www.uberconference.com/invernesspub>

Conference Call in Number - [707-203-0270](tel:707-203-0270)

### Opening

1. **Call to Order; Attendance Report**
2. **Public Expression:** Opportunity for members of the public to address the Board on matters under the Board's jurisdiction but not on the posted agenda. Directors or staff "**may briefly respond to statements made or questions posed**" during Public Expression, but "**no action or discussion shall be undertaken on any item not appearing on the posted agenda**" (Gov. Code §54954.2(a)(3)). Members of the public may comment on any item listed on the posted agenda at the time the item is considered by the Board.
3. **Approval of Minutes:** Regular meeting of February 26, 2020 and Regular meeting of March 25, 2020

### The State of the District

4. **Management Report:** Shelley Redding, Jim Fox
  - February & March 2020 Financial Reports
  - Tenney Tank Project status update
  - West Marin Water System Mutual Aid Network
5. **Water System Report, February & March 2020:** Administrator Redding & Senior Water Operator K. Fox
  - Water Accounts Receivable Report
  - 3-Year comparison graph
6. **Fire Department Report, January, February & March 2020:** Chief J. Fox

### The Business of the District

7. **Temporary water service policy and application**
8. **Trossach Way road repair request**
9. **2018/2019 Financial Audit Report**
10. **Approval of Expenditures and Credit Card Charges:** February & March 2020

### Closing

11. **Committee Meetings/Reports**
12. **Announcements, Next Meeting, Adjournment**

---

Material provided in the meeting packet is available on the District's website, [www.invernesspub.org](http://www.invernesspub.org), or by contacting the District office.

Items may not be taken up in the order shown on this Agenda.

For assistance in participating in this event due to a disability as defined under the ADA, please call in advance to (415) 669-1414.

## THE PUBLIC IS CORDIALLY INVITED TO ATTEND THIS MEETING

**Board of Directors:** Kenneth J. Emanuels, President • Dakota Whitney, Vice President  
Kathryn Donohue, Treasurer • Brent Johnson • David Press



Shelley Redding, Administrator/Clerk of the Board  
James K. Fox, Chief of Operations (Fire Chief, Water System Superintendent)



# Inverness Public Utility District

*Fire Department ~ Water System*

Post Office Box 469

Inverness, CA 94937-0469

50 Inverness Way No. ~ (415) 669-1414 ~ Fax (415) 669-1010

admin@invernesspud.org ~ www.invernesspud.org

**APRIL 17, 2020**

## **IPUD Board Meeting – Teleconferencing Protocol**

To join the Uberconference meeting by video, copy this URL into your browser:

<https://www.uberconference.com/invernesspud>

or, you can participate by phone only: Conference Call in Number - [707-203-0270](tel:707-203-0270)

The following guidelines are provided to help teleconference meetings to be productive and understandable:

1. Roll call will be taken after the meeting is called to order.
2. Individuals will request to be recognized by the Chair before making a comment or asking a question.
3. Each action item requires a roll call vote.
4. Participants are reminded not to talk over each other, wait until each person speaking is finished before starting a new comment.

**Board of Directors:** **Kenneth J. Emanuels**, President • **Dakota Whitney**, Vice President  
**Kathryn Donohue**, Treasurer • **Brent Johnson** • **David Press**



**Shelley Redding**, Administrator • **James K. Fox**, Chief of Operations (Fire Chief, Water Superintendent)



Inverness Public Utility District  
Board Meeting April 22, 2020

---

Agenda Item No. 1

**Call to Order;**

**Attendance Report**



Inverness Public Utility District  
Board Meeting April 22, 2020

---

## Agenda Item No. 2

# Public Expression

Opportunity for members of the public to address the Board on matters under the Board's jurisdiction but not on the posted agenda.

*Directors or staff "may briefly respond to statements made or questions posed" during Public Expression, but "no action or discussion shall be undertaken on any item not appearing on the posted agenda" (Gov. Code §54954.2(a)(3)).*

Members of the public may comment on any item listed on the posted agenda at the time the item is considered by the Board.



Inverness Public Utility District  
Board Meeting April 22, 2020

---

## Agenda Item No. 3

**Regular Meeting February 26, 2020**

**And**

**Regular Meeting March 25, 2020**

**Minutes Approval**



## Inverness Public Utility District

Fire Department ☒ Water System

50 Inverness Way North, P.O. Box 469, Inverness CA 94937 • (415) 669-1414

### Board of Directors Minutes, Regular Meeting Wednesday, February 26, 2020, 9:00 a.m.

#### 1. Call to Order

President Emanuels called the meeting to order at the Inverness Firehouse at 9:04 a.m.

#### Attendance Report

Directors Present: Kenneth J. Emanuels, Dakota Whitney, Kathryn Donohue, David Press

Directors Absent: Brent Johnson

Staff Present: Shelley Redding, Clerk and Administrator; Jim Fox, Chief of Operations; Wade Holland, Customer Services Manager; John Roche, Fire Services Officer; Ken Fox (arrived at 10:05), Senior Water Operator

#### 2. Public Expression:

Woody Elliott expressed praise for the efforts by the staff and volunteers in hosting and assisting with the search and rescue efforts of the missing couple in Seahaven the previous week. The sentiment was concurred by everyone in attendance.

#### 3. Approval of Minutes: Regular Meeting of January 22, 2020

*M/S Donohue/Press to approve the minutes of the regular meeting of January 22, 2020, as submitted. AYES 4, NOES 0*

#### 4. Management Report

Administrator/Clerk Redding and Jim Fox reported on the following items:

- **Financial Reports January 2020:** Financial reports were presented for review. Clerk Redding noted that the expenses for supplies have exceeded budget due to the ongoing project to repair damage at D4 from a slide three years ago. The project will be converted into a capital project and presented for approval by the Board at the next Board meeting.
- **Audit Report:** Clerk Redding reported that the 2018/19 audit has been completed and a draft of the report is expected from the auditor by the end of February or early in March. President Emanuels asked if there were any observations of note. Clerk Redding reported that the auditor has noted that having the Administrator code invoices, perform bookkeeping duties, and sign checks is not recommended; however, the District's policies for monthly and quarterly review of the financial reports by the Board as a whole and the Treasurer in particular provide a safeguard against potential fraudulent behavior.
- **Search and Rescue Operation:** Chief Fox detailed the events related to the missing couple from Seahaven that started on Sunday, February 16, and ended with their

Board of Directors: Kenneth J. Emanuels, President • Dakota Whitney, Vice President  
Kathryn Donohue, Treasurer • Brent Johnson • David Press

Shelley Redding, Administrator • James K. Fox, Chief of Operations

rescue on Saturday, February 22. He described the role of the Inverness Fire Department's volunteers in guiding the SAR personnel through the terrain, assisting with the establishment and operation of the command center at the Inverness Firehouse, and providing assistance as needed to command staff. Chief Fox expressed his admiration for the search and rescue teams, their organization, use of tools and technology, and their cooperation with other agency personnel.

**5. Water System Report (January 2020)**

Superintendent J. Fox presented the report prepared by Senior Water Operator K. Fox. It was noted that because the area had good rainfall during the fall, streamflows are adequate for now, but the lack of rain in February is concerning. Clerk Redding reported that the requested graphs with comparisons are in process and should be available for the next Board meeting in March.

**6. Fire Department Report (January 2020)**

The Fire Department report was delayed and will be provided at the next Board meeting.

**7. Resolution 251-2020: Designating the District's Administrator to Act in Place of the General Manager**

*M/S Whitney/Press to adopt Resolution 251-2020 as proposed. AYES 4, NOES 0*

**8. Tenney Tank Project:**

**Report from Ad Hoc Committee:** Clerk Redding presented the minutes of the January 31 meeting of the ad hoc committee on the Tenney Tank project, the application for a DWSRF loan for the project, and the need for an increase in customer revenue. The committee's report outlined specific items to be accomplished in order to move forward with the project. Clerk Redding reported that an application has been submitted to the County's Community Development Agency to extend the vesting period for the project's coastal permit, which expires in June. This will necessitate a new public hearing before a Deputy Zoning Administrator. Director Press offered his assistance with regard to the required spotted owl survey that will be needed prior to commencement of construction.

**a. Trossach Way roadway restoration:** Trossach Way resident Tom Baty addressed the Board asked the Board to consider his written request that the District formally commit funds to restoration of the Trossach Way roadway after completion of the Tenney Tank Project. He described his concerns in relation to the timing of the District's project and the construction of a new residence on Trossach Way that may also begin during the same time period. President Emanuels acknowledged receipt of Mr. Baty's written request, thanked him for his input and concern, and noted the District's commitment to fulfilling its appropriate obligations to repair of roadways upon completion of District projects. He instructed staff to refer Mr. Baty's request to counsel for guidance on how to proceed.

**b. Drinking Water State Revolving Fund (DWSRF) loan application:** Customer Services Manager Holland reported that the State Water Board's legal counsel has provided to our counsel a draft of the financing agreement for the loan the District is hoping to receive in order to pursue the project. Peter Sproul, for our legal counsel, has completed an initial review of the agreement and sent our staff some specific items of note. He also has some questions that he will take up directly with the Water Board's counsel. It is anticipated that a financing

agreement acceptable to counsels for both sides will be available for action by the IPUD Board at its March Meeting.

**9. Proposal for an Increase in Water Rates**

Customer Services Manager Holland summarized the proposal recommended by the ad hoc committee for changes in water rates to become effective July 1, 2020. The proposed new water rates structure is intended to satisfy the following three criteria recommended by the committee: (a) Increase the Water System's operating revenue by 15%; (b) Adjust the Basic Charge and Usage Charge ratios to reduce nominally the proportion derived from the Usage Charges (for an increase in the proportion derived from the assured revenue of the Basic Charges); and (c) Make the rates fairer for customers whose consumption is primarily for essential (indoor) usage. He submitted a draft of a Prop. 218 notice to be mailed to all affected members of the public, background analysis material, and a spreadsheet detailing the three-year budget projections. If the Board wishes to proceed, he asked that it approve the draft Prop. 218 notice and set a date and time for the public hearing, which must be at least 30 days before the effective date of July 1 and at least 45 days after the Prop. 218 notices have been distributed. *M/S Donohue/Press to approve the proposed changes in water rates and charges and the draft Prop. 218 notice and to instruct staff to initiate the Prop. 218 process with the public hearing set for May 27, 2020, at 7:00 p.m. in the meeting room at the Inverness Firehouse. AYES 4, NOES 0.*

**10. Resolution 250-2020: Establishing Fund Categories**

*M/S Donohue/Press to approve Resolution 250-2020 to establish fund categories in accordance with GASB 54. AYES 4, NOES 0*

**11. Resolution 247-2020: Designating the Water System Tank Replacement Fund as a Committed Fund**

*M/S Whitney/Press to approve Resolution 247-2020 to designate the Water System Tank Replacement Fund as a committed fund. AYES 4, NOES 0*

**12. Approval of Expenditures and Credit Card Charges**

*M/S Press/Whitney to approve the listed expenditures for January 2020 (\$67,176.47) and credit card charges invoiced on January 22, 2020 (\$737.61 J. Fox, \$614.64 S. Redding). AYES 4, NOES 0.*

**13. Approval of Personnel Policy Changes**

A list of recommendations from the Personnel Committee was presented. These included reclassifying the position of Senior Water Operator from nonexempt (at an hourly rate of \$36.03) to exempt (at a monthly salary of \$6,950); reducing the employment level of the Chief of Operations from fulltime (40 hrs/week) to 80% (32 hrs/week); allocating the Chief of Operations' employee costs on a ratio of 25% to the Water System and 75% to the Fire Department; adding a Section 125 Cafeteria Plan for employee health benefits; pursuing a contract with Special Districts Risk Management Authority to provide to employees options for dental, vision, long-term care, and life insurance benefits (paid for 100% by the employees who elect to participate); creating a conditional opt-out policy to employees for health benefits; and changing the District's vacation accrual policies. *M/S Whitney/Donohue to approve the personnel policy changes as recommended by the Personnel Committee. AYES 4, NOES 0.*



**14. Verizon Cell Phone Contract**

The Board reviewed the proposed User Agreement with Verizon Wireless and the State of Nevada that will enable the District to provide two cell phones to authorized on-call personnel under a Custom 4G Unlimited Smartphone Plan with Mobile Broadband Priority for National Security, Public Safety, and First Responders. *M/S Whitney/Donohue to approve the Verizon Wireless Public Safety Cell Phone User Agreement for cell phones to be used by on-call personnel and to authorize and direct the President to execute the User Agreement.* **AYES 4, NOES 0**

**15. CLAM Support Letter**

Staff provided a revised draft of the letter to the County of Marin supporting the bid by the Community Land Trust Association of West Marin to redevelop the former Coast Guard site in Point Reyes Station for affordable housing. Director Whitney asked that the letter be further revised to contain language that specifically supports local employees being given priority consideration for the housing units.

**16. Committee Meetings/Reports**

There were no reports from standing committees and no meetings of standing committees are currently scheduled.

**17. Announcements, Next Meeting, Adjournment**

The next regular meeting of the Board of Directors is scheduled for March 25, 2020, at 9:00 a.m. at the Inverness Firehouse.

President Emanuels adjourned the meeting at 10:45 a.m.

These minutes were approved by the Board of Directors at the regular meeting (rescheduled) on April 25, 2020.

Attest: \_\_\_\_\_ Date: \_\_\_\_\_

Shelley Redding, Clerk of the Board



## Inverness Public Utility District

Fire Department Water System

50 Inverness Way North, P.O. Box 469, Inverness CA 94937 • (415) 669-1414

### Board of Directors Minutes, Regular Meeting Wednesday, March 25, 2020, 9:00 a.m. Teleconference

#### 1. Call to Order

President Emanuels called the meeting to order on Teleconference at 9:04 a.m. Clerk Redding noted that item #5 will be moved to #3, Item 3 will be moved to item #4 and item #4 will be moved to item #5

#### Attendance Report

Directors Present: Kenneth J. Emanuels, Dakota Whitney, Kathryn Donohue, Brent Johnson, David Press (joined at 9:10 a.m.)

Directors Absent: None

Staff Present: Shelley Redding, Clerk and Administrator; Jim Fox, Chief of Operations; Wade Holland, Customer Services Manager (left at 9:24 a.m.)

#### 2. Public Expression

None.

#### 3. Prop. 218 process initiation for rates increase and date of public hearing

Director Emanuels described the minor edits made to the Public Notice document, previously approved at the February 26<sup>th</sup> Board Meeting. The edits did not change the data presented, just the narrative presenting the data.

Staff member Holland noted that at the previous meeting, the public hearing date had been set for May 27<sup>th</sup> for which the notice must be mailed out no later than April 10. At the public hearing, with input from interested parties, the decision can be made to move forward with the rate increase, delay the rate increase, or rescind the increase.

Chief Fox noted that all 6 redwood tanks in the District are leaking and all have reached the end of their “useful life.” He further noted that the process for tank replacement started with the Stockstill tanks and the Tenney Tank project is next. He described the Tenney Tank project as critical, as it serves as the lynchpin for the entire system.

Director Emanuels also noted that with the issuance of the Drinking Water State Revolving Fund loan at the low rate of 1.4%, the project’s debt service and operations costs could be supported by the rate increase. Director Donohue and Director Whitney both expressed their agreement to move forward with the Prop.218 public notice process.

Director Emanuels suggested that an additional mailer be added to the public notice with respect to water safety amid the current COVID-19 pandemic.

Board of Directors: Kenneth J. Emanuels, President • Dakota Whitney, Vice President  
Kathryn Donohue, Treasurer • Brent Johnson • David Press



Shelley Redding, Administrator • James K. Fox, Chief of Operations

**4. Resolution 252-2020: Tenney Tank Project Financing Authorization Agreement (Final Board action on agreement to borrow up to \$800,000):**

Staff member Holland noted that this is the final action to assign the Administrator to execute the Agreement on behalf of the Board in coordination with Counsel. Director Emanuels summarized the terms of the loan, 1.4% interest rate, up to \$800,000 in funds, pay as we go, interest accumulated only on amount borrowed. Staff member Holland also noted that upon execution of the agreement, construction must begin within 6 months. It is hoped that the bid process can be completed in June. Chief Fox is scheduled as the project manager and will work with the Brelje & Race Engineers to initiate the bid process as soon as the loan documents are executed. Director Donohue asked about the terms in the agreement “useful life” and Chief Fox noted that the general estimate for steel tanks is 40 years. Director Johnson asked about potential delays of imported materials. Chief Fox and Staff member Holland noted that the agreement prohibits use of imported materials, unless there is a waiver is granted. The Engineers will manage the details of the material sourcing.

*M/S Whitney/Johnson to adopt Resolution 252-2020 as proposed. Roll Call Taken: AYES 5, NOES 0*

**5. Marin Wildfire Prevention Authority JPA, Member designations and projects:**

- Appoint member of MWPA’s Governing Board:
  - Director Donohue volunteered to participate on the Governing Board
- Appoint member of MWPA’s Operations Committee:
  - Chief Fox volunteered his participation on the Operations Committee
- Designate up to 3 “shovel ready” projects for funding in the current year:
  - Chief Fox identified the following as projects:
    - Roadside vegetation clearance on non-County maintained roads
    - Renew the Seahaven shaded fuel break project

*M/S Press/Donohue to designate member designations and projects as required for the MWPA JPA agreement. Roll Call Taken: AYES 5, NOES 0*

**6. Committee Meetings/Reports**

There were no reports from standing committees and no meetings of standing committees are currently scheduled.

**7. Announcements, Next Meeting, Adjournment**

The Marin County Planning Department has scheduled the Zoning Administrator hearing for the Tenney Tank Project coastal permit renewal for May 12, 2020.

The next regular meeting of the Board of Directors is scheduled for April 22, 2020, via Teleconference at 9:00 a.m.

President Emanuels adjourned the meeting at 9:31 a.m.

These minutes were approved by the Board of Directors at the regular meeting on April 22, 2020.

Attest: \_\_\_\_\_ Date: \_\_\_\_\_

Shelley Redding, Clerk of the Board



Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 4

## Management Report

**Clerk S. Redding and J. Fox**

- February and March 2020 Financial Reports
- Tenney Tank Project update
- West Marin Water System Mutual Aid Network

**Inverness PUD**  
**Profit & Loss**  
July 2019 through February 2020

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>N 600 · Property Tax Income</b>				
600-01 · Ad Valorem Property Taxes	366,876.48	0.00	0.00	366,876.48
<b>Total N 600 · Property Tax Income</b>	<u>366,876.48</u>	<u>0.00</u>	<u>0.00</u>	<u>366,876.48</u>
<b>N 700 · Water Charges</b>				
700-01 · Basic Charges	0.00	0.00	248,897.00	248,897.00
700-02 · Usage Charges	0.00	0.00	79,578.10	79,578.10
700-03 · Cross Connection Fees	0.00	0.00	720.00	720.00
700-04 · Miscellaneous Charges	0.00	0.00	605.00	605.00
<b>Total N 700 · Water Charges</b>	<u>0.00</u>	<u>0.00</u>	<u>329,800.10</u>	<u>329,800.10</u>
<b>N 710 · Misc. Income</b>				
710-02 · Other Income	318.87	118.04	243.03	561.90
710-04 · Merchandise Sales	0.00	3,144.00	0.00	0.00
710-05 · Chipper Day Income	0.00	2,910.00	0.00	0.00
710-06 · New Service Connection Fee	0.00	0.00	7,600.00	7,600.00
710-07 · Interest Income	6,871.44	0.00	0.00	6,871.44
<b>N 710 · Misc. Income - Other</b>	0.01	0.00	0.00	0.01
<b>Total N 710 · Misc. Income</b>	<u>7,190.32</u>	<u>6,172.04</u>	<u>7,843.03</u>	<u>15,033.35</u>
<b>Total Income</b>	<u>374,066.80</u>	<u>6,172.04</u>	<u>337,643.13</u>	<u>711,709.93</u>
<b>Gross Profit</b>	374,066.80	6,172.04	337,643.13	711,709.93
<b>Expense</b>				
<b>Office &amp; Administration</b>				
1-870 · Billing & Collections	0.00	0.00	665.00	665.00
<b>Total Office &amp; Administration</b>	<u>0.00</u>	<u>0.00</u>	<u>665.00</u>	<u>665.00</u>
<b>Void Check</b>	0.00	0.00	0.00	0.00
<b>66900 · Reconciliation Discrepancies</b>	0.00	0.00	0.00	0.00
<b>N 810 · Personnel Expenses</b>				
810-01 · Management	70,571.25	40,720.44	27,861.36	98,432.61
810-02 · Operations Personnel	8,721.00	25,681.50	111,130.50	119,851.50
810-03 · Administrative Personnel	3,060.00	0.00	0.00	3,060.00
810-04 · Employer Payroll Taxes	6,674.21	5,395.75	13,321.41	19,995.62
810-05 · Volunteer Wages	0.00	2,325.00	0.00	0.00
810-06 · Duty Officer	0.00	4,750.00	0.00	0.00
810-07 · Health Insurance Premiums	20,502.56	23,273.85	18,131.22	38,633.78
810-08 · Retirement Premiums	11,920.38	13,708.93	13,248.95	25,169.33
810-09 · Unfunded Accrued Liability	17,059.88	3,003.40	7,903.68	24,963.56
<b>Total N 810 · Personnel Expenses</b>	<u>138,509.28</u>	<u>118,858.87</u>	<u>191,597.12</u>	<u>330,106.40</u>
<b>N 830 · Dispatch &amp; Communications</b>				
830-01 · Radio/Pager Repair	0.00	1,060.18	0.00	0.00
830-02 · Commo Supplies	0.00	962.31	0.00	0.00
830-03 · MERA Operations	0.00	9,922.00	0.00	0.00
830-04 · MERA Bonds	0.00	11,978.00	0.00	0.00
830-05 · MERA New Financing	0.00	1,121.00	0.00	0.00

**Inverness PUD**  
**Profit & Loss**  
July 2019 through February 2020

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
Total N 830 · Dispatch & Communications	0.00	25,043.49	0.00	0.00
<b>N 833 · Collection &amp; Treatment</b>				
833-01 · Chemicals	0.00	0.00	4,140.33	4,140.33
Total N 833 · Collection & Treatment	0.00	0.00	4,140.33	4,140.33
<b>N 835 · Lab &amp; Monitoring</b>				
835-01 · BacT & Raw Samples	0.00	0.00	2,360.40	2,360.40
835-02 · Periodic Samples	0.00	0.00	3,887.00	3,887.00
835-03 · Lead & Copper	0.00	0.00	161.00	161.00
Total N 835 · Lab & Monitoring	0.00	0.00	6,408.40	6,408.40
<b>N 840 · Maintenance &amp; Utilities</b>				
840-01 · Equipment Maintenance	0.00	586.85	0.00	0.00
840-02 · Building Maintenance	0.00	1,880.83	213.31	213.31
840-03 · Grounds Maintenance	0.00	568.48	0.00	0.00
840-04 · Tank Maintenance	0.00	0.00	610.00	610.00
840-05 · Collection & Treatment Maint.	0.00	0.00	2,781.37	2,781.37
840-06 · Distribution System Maintenance	0.00	0.00	11,156.58	11,156.58
840-07 · Collection-Treatment Utilities	0.00	0.00	21,826.88	21,826.88
840-08 · Distribution System Utilities	0.00	0.00	1,112.90	1,112.90
840-09 · Firehouse Utilities	108.01	3,434.00	0.00	108.01
Total N 840 · Maintenance & Utilities	108.01	6,470.16	37,701.04	37,809.05
<b>N 843 · Fire Prevention</b>				
843-01 · Chipper Day Expenses	0.00	1,665.00	0.00	0.00
Total N 843 · Fire Prevention	0.00	1,665.00	0.00	0.00
<b>N 844 · Storage &amp; Distribution</b>				
844-01 · Telemetry	0.00	0.00	1,846.72	1,846.72
Total N 844 · Storage & Distribution	0.00	0.00	1,846.72	1,846.72
<b>N 845 · Supplies &amp; Inventory</b>				
845-01 · Supplies and Inventory	4,333.67	3,180.71	12,005.05	16,338.72
845-02 · Personal Protective Equipment	255.10	876.95	222.32	477.42
845-03 · Resale Merchandise	0.00	2,341.32	0.00	0.00
Total N 845 · Supplies & Inventory	4,588.77	6,398.98	12,227.37	16,816.14
<b>N 850 · Training</b>				
850-01 · Volunteer Training	0.00	801.56	0.00	0.00
850-02 · Certification & Courses	220.00	250.00	0.00	220.00
850-03 · Volunteer Appreciation	22.14	3,425.60	0.00	22.14
Total N 850 · Training	242.14	4,477.16	0.00	242.14
<b>N 860 · Vehicle Operations</b>				
860-01 · Gas & Oil	0.00	2,270.41	1,706.69	1,706.69
860-02 · Repairs & Service	0.00	7,056.21	878.37	878.37
Total N 860 · Vehicle Operations	0.00	9,326.62	2,585.06	2,585.06
<b>N 870 · Administration</b>				
870-01 · Telephone, Internet, Cable	1,574.66	344.13	435.04	2,009.70
870-02 · Dues & Publications	4,406.39	258.00	4,044.60	8,450.99
870-04 · Financial Reporting/Audit	11,396.10	0.00	0.00	11,396.10

**Inverness PUD**  
**Profit & Loss**  
 July 2019 through February 2020

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
870-05 · Office Supplies, Postage, Fees	1,492.53	1.90	6.85	1,499.38
870-06 · Bank Charges	6,446.35	0.00	837.40	7,283.75
870-07 · Legal Expenses and Attorneys	1,192.00	0.00	0.00	1,192.00
870-08 · Board & Election Expenses	122.86	0.00	0.00	122.86
870-09 · Travel & Meetings	1,569.17	136.61	0.00	1,569.17
870-10 · Public Relations & Outreach	2,000.14	1,025.96	0.00	2,000.14
870-11 · Office IT Support	4,590.00	0.00	840.00	5,430.00
870-12 · Billing & Collections	0.00	0.00	4,679.18	4,679.18
870-13 · Disaster Council	0.00	1,000.00	0.00	0.00
870-14 · Miscellaneous	2,567.15	100.00	1,827.46	4,394.61
<b>Total N 870 · Administration</b>	<u>37,357.35</u>	<u>2,866.60</u>	<u>12,670.53</u>	<u>50,027.88</u>
<b>Total Expense</b>	<u>180,805.55</u>	<u>175,106.88</u>	<u>269,841.57</u>	<u>450,647.12</u>
<b>Net Ordinary Income</b>	<u>193,261.25</u>	<u>-168,934.84</u>	<u>67,801.56</u>	<u>261,062.81</u>
	<u><b>193,261.25</b></u>	<u><b>-168,934.84</b></u>	<u><b>67,801.56</b></u>	<u><b>261,062.81</b></u>

Inverness PUD  
Profit & Loss  
February 2020

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>N 600 · Property Tax Income</b>				
600-01 · Ad Valorem Property Taxes	869.38	0.00	0.00	869.38
<b>Total N 600 · Property Tax Income</b>	<u>869.38</u>	<u>0.00</u>	<u>0.00</u>	<u>869.38</u>
<b>N 700 · Water Charges</b>				
700-01 · Basic Charges	0.00	0.00	62,224.25	62,224.25
700-02 · Usage Charges	0.00	0.00	15,102.00	15,102.00
700-03 · Cross Connection Fees	0.00	0.00	180.00	180.00
<b>Total N 700 · Water Charges</b>	<u>0.00</u>	<u>0.00</u>	<u>77,506.25</u>	<u>77,506.25</u>
<b>N 710 · Misc. Income</b>				
710-02 · Other Income	0.00	0.00	175.00	175.00
<b>Total N 710 · Misc. Income</b>	<u>0.00</u>	<u>0.00</u>	<u>175.00</u>	<u>175.00</u>
<b>Total Income</b>	<u>869.38</u>	<u>0.00</u>	<u>77,681.25</u>	<u>78,550.63</u>
<b>Gross Profit</b>	869.38	0.00	77,681.25	78,550.63
<b>Expense</b>				
<b>Office &amp; Administration</b>				
1-870 · Billing & Collections	0.00	0.00	665.00	665.00
<b>Total Office &amp; Administration</b>	<u>0.00</u>	<u>0.00</u>	<u>665.00</u>	<u>665.00</u>
<b>N 810 · Personnel Expenses</b>				
810-01 · Management	8,010.00	6,429.54	2,143.18	16,582.72
810-02 · Operations Personnel	0.00	2,752.00	17,215.68	19,967.68
810-04 · Employer Payroll Taxes	786.20	870.54	1,471.40	3,128.14
810-06 · Duty Officer	0.00	500.00	0.00	500.00
810-07 · Health Insurance Premiums	5,879.34	6,036.00	4,205.78	16,121.12
810-08 · Retirement Premiums	778.78	1,822.49	2,395.61	4,996.88
810-09 · Unfunded Accrued Liability	3,495.87	0.00	0.00	3,495.87
<b>Total N 810 · Personnel Expenses</b>	<u>18,950.19</u>	<u>18,410.57</u>	<u>27,431.65</u>	<u>64,792.41</u>
<b>N 833 · Collection &amp; Treatment</b>				
833-01 · Chemicals	0.00	0.00	1,415.24	1,415.24
<b>Total N 833 · Collection &amp; Treatment</b>	<u>0.00</u>	<u>0.00</u>	<u>1,415.24</u>	<u>1,415.24</u>
<b>N 835 · Lab &amp; Monitoring</b>				
835-01 · BacT & Raw Samples	0.00	0.00	336.00	336.00
835-02 · Periodic Samples	0.00	0.00	297.00	297.00
<b>Total N 835 · Lab &amp; Monitoring</b>	<u>0.00</u>	<u>0.00</u>	<u>633.00</u>	<u>633.00</u>
<b>N 840 · Maintenance &amp; Utilities</b>				
840-02 · Building Maintenance	0.00	371.80	0.00	371.80
840-06 · Distribution System Maintenance	0.00	0.00	1,234.68	1,234.68
840-07 · Collection-Treatment Utilities	0.00	0.00	2,718.99	2,718.99
840-08 · Distribution System Utilities	0.00	0.00	76.97	76.97
840-09 · Firehouse Utilities	0.00	267.12	0.00	267.12
<b>Total N 840 · Maintenance &amp; Utilities</b>	<u>0.00</u>	<u>638.92</u>	<u>4,030.64</u>	<u>4,669.56</u>
<b>N 844 · Storage &amp; Distribution</b>				
844-01 · Telemetry	0.00	0.00	230.84	230.84
<b>Total N 844 · Storage &amp; Distribution</b>	<u>0.00</u>	<u>0.00</u>	<u>230.84</u>	<u>230.84</u>



**Inverness PUD**  
**Profit & Loss**  
February 2020

	<u>DISTRICT</u>	<u>FIRE</u>	<u>WATER</u>	<u>TOTAL</u>
<b>N 845 · Supplies &amp; Inventory</b>				
845-01 · Supplies and Inventory	686.38	43.91	1,267.82	1,998.11
<b>Total N 845 · Supplies &amp; Inventory</b>	<u>686.38</u>	<u>43.91</u>	<u>1,267.82</u>	<u>1,998.11</u>
<b>N 860 · Vehicle Operations</b>				
860-02 · Repairs & Service	0.00	100.71	0.00	100.71
<b>Total N 860 · Vehicle Operations</b>	<u>0.00</u>	<u>100.71</u>	<u>0.00</u>	<u>100.71</u>
<b>N 870 · Administration</b>				
870-01 · Telephone, Internet, Cable	282.28	0.00	0.00	282.28
870-02 · Dues & Publications	834.24	0.00	0.00	834.24
870-04 · Financial Reporting/Audit	1,513.60	0.00	0.00	1,513.60
870-05 · Office Supplies, Postage, Fees	230.19	0.00	0.00	230.19
870-06 · Bank Charges	665.82	0.00	0.00	665.82
870-08 · Board & Election Expenses	38.08	0.00	0.00	38.08
870-10 · Public Relations & Outreach	200.00	0.00	0.00	200.00
870-11 · Office IT Support	90.00	0.00	0.00	90.00
870-12 · Billing & Collections	0.00	0.00	7.93	7.93
870-14 · Miscellaneous	498.19	0.00	0.00	498.19
<b>Total N 870 · Administration</b>	<u>4,352.40</u>	<u>0.00</u>	<u>7.93</u>	<u>4,360.33</u>
<b>Total Expense</b>	<u>23,988.97</u>	<u>19,194.11</u>	<u>35,682.12</u>	<u>78,865.20</u>
<b>Net Ordinary Income</b>	<u>-23,119.59</u>	<u>-19,194.11</u>	<u>41,999.13</u>	<u>-314.57</u>
<b>Net Income</b>	<u><u>-23,119.59</u></u>	<u><u>-19,194.11</u></u>	<u><u>41,999.13</u></u>	<u><u>-314.57</u></u>

**Inverness PUD**  
**Summary Balance Sheet**  
As of March 31, 2020

---

	<u>Mar 31, 20</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	290,111.66
Accounts Receivable	19,779.24
Other Current Assets	1,062,785.36
<b>Total Current Assets</b>	<u>1,372,676.26</u>
<b>Fixed Assets</b>	1,547,338.72
<b>Other Assets</b>	561,674.84
<b>TOTAL ASSETS</b>	<u><u>3,481,689.82</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	5,804.58
Credit Cards	-2,817.75
Other Current Liabilities	1,013,561.16
<b>Total Current Liabilities</b>	<u>1,016,547.99</u>
<b>Long Term Liabilities</b>	116,081.00
<b>Total Liabilities</b>	<u>1,132,628.99</u>
<b>Equity</b>	<u>2,349,060.83</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>3,481,689.82</u></u>

**Inverness PUD**  
**Profit & Loss by Class**  
**July 2019 through March 2020**

	DISTRICT	FIRE	WATER	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>N 600 - Property Tax Income</b>				
600-01 - Ad Valorem Property Taxes	368,163.28	0.00	0.00	368,163.28
<b>Total N 600 - Property Tax Income</b>	368,163.28	0.00	0.00	368,163.28
<b>N 700 - Water Charges</b>				
700-01 - Basic Charges	0.00	0.00	248,897.00	248,897.00
700-02 - Usage Charges	0.00	0.00	79,578.10	79,578.10
700-03 - Cross Connection Fees	0.00	0.00	720.00	720.00
700-04 - Miscellaneous Charges	0.00	0.00	605.00	605.00
<b>Total N 700 - Water Charges</b>	0.00	0.00	329,800.10	329,800.10
<b>N 710 - Misc. Income</b>				
710-02 - Other Income	318.87	118.04	243.03	679.94
710-04 - Merchandise Sales	0.00	3,144.00	0.00	3,144.00
710-05 - Chipper Day Income	0.00	2,910.00	0.00	2,910.00
710-06 - New Service Connection Fee	0.00	0.00	7,600.00	7,600.00
710-07 - Interest Income	12,990.54	0.00	0.00	12,990.54
N 710 - Misc. Income - Other	0.01	0.00	0.00	0.01
<b>Total N 710 - Misc. Income</b>	13,309.42	6,172.04	7,843.03	27,324.49
<b>Total Income</b>	381,472.70	6,172.04	337,643.13	725,287.87
<b>Gross Profit</b>	381,472.70	6,172.04	337,643.13	725,287.87
<b>Expense</b>				
<b>N 810 - Personnel Expenses</b>				
810-01 - Management	77,793.75	47,149.98	30,004.54	154,948.27
810-02 - Operations Personnel	8,721.00	27,633.50	124,240.68	160,595.18
810-03 - Administrative Personnel	3,060.00	0.00	0.00	3,060.00
810-04 - Employer Payroll Taxes	7,462.41	6,176.47	14,730.61	28,369.49
810-05 - Volunteer Wages	0.00	2,325.00	0.00	2,325.00
810-06 - Duty Officer	0.00	4,950.00	0.00	4,950.00
810-07 - Health Insurance Premiums	23,442.23	26,280.74	20,230.40	69,953.37
810-08 - Retirement Premiums	12,689.26	17,075.84	15,829.15	45,594.25
810-09 - Unfunded Accrued Liability	20,555.75	3,003.40	7,903.68	31,462.83
<b>Total N 810 - Personnel Expenses</b>	153,724.40	134,594.93	212,939.06	501,258.39
<b>N 830 - Dispatch &amp; Communications</b>				
830-01 - Radio/Pager Repair	0.00	1,060.18	0.00	1,060.18
830-02 - Commo Supplies	0.00	962.31	0.00	962.31
830-03 - MERA Operations	0.00	9,922.00	0.00	9,922.00
830-04 - MERA Bonds	0.00	11,978.00	0.00	11,978.00
830-05 - MERA New Financing	0.00	1,121.00	0.00	1,121.00
<b>Total N 830 - Dispatch &amp; Communications</b>	0.00	25,043.49	0.00	25,043.49
<b>N 833 - Collection &amp; Treatment</b>				
833-01 - Chemicals	0.00	0.00	4,628.88	4,628.88
<b>Total N 833 - Collection &amp; Treatment</b>	0.00	0.00	4,628.88	4,628.88
<b>N 835 - Lab &amp; Monitoring</b>				
835-01 - BacT & Raw Samples	0.00	0.00	2,654.40	2,654.40
835-02 - Periodic Samples	0.00	0.00	4,187.00	4,187.00
835-03 - Lead & Copper	0.00	0.00	161.00	161.00
<b>Total N 835 - Lab &amp; Monitoring</b>	0.00	0.00	7,002.40	7,002.40
<b>N 840 - Maintenance &amp; Utilities</b>				
840-01 - Equipment Maintenance	0.00	586.85	0.00	586.85
840-02 - Building Maintenance	0.00	1,880.83	213.31	2,094.14
840-03 - Grounds Maintenance	0.00	568.48	0.00	568.48
840-04 - Tank Maintenance	0.00	0.00	610.00	610.00
840-05 - Collection & Treatment Maint.	0.00	0.00	2,781.37	2,781.37
840-06 - Distribution System Maintenance	0.00	0.00	11,156.58	11,156.58
840-07 - Collection-Treatment Utilities	0.00	0.00	23,793.06	23,793.06
840-08 - Distribution System Utilities	0.00	0.00	1,188.49	1,188.49
840-09 - Firehouse Utilities	108.01	4,349.79	0.00	4,457.80
<b>Total N 840 - Maintenance &amp; Utilities</b>	108.01	7,385.95	39,742.81	47,236.77

**Inverness PUD**  
**Profit & Loss by Class**  
**July 2019 through March 2020**

	DISTRICT	FIRE	WATER	TOTAL
<b>N 843 · Fire Prevention</b>				
843-01 · Chipper Day Expenses	0.00	1,665.00	0.00	1,665.00
<b>Total N 843 · Fire Prevention</b>	0.00	1,665.00	0.00	1,665.00
<b>N 844 · Storage &amp; Distribution</b>				
844-01 · Telemetry	0.00	0.00	2,077.56	2,077.56
<b>Total N 844 · Storage &amp; Distribution</b>	0.00	0.00	2,077.56	2,077.56
<b>N 845 · Supplies &amp; Inventory</b>				
845-01 · Supplies and Inventory	4,977.56	3,593.89	12,732.58	21,304.03
845-02 · Personal Protective Equipment	0.00	1,132.05	222.32	1,354.37
845-03 · Resale Merchandise	0.00	2,341.32	0.00	2,341.32
<b>Total N 845 · Supplies &amp; Inventory</b>	4,977.56	7,067.26	12,954.90	24,999.72
<b>N 850 · Training</b>				
850-01 · Volunteer Training	0.00	1,109.53	0.00	1,109.53
850-02 · Certification & Courses	220.00	250.00	600.00	1,070.00
850-03 · Volunteer Appreciation	22.14	3,425.60	0.00	3,447.74
<b>Total N 850 · Training</b>	242.14	4,785.13	600.00	5,627.27
<b>N 860 · Vehicle Operations</b>				
860-01 · Gas & Oil	0.00	3,051.79	2,934.24	5,986.03
860-02 · Repairs & Service	0.00	7,056.21	878.37	7,934.58
<b>Total N 860 · Vehicle Operations</b>	0.00	10,108.00	3,812.61	13,920.61
<b>N 870 · Administration</b>				
870-01 · Telephone, Internet, Cable	1,845.07	344.13	435.04	2,624.24
870-02 · Dues & Publications	4,406.39	258.00	4,081.70	8,746.09
870-04 · Financial Reporting/Audit	12,581.10	0.00	0.00	12,581.10
870-05 · Office Supplies, Postage, Fees	1,492.53	1.90	6.85	1,501.28
870-06 · Bank Charges	6,543.45	0.00	837.40	7,380.85
870-07 · Legal Expenses and Attorneys	1,192.00	0.00	840.00	2,032.00
870-08 · Board & Election Expenses	329.86	0.00	0.00	329.86
870-09 · Travel & Meetings	1,569.17	136.61	0.00	1,705.78
870-10 · Public Relations & Outreach	2,200.14	1,025.96	992.30	4,218.40
870-11 · Office IT Support	5,040.00	0.00	840.00	5,880.00
870-12 · Billing & Collections	0.00	0.00	6,011.26	6,011.26
870-13 · Disaster Council	0.00	1,000.00	0.00	1,000.00
870-14 · Miscellaneous	3,154.35	100.00	1,827.46	5,081.81
<b>Total N 870 · Administration</b>	40,354.06	2,866.60	15,872.01	59,092.67
<b>Total Expense</b>	199,406.17	193,516.36	299,630.23	692,552.76
<b>Net Ordinary Income</b>	182,066.53	-187,344.32	38,012.90	32,735.11
<b>Net Income</b>	<b>182,066.53</b>	<b>-187,344.32</b>	<b>38,012.90</b>	<b>32,735.11</b>

**Inverness PUD**  
**Profit & Loss Budget vs. Actual**  
**July 2019 through March 2020**

	Jul '19 - Mar 20	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Interest Income	0.00	0.00	0.00	0.0%
Miscellaneous Income	0.00	0.00	0.00	0.0%
Non-Tax Revenue	0.00	0.00	0.00	0.0%
Taxes Income	0.00	0.00	0.00	0.0%
Water Revenue	0.00	0.00	0.00	0.0%
N 600 · Property Tax Income	368,163.28	406,405.00	-38,241.72	90.6%
N 700 · Water Charges	329,800.10	304,692.00	25,108.10	108.2%
N 710 · Misc. Income	27,324.49	36,054.00	-8,729.51	75.8%
<b>Total Income</b>	<u>725,287.87</u>	<u>747,151.00</u>	<u>-21,863.13</u>	<u>97.1%</u>
<b>Gross Profit</b>	725,287.87	747,151.00	-21,863.13	97.1%
<b>Expense</b>				
Office & Administration	0.00	0.00	0.00	0.0%
Personnel Costs	0.00	0.00	0.00	0.0%
Physical Operations	0.00	0.00	0.00	0.0%
Void Check	0.00			
66900 · Reconciliation Discrepancies	0.00			
N 810 · Personnel Expenses	501,258.39	545,850.00	-44,591.61	91.8%
N 830 · Dispatch & Communications	25,043.49	24,614.00	429.49	101.7%
N 833 · Collection & Treatment	4,628.88	3,375.00	1,253.88	137.2%
N 835 · Lab & Monitoring	7,002.40	7,101.00	-98.60	98.6%
N 840 · Maintenance & Utilities	47,236.77	49,736.97	-2,500.20	95.0%
N 843 · Fire Prevention	1,665.00	7,000.00	-5,335.00	23.8%
N 844 · Storage & Distribution	2,077.56	2,901.00	-823.44	71.6%
N 845 · Supplies & Inventory	24,999.72	10,109.97	14,889.75	247.3%
N 850 · Training	5,627.27			
N 860 · Vehicle Operations	13,920.61			
N 870 · Administration	59,092.67	84,762.06	-25,669.39	69.7%
<b>Total Expense</b>	<u>692,552.76</u>	<u>735,450.00</u>	<u>-42,897.24</u>	<u>94.2%</u>
<b>Net Ordinary Income</b>	<u>32,735.11</u>	<u>11,701.00</u>	<u>21,034.11</u>	<u>279.8%</u>
<b>Net Income</b>	<u><u>32,735.11</u></u>	<u><u>11,701.00</u></u>	<u><u>21,034.11</u></u>	<u><u>279.8%</u></u>



Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 5

## Water System Report

- **February 2020 Water Production and System Reports**
- **March 2020 Water Production and System Reports**
- **3-year System and Rainfall Graphs**

## Water Customer Accounts Receivable Totals, Jan/Feb 2020

1.	The Accounts Receivable balance on Jan. 1 (the beginning of the period) was:	<b><u>81,117.22</u></b>
2.	During Jan/Feb, we received the following payments from our customers:	
	Electronic payments:           47,966.10   (64.5%)	
	Payments by check:           26,366.02   (35.5%)	
	<b>Total payments received:</b>	<b>- 74,332.12</b>
3.	During Jan/Feb, we posted the following charges to our customers' accounts:	
	Write-offs:                               --	
	Adjustments:                             --	
	Basic Charges                   121.00   1 New customer Basic Charge for Jan/Feb)	
	Basic charges:               62,345.25   (517 Basic charges billed for <u>Mar/Apr</u> *)	
	X-C charges:                   180.00   (18 Cross-Connection charges billed for <u>Mar/Apr</u> )	
	Usage charges:               15,102.00   (Usage charges for 12/17/19 to 2/18/20†)	
	Misc. charges:               175.00	
	Refused payments:           200.00   (1 returned check; NSF)	
	Refunds:                        22.15   (1 closed account credit balance refund)	
	<b>Total charges posted:</b>	<b>+ 78,145.40</b>
4.	Thus, the Accounts Receivable balance on December 31 (the end of the period) was	<b><u>84,930.50</u></b>

\* Bimonthly Basic Charges: 514 customers @ \$121.00; 2 Lifeline customers @ \$60.50; 1 Lifeline customer at \$30.25

† Total billed usage was \$18,107.70, less five credits totaling \$3,005.70 (for two prior-period leak adjustments and three prior-period meter read errors).

Reconciliation with BofA checking account:

There were no deposits in transit on 2/29/2020. Thus, the A/R balance on the District's books as of 2/29 should also be \$84,930.20.

**Scheduled ACH receipts: \$33,381.30 on Mar. 16, 2020 (from 235 customers).**

**A temporary security debit to IPUD's checking account in this amount will be made on or about Mar. 12, 2020.**



**INVERNESS PUBLIC UTILITY DISTRICT**

FIRE DEPARTMENT • WATER SYSTEM

POST OFFICE BOX 469

INVERNESS, CA 94937

(415) 669-1414 • FAX (415) 669-1010 • INFO@INVERNESSPUD.ORG

**February – WATER SYSTEM REPORT – 2020**

<b>February Statistics</b>	<b>2020</b>	<b>End of Feb Stream-flow</b>	<b>GPM</b>	<b>GPD</b>
<b>RAINFALL (@ F1)</b>		D1	25	36,000
Monthly total (in inches)	trace"	D2	28½	41,040
Year to date (inches) 7/1//2019 -> 2/29//2020	17.03"	D3	25½	36,720
Avg. yearly since 1925 (inches)	37.72"	D4	Est 25	36,000
<b>STREAMFLOWS *end January</b>	<b>for comparison</b>	D5	31½	45,360
*Compare to (approx. gpd)	463,680	D6	31½	45,360
Compare to (approx. gpm)	322	D7	31	44,640
<b>PRODUCTION: Monthly</b>	1,693,700 gal	D8	Est 12	17,280
Average gallons per Day	58,403 gal	<b>TOTAL</b>	<b>210</b>	<b>302,400</b>
Average Gallons per Minute	40.6 gpm			
<b>SOURCES USED</b>		<b>DISTRIBUTION (USE BY ZONE)</b>		
1 <sup>st</sup> Valley High Intakes (2)	63%	Colby zone	836,500	41%
2 <sup>nd</sup> Valley High Intakes (1)	15%	Tenney zone	631,800+	35%
3 <sup>rd</sup> Valley High Intakes (1)	22 %	Conner zone	42,900	2%
1 <sup>st</sup> Valley lower/ (W1)	0%	Stockstill zone	256,700	14%
W3 (minor use of well)	nil%	Lower SH zone	128,600	8%
2 <sup>nd</sup> Valley lower (L2 +W4)	0 %			
<b>TOTAL</b>	<b>100.0%</b>			

\*gpd = gallons per day; gpm = gallons per minute;  
ppm = parts per million

**Water Quality**

All sources ultra and nano filtered; chlorine and turbidity correct continuously; no positive coliform bacteria samples from distribution sample grabs. Samples of distribution water tested twice monthly and influent raw water are being collected once a month for lab analysis of coliform content. Average CL<sub>2</sub> dose at F1→ 0.57 parts per million (ppm); F3→ 0.45 ppm

**Major Activities**

- Monthly report sent to CA RWQCB
- Regular Flushing of Via de la Vista/ Escondido main.
- Brief town-wide power outage (PG&E )
- D4 pipeline rebuild in progress
- Leak discovered on D7-F3 gathering line near filter plant/ repaired
- Pg&E tree crews working various locations throughout town
- All customer meters read
- New leak at 360 Service (blue PolyButylene again). Trenched street and replaced. Kept temporary service to residents during work (1 day)
- Put Second Valley source in service due to lack of rain
- Street markers placed for locating hydrants, started hydrant clearing.
- Sea Haven tank overflowing: float switch out of adjustment. => readjustment resolved

Kenneth Fox, T3, Senior Water Operator.

February 2020 Report





**INVERNESS PUBLIC UTILITY DISTRICT**

FIRE DEPARTMENT • WATER SYSTEM

POST OFFICE BOX 469

INVERNESS, CA 94937

(415) 669-1414 • FAX (415) 669-1010 • INFO@INVERNESSPUD.ORG

**March – WATER SYSTEM REPORT – 2020**

<b>March Statistics</b>	<b>2020</b>	<b>End of March Stream-flow</b>	<b>GPM</b>	<b>GPD</b>
<b>RAINFALL (@ F1)</b>		D1	est 30	43,200
Monthly total (in inches)	2.21"	D2	33	47,520
Year to date (inches) 7/1//2019 -> 3/31//2020	19.24"	D3	32	46,080
Avg. yearly since 1925 (inches)	37.72 "	D4	Est 25	36,000
<b>STREAMFLOWS *end February</b>	<b>for comparison</b>	D5	35	50,400
*Compare to (approx. gpd)	302,400	D6	35	50,400
Compare to (approx. gpm)	210	D7	34	48,960
<b>PRODUCTION: Monthly</b>	2,213,300 gal	D8	Est 14	20,160
Average gallons per Day	71,397 gal	<b>TOTAL</b>	<b>238</b>	<b>342,720</b>
Average Gallons per Minute	49.6 gpm			
<b>SOURCES USED</b>		<b>DISTRIBUTION (USE BY ZONE)</b>		
1 <sup>st</sup> Valley High Intakes (2)	47%	Colby zone	836,500	36.8%
2 <sup>nd</sup> Valley High Intakes (1)	28%	Tenney zone	631,800+	33.8%
3 <sup>rd</sup> Valley High Intakes (1)	25 %	Conner zone	42,900	4.0%
1 <sup>st</sup> Valley lower/ (W1)	0%	Stockstill zone	256,700	11.7%
W3 (minor use of well)	nil%	Lower SH zone	128,600	13.7%
2 <sup>nd</sup> Valley lower (L2 +W4)	0 %			
<b>TOTAL</b>	<b>100.0%</b>			

\*gpd = gallons per day; gpm = gallons per minute;  
ppm = parts per million

**Water Quality**

All sources ultra and nano filtered; chlorine and turbidity correct continuously; no positive coliform bacteria samples from distribution sample grabs. Samples of distribution water tested twice monthly and influent raw water are being collected once a month for lab analysis of coliform content. Average CL<sub>2</sub> dose at F1→ 0.61 parts per million (ppm); F3→ 0.65 ppm

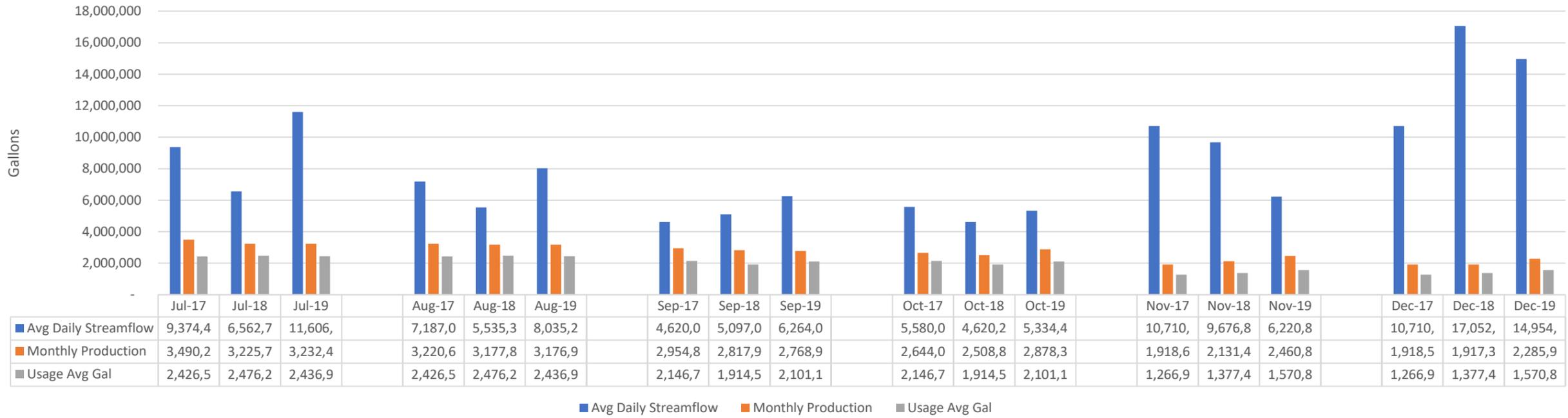
**Major Activities**

- Monthly report sent to CA RWQCB
- Regular Flushing of Via de la Vista/ Escondido main.
- Power line tree clearing (PG&E) throughout town continues
- D4 pipeline rebuild progressed but completion delayed due to covid19 protocols
- Leak discovered on D7-F3 gathering line near filter plant/ repaired
- TOC (total organic carbon) samples grabbed from 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> valley sources and taken to lab in Petaluma for analysis
- Hydrant clearing of grass and weeds
- Operators studying for certification tests and/or ongoing education
- Glitch in F1 tank-level control not resolved
- Conner-vision tank overfilled due to SCADA & operator glitch
- One of two Sea Haven pumps wearing out, new pump purchased
- Meter upgrade ¾ to 1" for installed for customer. (service line was already 1")
- It actually rained a little this month

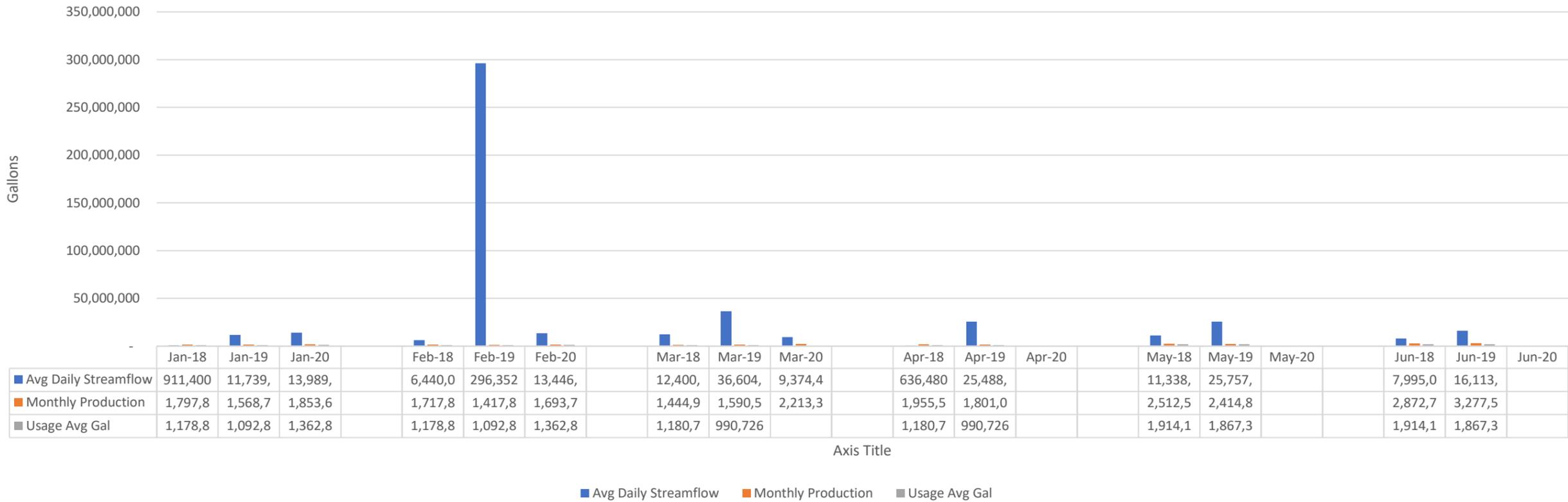
Kenneth Fox, T3, Senior Water Operator.

*Kenneth J. Fox*  
March 2020 Report

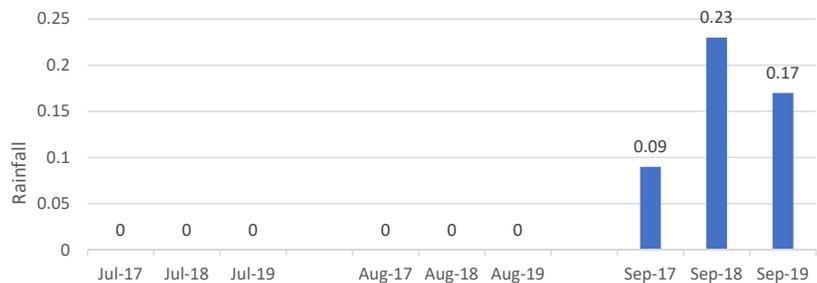
### 3-year Comparison Jul - Dec



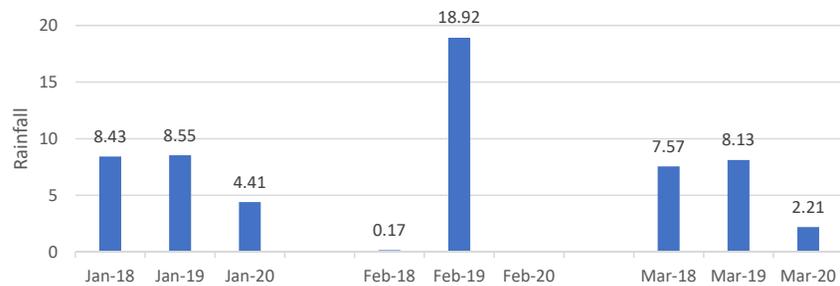
### 3-year Comparison Jan - Jun



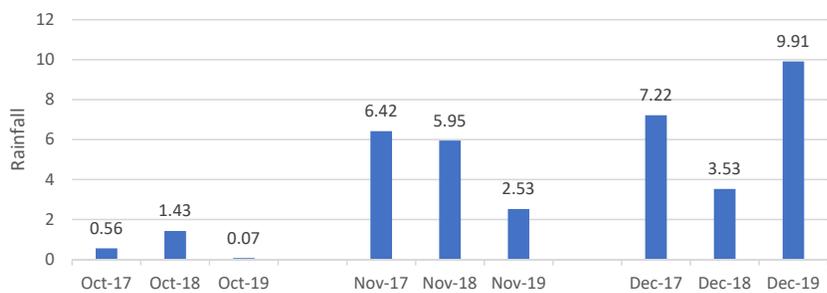
### Q1 3 year Comparison



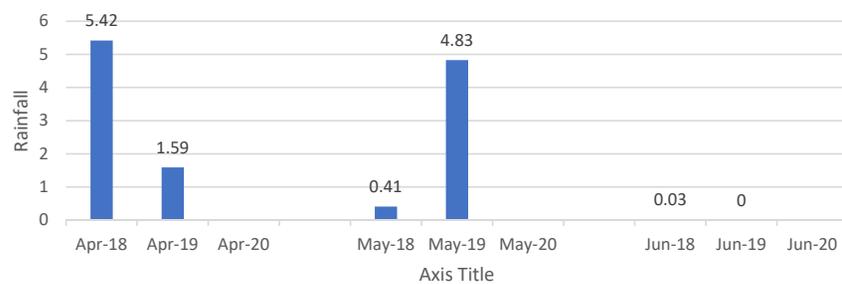
### Q3 3-year Comparison



### Q2 3-year Comparison



### Q4 3-year Comparison





Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 6

## **Fire Department Report**

- **January 2020**
- **February 2020**
- **March 2020**

**INVERNESS VOLUNTEER FIRE DEPARTMENT**

**P.O. Box 469, Inverness, CA 94937**

**FIRE DEPARTMENT REPORT  
January 2020**

**INCIDENTS:**

<b>#</b>	<b>Date</b>	
#20-001	01-04	<b>EMS @ 22 Cameron</b> for ALOC. M-94 Release at scene.
#20-002	01-05	<b>EMS @ 50 Dundee</b> for possible seizure. Reach 1 transport to SRM.
#20-003	01-09	<b>EMS @ 205 Park Ave.</b> for sick person. M-96 code 2 transport to MGH.
#20-004	01-10	<b>Public Assist @ 150 Laurel</b> in Inverness Park for propane heater problem. (MCFD units committed on a medical call.)
#20-005	01-24	<b>EMS @ 78 Drakes View Drive</b> for a choking victim. (MCFD units committed on another medical call. M-94 AMA (Against Medical Advice) after arrival.

**TRAININGS:**

01-12 Drill. Vehicle Extrication. Review and operation of equipment.

01-28 Drill. Propane emergencies. Properties and precautions. Thermal Imaging Camera training.

**ACTIVITIES AND MAINTENANCE:**

1. Brake work performed on Jeep
2. MERA board meeting in Novato.
3. West Marin Disaster Council monthly radio drill.

**PERSONNEL:** Mike Meszaros, Jim Fox, Ken Fox, Tom Fox, Burton Eubank, Brian Cassel, Jeff McBeth, Tim Olson, Dennis Holton, Brett Miller , Roy Pitts, David Briggs, ,John Roche, David Wright, Kai Heimpel, Tim Olson, , Sabrina Meyerson, Alex Frankel

Jim Fox  
Chief

**INVERNESS VOLUNTEER FIRE DEPARTMENT**

**P.O. Box 469, Inverness, CA 94937**

**FIRE DEPARTMENT REPORT  
February 2020**

**INCIDENTS:**

<b>#</b>	<b>Date</b>	
#20-006	02-01	<b>EMS @</b> Inverness Way for ALOC. M-94 Release at scene.
#20-007	02-01	<b>EMS @</b> Shell Beach for possible suicide. No merit.
#20-008	02-02	<b>Arching Wires @</b> 12784 SFD. Standby for PGE then extinguish fire in trees.
#20-009	02-04	<b>Fire Alarm @</b> 61 Via de la Vista. Smoke from fireplace. No fire.
#20-010	02-09	<b>Tree into Wires @</b> 103 Buena Vista. Standby for PGE & MCFD on previous call.
#20-011	02-09	<b>Tree Blocking Road @</b> Edgemont & Bayview. Cleared.
#20-012	02-11	<b>Vehicle Accident @</b> Pt. Reyes. Canceled by MCFD.
#20-013	02-16	<b>Assist Marin Search and Rescue</b> for 2 missing people from Seahaven Area.
To	02-22	Inverness Fire Station used as command post and volunteers used in search. IFD volunteer boat also used for 3 days of water search.
#20-014	02-18	<b>Possible Haz-Mat</b> related to search. No merit.
#20-015	02-22	<b>Missing Couple Found</b> and air lifted to waiting MCFD Medic Units.
#20-016	02-22	<b>EMS @</b> Sir Francis Drake for possible cardiac problem. No merit.
#20-017	02-23	<b>Vehicle Accident @</b> 9799 Shoreline Hwy. Canceled by MCSO.
#20-018	02-23	<b>Bicycle Accident</b> on Shoreline Hwy. Canceled by MCSO.
#20-019	02-25	<b>EMS</b> for choking victim on Callender Way. No merit.
#20-020	02-26	<b>EMS</b> assist to MCFD for helicopter landing for possible stroke patient.

**TRAININGS:**

02-09 Drill. Structure Response. Review and operation of equipment.

02-25 Drill. Review of search and rescue incident and after action evaluation.

**ACTIVITIES AND MAINTENANCE:**

1. Annual joint Pt. Reyes/Inverness meeting with presentations by MCFD and IFD on various subjects.
2. MERA Ops meeting in San Rafael.
3. West Marin Disaster Council meeting at NPS red barn.
4. Start on ISO evaluation coming up in April. (Insurance Services Organization rating for IPUD)

**PERSONNEL:** Mike Meszaros, Jim Fox, Ken Fox, Tom Fox, Burton Eubank, Brian Cassel, Jeff McBeth, Tim Olson, Dennis Holton, Brett Miller, Roy Pitts, David Briggs, John Roche, David Wright, Kai Heimpel, Tim Olson, Sabrina Meyerson, Alex Frankel

Jim Fox  
Chief

# ***INVERNESS VOLUNTEER FIRE DEPARTMENT***

**P.O. Box 469, Inverness, CA 94937**

## **FIRE DEPARTMENT REPORT**

**March 2020**

### **INCIDENTS:**

<b>#</b>	<b>Date</b>	
#20-021	03-01	<b>Vehicle Accident @</b> 13000 Shoreline Hwy. Non injury, cancelled by dispatch
#20-022	03-03	<b>Public Assist @</b> Inverness Way for lift assist.
#20-023	03-03	<b>Public Assist @</b> Inverness Way for lift assist
#20-024	03-05	<b>EMS @</b> Inverness Fire for walk in head injury patient. M-94 transport to MGH.
#20-025	03-06	<b>Smoke in Building @</b> Vision Rd. Smoke from fireplace. Cancelled by R.P
#20-026	03-07	<b>Vehicle Accident @</b> 13000 Shoreline. Cancelled enroute.
#20-027	03-07	<b>Vehicle Accident @</b> Bear Valley Rd. and Fox Dr. Non injury. Cancelled enroute
#20-028	03-09	<b>Public Assist @</b> Madrone Ave. Non-injury lift assist.
#20-029	03-11	<b>Fire Alarm @</b> Vision Rd. Smoke from food on stove. (Not the same house as #25)
#20-030	03-11	<b>EMS Assist to MCFD</b> for landing zone @ Inverness Store.
#20-031	03-13	<b>Garbage Can Fire @</b> 11400 Shoreline. Reported by Chief 300 at scene.
#20-032	03-14	<b>Vehicle Accident @</b> 13000 Shoreline. Cancelled enroute.
#20-033	03-22	<b>Vehicle Accident @</b> on Olema & Shoreline Hwy. Cancelled enroute.
#20-034	03-23	<b>EMS @</b> Aberdeen for fall victim. M-94 RAS (Release at scene)
#20-035	03-26	<b>EMS</b> for coroner's case. (expected death non- covid).
#20-036	03-27	<b>EMS @</b> SFD for shoulder injury. Release at scene.
#20-037	03-29	<b>EMS @</b> Inverness Way for bleeding. M-94 code 2 transport.

### **TRAININGS:**

No in person trainings due to COVID-19. Online Training information distributed to volunteers.

### **ACTIVITIES AND MAINTENANCE:**

1. Routine maintenance being performed.
2. Conference calls with the Marin County EOC and Fire Chiefs.
3. Daily situation reports from HHS on COVID-19 are being distributed to disaster council members for distribution to all neighborhood contacts.
4. Feedback solicited from the disaster council has not indicated any requests for fire department assistance other than the calls through the 911 system.

**PERSONNEL:** Mike Meszaros, Jim Fox, Ken Fox, Tom Fox, Burton Eubank, Brian Cassel, Jeff McBeth, Tim Olson, Dennis Holton, Brett Miller , Roy Pitts, David Briggs, ,John Roche, David Wright, Kai Heimpel, Tim Olson, , Sabrina Meyerson, Alex Frankel

Jim Fox  
Chief



Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 7

## **Temporary Water Service Policy and Application**





## **Board Agenda Item Staff Report**

Subject: Temporary Water Service from a Hydrant  
Meeting Date: April 22, 2020  
Date Prepared: April 14, 2020  
Prepared by: Wade Holland, Customer Services Manager  
Attachments: Draft "Application and Agreement for Temporary Water from a Hydrant"

---

---

**Recommended Action:** Provide guidance to staff on resolving issues and inconsistencies in the Water System's Regulations concerning temporary service from a hydrant.

---

---

We have been contacted by Ghilotti Construction about providing them with temporary water from a fire hydrant during a pending project under a contract with the County and the Seashore to rehabilitate Sir Francis Drake Blvd. in the Seashore (from approximately Pierce Pt. Road west).

We handle such requests so infrequently that we had to research our Water System Regulations to refresh our memories on how to proceed. We found some intractable problems in our Regulations, so we are bringing three issues to your Board for resolution. Your guidance will enable us to revise our Regulations as necessary and bring back next month an ordinance to amend the Regulations as appropriate.

Superintendent Fox researched several other public water agencies to see how they handle permitting of temporary water service so that we would have an idea of the current standards in the industry.

**FIRST ISSUE:** There is an inconsistency in our Regulations on the amount to be charged for temporary water. Our Reg. 301, "Rates and Charges," provides (in paragraph (f)) that "The rate for water drawn for private use from a publicly owned fire hydrant, standpipe, or similar device pursuant to a permit issued by the System shall be equal to the highest metered usage rate shown in Paragraph (d) of this Regulation." Paragraph (d) is our standard tiered usage rates. Thus, going by this provision, we would charge under our current rates \$24.40 per ccf (100 cu ft) if we apply the "highest" residential rate, or \$8.10 per ccf if we apply the "highest" non-residential rate<sup>1</sup> (under the rates proposed to go into effect on July 1, these rates would increase to \$28.00 and \$12.00, respectively).

However, our Reg. 104, "Temporary Service," provides (in paragraph (f)) that "Fixed Charges and Quantity Rates to a Temporary Service equipped with a meter shall be in accordance with the System's current Schedule of Rates and Charges for a 2-inch meter, regardless of the size of the meter actually installed." We no longer have differential quantity rates based on meter size, so the reference to a "2-inch meter" is irrelevant. This provision seems to say that we should charge for the water used via a temporary service connection the exact same schedule of tiered rates that applies to all of our customers (in this case, presumably for a non-residential service).

Your Board needs to resolve this inconsistency in the rate(s) to be applied for water drawn from a temporary service. All the other systems we looked at charge a flat rate for such water (no tiered variable rates). Some examples follow:

- Within its West Marin service area, North Marin Water District charges \$19.11 per 1,000 gallons, which is equivalent to \$14.29 per ccf (in the Novato service area, NMWD's charge per 1,000 gallons is \$8.50, equivalent to \$6.36 per ccf).
- San Francisco charges \$9.14 "per unit," which we assume means per ccf.
- City of Santa Rosa charges \$6.06 per 1,000 gallons, equivalent to \$4.53 per ccf.

---

<sup>1</sup> This provision was written before there was a differential in rates between residential and non-residential customers, so the Regulation does not specifically say which "highest" is to be used. However, if "highest" is taken absolutely literally, it would seem that we should use the \$24.40 rate.

**Staff Recommendation:** Set the quantity rate for water from a temporary service connection at 125% of the highest tiered rate for a non-residential customer (which would be \$10.13 currently, \$15.00 under the proposed rates).

**SECOND ISSUE:** Regulation 104, "Temporary Service," makes no mention of any fixed charge (such as our Basic Charge), but paragraph (f) in Regulation 101, "Rates and Charges," states that "In addition to the charge for water drawn through such a temporary line connection, a connection device rental charge and water availability charge of Ten Dollars (\$10.00) per calendar day shall be assessed."

We ask for direction from your Board on inclusion of a "fixed" charge, equivalent to our Basic Charge (which would replace the charge currently designated as a "connection device rental charge)."

- NMWD appears to charge \$34.15 per month (billed bimonthly at \$68.30)
- San Francisco has a "Monthly Service Charge" of \$24.47 if a 1-inch meter is used, or \$125.18 per month if a 3-inch meter is used,
- City of Santa Rosa has a "Monthly Fixed charge" for use of a hydrant of \$165.10.

**Staff Recommendation:** Set a fixed monthly rate equivalent to the Basic Charge all of our regular customers pay (prorated for fractional monthly periods), which would replace the charge currently designated as a "connection device rental charge." Such a charge would be \$60.50 per month currently (and would increase to \$73.00 per month under the proposed rates).

**THIRD ISSUE:** Regulation 104, "Temporary Service," requires in paragraph (d) that the applicant for a temporary service connection post a "Temporary Service Security Deposit," and specifies that the amount of this deposit shall be as "provided for in the System's current Schedule of Rates and Charges." However, the System's current schedule of rates and charges, which is Regulation 301, makes no mention of this charge. Here's how other system's handle this issue:

- NMWD requires an initial payment of \$950, of which \$100 is "a non-refundable charge for administration, installing and removing the meter," and the remaining \$850 is a refundable security deposit to cover damage to the meter.
- San Francisco's "Deposit" for a 1-inch meter is \$2,098, and \$5,734 for a 3-inch meter.
- City of Santa Rosa requires a "Deposit" of \$1,500.

**Staff Recommendation:** A charge of \$100 for connection and disconnection of the meter should be adequate (such meters are quick and easy to install and remove). A refundable security deposit of \$850 also seems reasonable.

**APPLICATION AND AGREEMENT FOR TEMPORARY WATER FROM A HYDRANT**

1. **APPLICANT.** Name, address, phone, email of legal entity requesting temporary water service. (This is the entity to which bills will be sent, unless you indicate otherwise.)
  
2. **CONTACTS.** Names, addresses, phones (including cell phones), emails of primary contact persons.
  - a. For business matters:
  
  
  
  
  
  
  
  
  
  
  - b. For field operations (if applicable):
  
3. **PURPOSE.** State the reason you need temporary water, where/how it will be used, and desired location where you propose to draw the water (hydrant location or number, if known).
  
  
  
  
  
  
  
  
  
  
4. **TIME FRAME.** When do you need to begin drawing water, how long do you expect your need will continue (note that a permit extension must be requested and granted for use after the designated permit expiration date)?
  
  
  
  
  
  
  
  
  
  
5. **VOLUME.** How often do you expect you will need water, and how much water will you draw each time? If draw will be continuous, estimate volume per day (or per other timeframe as appropriate)?
  
  
  
  
  
  
  
  
  
  
6. **AGREEMENT AND SIGNATURE.** I, the undersigned, am the Applicant indicated in No. 1 above, or am duly authorized to act on behalf of said Applicant, and attest that I have read, accept, and will abide by the terms and conditions pertinent to temporary water service as stated on the second page of this form and detailed in the Regulations of the Inverness Public Utility District Water System. I have received copies of IPUD Water System Regulations 104 and 301. I attest that I am responsible for compliance with all conditions for temporary service, including timely payment in full of all bills rendered pursuant to this agreement.

Printed name of Applicant \_\_\_\_\_

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

## TEMPORARY WATER FROM A HYDRANT: TERMS AND CONDITIONS

These terms and conditions are applicable as of the following date: \_\_\_\_\_

All rates and charges shall be assessed at the amounts in effect at the time the applicable service is provided or the charge is incurred.

7. PARTIES. The parties to this agreement are the Applicant identified in No. 1 above ("Applicant") and the Inverness Public Utility District ("District" or "Water System").
8. SECURITY DEPOSIT (payable in advance; refundable if meter and other provided equipment are returned in good condition):
9. INSTALLATION CHARGE (payable in advance; nonrefundable; includes disconnection charge):
10. MONTHLY SERVICE CHARGE (billed bimonthly; prorated for fractional months):
11. QUANTITY CHARGE (per 100 cubic feet (ccf), as metered (or as stated here); billed bimonthly):
12. PERMIT EXPIRATION DATE (a request for extension must be filed at least 30 days in advance of this date):  
This permit expires on: \_\_\_\_\_
13. COPY OF PERMIT. A copy of this permit must be in the possession of any person who operates the hydrant valve.
14. HYDRANT VALVE OPERATION. The hydrant valve must be operated slowly and responsibly, in strict conformance with instructions provided by Water System staff.
15. BACKFLOW. Applicant shall be responsible for ensuring that there is no backflow into the hydrant and System's distribution facilities. For tank truck fill applications, an air gap shall be present.
16. PERMIT REVOCATION. This permit is revocable at any time and without prior notice in the event of nonpayment of billed rates and charges, in the event of any violation of any provision of this permit or of any District regulation, at any time access to the hydrant for routine or emergency purposes is deemed necessary by the District at its sole discretion, or in the event of a water shortage and the District's inability, in its sole judgment, to safely provide water both to its customers and to the temporary service.
17. MISSING OR STOLEN METER. Applicant is solely responsible for any disappearance of the meter and any other equipment provided by the District. In such a case, Applicant agrees to reimburse District for the full cost of replacing a missing meter or other item(s) of equipment.
18. AUTHORIZED PERSONNEL. Only District employees are authorized to install or disconnect a hydrant meter. Applicant and Applicant's personnel shall not mount, dismount, or tamper with the hydrant meter.
19. USE OF WATER. Water drawn from a hydrant pursuant to this permit shall be used only for the purpose for which this permit was issued and at the location(s) stated in the approved permit's Application.

Date permit issued \_\_\_\_\_

Permit approved and issued by:

Name and title \_\_\_\_\_

Signature \_\_\_\_\_



Inverness Public Utility District  
Board Meeting April 22, 2020

---

## Agenda Item No. 8

### **Trossach Way Roadway Restoration**

Request from property owner for District commitment to road  
repairs



*Inverness Public Utility District*

## **Board Agenda Item Staff Report**

Subject: Tenney Tank Project: Trossach Way road damage and repair request  
Meeting Date: April 22, 2020  
Date Prepared: April 7, 2020  
Prepared by: Shelley Redding, Administrator  
Attachments: Letter from Tom Baty

---

---

**Recommendation:** Plan of action for Trossach Way road damage repair

---

---

**Background:** At the Board meeting on February 26, 2020, Tom Baty presented a request to the Board of Directors for a commitment of funds to be placed in an escrow account to repair any potential damage to the private road, Trossach Way as a result of the Tenney Tank Project. This request had also been presented to the property owners who are planning to construct a new home on Trossach Way potentially at the same time as the Tenney Tank Project. Director Emanuels requested staff to seek advice from counsel on the request.

**Action Taken:** Staff contacted counsel requesting advice on the reasonable response to the request. Counsel responded stating, "In general, a public entity would be responsible to repair damage to private property caused by its project. Wear and tear is likely already present, and those who reside there already have some share in addition to those entities/people doing new projects".

Additionally, in response to this request and at the invitation of Tom Baty, Chief of Operations, Jim Fox and I examined the road surface, took pictures as advised and discussed areas of concern with Tom Baty.

On advice of counsel, a motion or other explicit commitment of a fixed amount in advance would be unusual.

A request for restoration of Trossach Way at completion of the Tenny Tank project

Would the District Board consider a motion to recognize a responsibility to repair damages incurred to the surface and structure of Trossach Way with the increased wear and tear of moving equipment and materials for the probable construction of two new water tanks at the Tenny site?

The issue of repairs is complicated by the strong likelihood that the new owners of 20 Trossach Way (Spencer & Tori Stenmark) are planning on building a substantial house, potentially in an overlapping time frame with the Tenny Tank Project. It currently appears that the IPUD project will be the first to begin, although the Stenmarks seem intent a starting theirs as soon as they possibly can.

It would seem logical to repair the damages to Trossach after both projects are completed. If the projects do proceed simultaneously it will be nearly impossible to determine who is responsible for any given instance of damage, let alone general wear and tear. It appears that the Stenmark's project will require substantially more heavy vehicles than the District's. It also appears that most of the Stenmark's heavy traffic will only use the bottom 4/5s of the roadway, whereas the District's traffic will use the entire asphalt roadway and beyond.

I suggest that, barring any unforeseen circumstances, the District and the Stenmark's evenly split the cost of the repairs. Monitoring responsibilities for damages to the road seem untenable and the disparities of use and impacts seem to balance out. We won't know until the end of the two projects the extent of the damages and therefore what the repair costs will be. Looking for a simple ballpark estimate, I got a quote from a local asphalt contractor for \$40,000 to repave the roadway (715' X 10' X 2") with extra tonnage of asphalt for additional repairs to the current roadway. In good circumstances---with the assumption of significant damages incurred by both projects---an even split of the repair costs could well benefit both parties. I am requesting an initial pledge of up to \$40,000 from each party as neither one has fully approved/permitted their respective projects and there is always the possibility that either could be shelved for the foreseeable future.

I have an agreement in principle with the Stenmarks for an escrow account with \$40,000, with the understanding that this should be more than adequate for a shared restoration of the roadway and that the leftover balance would be returned.

I ask that the Board consider a motion to approve an expenditure of up to \$40,000 for repairs to the roadway with an intention---again, barring unforeseen circumstances---to evenly share the costs with the Stenmarks. This seems like a risk-free way of budgeting for the possible cost of restoring the road and providing assurance to the homeowners of Trossach that the roadway will be fully restored and functional for everyone.

Tom Baty



Inverness Public Utility District  
Board Meeting April 22, 2020

---

## Agenda Item No. 9

### **2018-2019 Financial Audit**

- Management Report
- Financial Statements



**INVERNESS PUBLIC UTILITY DISTRICT**  
**(A California Special District)**

**INVERNESS, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Governmental Funds - Balance Sheet	10
Reconciliation of the Governmental Funds - Balance Sheet with the Governmental Activities Statement of Net Position	11
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the Statement of Activities	13
Proprietary Funds – Statement of Net Position	14
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position	15
Proprietary Funds - Statement of Cash Flows	16
Notes to Basic Financial Statements	17-33
Required Supplemental Information:	
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	34
Schedule of the District's Proportionate Share of Net Pension Liability	35
Schedule of Contributions	36
Schedule of Change in the Net OPEB Liability and Related Ratios	37

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Inverness Public Utility District  
Inverness, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Inverness Public Utility District (a California special district), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Inverness 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 State Controller's *Minimum Audit Requirements for 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for 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, we consider internal control relevant to Inverness 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 Inverness 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 governmental activities, the business-type activities, each major fund and, where applicable, cash flows of Inverness Public Utility District, as of June 30, 2019, and the respective changes in financial position 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 Special Districts*.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-7) and the pension plan information, schedule of change in the net OPEB liability and related ratios, and budgetary comparison information (pages 34-37), 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  
April 2, 2020

Inverness Public Utility District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Inverness Public Utility District (the District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report and with the basic financial statements and related notes, which follow this section.

### **Financial Highlights**

- Net position decreased \$820,317 to \$2,046,357 as a result of this year's operations and increase in expenses.
- Total governmental revenues increased \$48,900 from the prior year. Business-type activity revenue increased \$62,589 from the prior year.
- Total governmental expenses increased by \$178,397 and business type expenses increased \$449,585 primarily due to employment benefit costs and equipment disposals.

### **Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides 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 current year's revenues and expenses are accounted for in the Statement of Activities. These statements measure the success of the District's operations and can be used to determine the District's profitability and credit worthiness.

### **Government-wide Financial Statements**

#### Statement of Net Position and Statement of Activities

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 Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities 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.

These two statements report the District's *net position* and changes in them. Think of the District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax bases and the types of grants for which the District applies to assess the *overall financial health* of the District.

### **Fund Financial Statements**

#### Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental und financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Inverness Public Utility District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2019

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 33.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budgetary information, pension plan information, and schedule of change in the net OPEB liability and related ratios. Required supplementary information can be found on pages 34 through 37.

Government-wide Financial Analysis - *Governmental Activities*

Statement of Net Position

The following table is a condensed summary of the statements of net position at June 30, 2019, with prior year comparative information:

Table 1  
Governmental Net Position at June 30

	2019	2018
Current assets	\$ 1,959,098	\$ 1,962,746
Capital assets, net of depreciation	18,572	27,109
Total assets	1,977,670	1,989,855
Deferred outflows	37,267	196,825
Current liabilities	73,350	50,938
Long-term liabilities	286,565	291,613
Total liabilities	359,915	342,551
Deferred inflows	14,199	9,687
Net position:		
Invested in capital assets, net of debt	18,572	27,109
Unrestricted	1,622,251	1,807,333
Total net position	\$ 1,640,823	\$ 1,834,442

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 of the District exceeded liabilities by \$1,640,823 as of June 30, 2019. Compared to the prior year, net position of the District decreased \$193,619. The District's net position is made-up of two components: (1) net investment in capital assets, (2) unrestricted net position.

Inverness Public Utility District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2019

Statement of Activities

The following table is a condensed summary of the statement of activities for the year ended June 30, 2019, with prior year comparative information

Table 2  
Changes in Governmental Net Position

	<u>Governmental Activities 2019</u>	<u>Governmental Activities 2018</u>
<u>Expenses</u>		
General government (operations and fire protection)	\$ 322,007	\$ 232,236
Public safety	<u>516,804</u>	<u>428,178</u>
Total expenses	<u>838,811</u>	<u>660,414</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	-	-
Operating grants and contributions	<u>-</u>	<u>-</u>
Total program revenues	<u>-</u>	<u>-</u>
General revenues:		
Taxes	618,174	571,890
Other revenues	13,561	20,330
Interest income	<u>13,457</u>	<u>4,072</u>
Total general revenues	<u>645,192</u>	<u>596,292</u>
Total revenues	<u>645,192</u>	<u>596,292</u>
Change in net position	<u>\$ (193,619)</u>	<u>\$ (64,122)</u>

Table 3  
Business-type Net Position at June 30

	<u>Business-type 2019</u>	<u>Business-type 2018</u>
Current assets	\$ (546,700)	\$ (496,639)
Capital assets, net of accumulated depreciation	<u>1,670,257</u>	<u>1,857,197</u>
Total assets	<u>1,123,557</u>	<u>1,360,558</u>
Deferred outflows	<u>86,957</u>	<u>459,258</u>
Current liabilities	74,683	69,002
Long-term debt outstanding	<u>697,167</u>	<u>695,978</u>
Total liabilities	<u>771,850</u>	<u>764,980</u>
Deferred inflows	<u>33,130</u>	<u>22,604</u>
Net position:		
Invested in capital assets	1,670,257	1,857,197
Unrestricted	<u>(1,264,723)</u>	<u>(824,965)</u>
Total net position	<u>\$ 405,534</u>	<u>\$ 1,032,232</u>

Inverness Public Utility District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2019

Table 4  
Changes in Business-Type Net Position

	Business-Type Activities 2019	Business-Type Activities 2018
<u>Expenses</u>		
Water	\$ 1,144,469	\$ 905,863
Total expenses	1,144,469	905,863
<u>Revenues</u>		
Program revenues:		
Charges for services	504,463	445,239
Total program revenues	504,463	445,239
General revenues:		
Interest income	13,308	9,943
Total general revenues	13,308	9,943
Total revenues	517,771	455,182
Change in net position	\$ (626,698)	\$ (450,681)

Table 5  
Capital Assets at Year-end

	Balance at June 30, 2019	Balance at June 30, 2018
<u>Governmental Activities</u>		
Buildings	\$ 227,528	\$ 227,528
Tankers and vehicles	381,811	381,811
Equipment and furnishings	296,179	296,179
Less: accumulated depreciation	(886,946)	(878,409)
Governmental activity capital assets, net	\$ 18,572	\$ 27,109
<u>Business-type Activities</u>		
Non-depreciable assets	\$ 207,809	\$ 164,334
Wells	71,499	71,499
Plant and equipment	3,964,197	3,822,241
Less: accumulated depreciation	(2,573,248)	(2,200,877)
Business-type activity capital assets, net	\$ 1,670,257	\$ 1,857,197

At June 30, 2019, the District's investment in capital assets amounted to \$1,688,829, net of accumulated depreciation. This investment in capital assets includes land, buildings, fire apparatus, furnishings and equipment, collection and distribution systems, tanks, wells, water treatment facilities and construction-in-process. The capital assets of the District are more fully analyzed in Note 3 to the basic financial statements.

**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.



Inverness Public Utility District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

**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 conditions. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Administrator at P.O Box 469, Inverness, California 94937 or (415) 669-1414.

Inverness Public Utility District  
STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 1,264,277	\$ -	\$ 1,264,277
Accounts receivable	35,033	92,611	127,644
Interfund accounts	648,781	(648,781)	-
Prepaid items	11,007	9,470	20,477
Non-depreciable capital assets	-	164,334	164,334
Depreciable capital assets, net	18,572	1,505,923	1,524,495
Total assets	1,977,670	1,123,557	3,101,227
<u>DEFERRED OUTFLOWS</u>			
Deferred outflows related to pensions	37,267	86,957	124,224
<u>LIABILITIES</u>			
Accounts payable	55,292	1,717	57,009
Deposits	-	9,089	9,089
Unearned income	-	63,877	63,877
Compensated absences	18,058	28,517	46,575
Long-term liabilities			
OPEB Liability	170,484	397,795	568,279
Net pension liability	116,081	270,855	386,936
Total liabilities	359,915	771,850	1,131,765
<u>DEFERRED INFLOWS</u>			
Deferred inflows related to pensions	14,199	33,130	47,329
<u>NET POSITION</u>			
Investment in capital assets, net of related debt	18,572	1,670,257	1,688,829
Unrestricted net position	1,622,251	(1,264,723)	357,528
Total net position	\$ 1,640,823	\$ 405,534	\$ 2,046,357

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

Inverness Public Utility District  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 322,007	\$ -	\$ -	\$ (322,007)		\$ (322,007)
Public safety	516,804	-	-	(516,804)		(516,804)
Total governmental activities	838,811	-	-	(838,811)		(838,811)
Business-type activities:						
Water	1,144,469	504,463	-		\$ (640,006)	(640,006)
Total business-type activities	1,144,469	504,463	-		(640,006)	(640,006)
Total	\$ 1,983,280	\$ 504,463	\$ -	(838,811)	(640,006)	(1,478,817)
General revenues:						
Property taxes				618,174	-	618,174
Other revenues				13,561	-	13,561
Interest income				13,457	13,308	26,765
Total general revenues				645,192	13,308	658,500
Change in net position				(193,619)	(626,698)	(820,317)
Net position beginning of period				1,834,442	1,032,232	2,866,674
Net position ending of period				\$ 1,640,823	\$ 405,534	\$ 2,046,357

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

Inverness Public Utility District  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2019

ASSETS

Cash and investments	\$ 1,264,277
Accounts receivable	35,033
Prepaid items	11,007
Due from other funds	<u>1,130,957</u>
Total assets	<u><u>\$ 2,441,274</u></u>

LIABILITIES

Accounts payable	\$ 55,292
Due to other funds	<u>482,176</u>
Total liabilities	<u>537,468</u>

FUND BALANCES

Assigned for:	
Specific purposes	2,013,300
Unassigned	<u>(109,494)</u>
Total fund balances	<u>1,903,806</u>

Total liabilities and fund balances	<u><u>\$ 2,441,274</u></u>
-------------------------------------	----------------------------

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

Inverness Public Utility District  
 Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the Governmental Activities  
STATEMENT OF NET POSITION  
 For the year ended June 30, 2019

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	1,903,806
--	----	-----------

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		18,572
--	--	--------

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Deferred outflows		37,267
Deferred inflows		(14,199)
OPEB liability		(170,484)
Net pension liability		(116,081)
Non-current portion of compensated absences		<u>(18,058)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,640,823</u>
---	----	------------------

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

Inverness Public Utility District  
 GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For the year ended June 30, 2019

Revenues:	
Taxes	\$ 618,174
Interest income	13,457
Other revenues	<u>13,561</u>
Total revenues	<u>645,192</u>
Expenditures:	
Current:	
General government	322,007
Public safety	<u>369,324</u>
Total expenditures	<u>691,331</u>
Excess (deficit) of revenues over (under) expenditures	(46,139)
Fund balances, beginning of period	<u>1,949,945</u>
Fund balances, end of period	<u>\$ 1,903,806</u>

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

Inverness Public Utility District  
 Reconciliation of the  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 with the  
STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2019

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(46,139)
--	----	----------

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense is deducted from the fund balance		(8,537)
--	--	---------

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

Pension expense		(159,022)
Long-term compensated absences		<u>20,079</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(193,619)</u>
---	----	------------------

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

Inverness Public Utility District  
 PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
 June 30, 2019

	Water
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ -
Accounts receivable	92,611
Prepaid items	9,470
Total current assets	102,081
Non-current assets:	
Capital assets, net of accumulated depreciation	1,670,257
Total assets	1,772,338
<u>DEFERRED OUTFLOWS</u>	
Deferred outflows related to pensions	86,957
<u>LIABILITIES</u>	
Current liabilities:	
Accrued expenses	1,717
Customer deposits	9,089
Unearned income	63,877
Compensated absences	28,517
Due to other funds	648,781
Total current liabilities	751,981
Long-term liabilities	
OPEB liability	397,795
Net pension liability	270,855
Total liabilities	1,420,631
<u>DEFERRED INFLOWS</u>	
Deferred inflows related to pensions	33,130
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	1,670,257
Unrestricted	(1,264,723)
Total net position	\$ 405,534

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



Inverness Public Utility District  
 PROPRIETARY FUNDS  
STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN FUND NET POSITION  
 For the year ended June 30, 2019

	Water
Operating revenues:	
Charges for services	\$ 504,463
Total operating revenues	504,463
Operating expenses:	
Personnel services	679,656
Collection and treatment	48,358
Distribution	5,508
Depreciation	372,370
Administration	38,577
Total operating expenses	1,144,469
Operating income (loss)	(640,006)
Nonoperating revenues and expenses:	
Interest income	13,308
Change in net position	(626,698)
Net position, beginning of period	1,032,232
Net position, end of period	\$ 405,534

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

Inverness Public Utility District  
 PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
 For the year ended June 30, 2019

	Business-type Activities Enterprise Funds <u>Water</u>
Cash flows from operating activities:	
Receipts from customers	\$ 493,812
Payments to suppliers	(26,050)
Payments to employees	<u>(295,640)</u>
Net cash provided (used) by operating activities	<u>172,122</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(185,430)</u>
Net cash provided (used) by capital and related financing activities	<u>(185,430)</u>
Cash flows from investing activities:	
Interest income	<u>13,308</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of period	<u>-</u>
Cash and cash equivalents - end of period	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	<u>\$ (640,006)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	372,370
Changes in certain assets and liabilities:	
Accounts receivable	(10,651)
Prepaid items	(1,130)
Accounts payable	1,147
Deposits	1,448
Unearned income	3,086
Due to/from other funds	61,842
Compensated absences	12,970
OPEB	-
Pension expense	<u>371,046</u>
Total adjustments	<u>812,128</u>
Net cash provided (used) by operating activities	<u><u>\$ 172,122</u></u>

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

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of District

The Inverness Public Utility District (the District) was formed in 1948 with the intent to purchase the water system serving the Inverness Valley community. In 1949 and 1950, the District attempted to purchase the water system serving the community; however, the District did not receive the required votes from the community to make the purchase. In 1951, the District took over the operations of the Inverness Volunteer Fire Department. In 1980, the District purchased the water system serving the community. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager. 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 service charges and property taxes.

B. The 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. The District has no blended or discretely-presented component units.

C. Basis of Accounting and Measurement Focus

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Statements: These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-like activities. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. 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. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements: These statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

C. Basis of Accounting and Measurement Focus (concluded)

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule may include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by the proprietary fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Unbilled water receivables are recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. 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, such as water sales, 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. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) value in exchange.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

D. Major Funds

GASB Statement 34 defines major funds and requires that the District's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

D. Major Funds (concluded)

The District reported the following major governmental funds in the accompanying financial statements:

General Fund: This fund accounts for the operations of the District. The General Fund is used for all the general revenues of the District not specifically levied or collected for other District funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit that are not accounted for in another fund.

Fire Department Fund: This fund accounts for the fire protection activities of the District.

Water Enterprise Fund: This fund accounts for the water operations of the District.

E. Net Position

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement 34. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Invested in Capital, net of related debt* describes the portion of Net Position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued for the acquisition, construction or improvement of those assets.

*Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position that does 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.

F. Fund Balance

The financial statements - governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

*Nonspendable* fund balance includes amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

*Restricted* fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

*Committed* fund balance includes amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

F. Fund Balance (concluded)

*Assigned* fund balance includes amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

*Unassigned* fund balance is the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

G. Accounts Receivable

The District bills the local residents for water usage on a bi-monthly basis. Estimated unbilled water revenue through June 30 has been accrued at year-end for the Water Enterprise Fund. Management believes all amounts are collectible and, accordingly, there is no provision for uncollectible accounts reflected herein.

H. Deferred Revenue

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. The District bills for its fixed service charge in advance. Therefore, the portion of customers' bills that is for the fixed charge is deferred.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

I. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

J. Budgetary Policies

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each April, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors for adoption no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the general fund.

K. Compensated Absences

The District's policy is to permit employees to accumulate an unlimited amount of earned vacation leave. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employees for the amount owed. Sick leave, which is limited to 80 hours per year for full-time employees and is pro-rated for part-time employees, is unearned and does not carry over to the following fiscal year.

Governmental fund types recognize the vested vacation as an expenditure in the current year to the extent it is paid during the year. Accrued vacation relating to governmental funds is included as a long-term liability in the Statement of Net Position as those are payable from future resources and within the Balance Sheet - Water Enterprise Fund for amounts relating to the proprietary fund type.

L. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for recording capital assets at \$1,000 (\$3,000 prior to June 30, 2017). Donated assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulation 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:

*Governmental Activities*

- Buildings and improvements - 5 to 30 years
- Fire apparatus - 3 to 20 years
- Furnishings and equipment - 3 to 7 years

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

L. Capital Assets (concluded)

*Business-Type Activities*

- Collection and distribution system - 5 to 50 years
- Tanks - 5 to 40 years
- Water treatment - 5 to 40 years
- Wells - 40 years
- Vehicles and equipment - 5 to 7 years

M. Investments and Investment Policy

The District has adopted an investment policy directing the District's General Manager to deposit funds in financial institutions. Investments are to be made in the following areas:

- Financial institution checking and savings accounts
- California Local Agency Investment Fund (LAIF)

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.

*Local Agency Investment Fund* - LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investment in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

N. 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.

O. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.



Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

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

P. 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 Inverness Public Utility District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions 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.

Q. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District maintains an operating account at Bank of America, and all other funds are on deposit with the California Local Agency Investment Fund (LAIF) investment pool (see Note 1M, Investments and Investment Policy).

These funds have been segregated into various accounts and, at June 30, 2019 the balances were as follows:

Deposits held with LAIF	\$ 1,078,787
Deposits held with financial institutions	<u>185,490</u>
Total cash, cash equivalents, and investments	<u>\$ 1,264,277</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the 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.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

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

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

Fair Value Reporting - Investments

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the District's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The District's holdings are classified in Level 1 of the fair value hierarchy.

NOTE 3 - CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2019:

<i>Governmental Activities</i>	Balance 7/1/18	Additions	Deletions/ Transfers	Balance 6/30/19
<u>Depreciable assets</u>				
Buildings	\$ 227,528	\$ -	\$ -	\$ 227,528
Vehicles	381,811	-	-	381,811
Furnishings and equipment	296,179	-	-	296,179
Total depreciable assets	<u>905,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>905,518</u>
Total accumulated depreciation	<u>(878,409)</u>			<u>(886,946)</u>
Total capital assets, net	<u>\$ 27,109</u>			<u>\$ 18,572</u>

Depreciation expense under governmental activities (district operations/fire protection) totaled \$8,537.

<i>Business-Type Activities</i>	Balance 7/1/18	Additions	Deletions/ Transfers	Balance 6/30/19
<u>Non-depreciable assets</u>				
Land	\$ 66,320	\$ -	\$ -	\$ 66,320
Construction in progress	98,014	43,475	-	141,489
Total non-depreciable assets	<u>164,334</u>	<u>43,475</u>	<u>-</u>	<u>207,809</u>
<u>Depreciable assets</u>				
Wells	71,499	-	-	71,499
Collection system	352,967	-	-	352,967
Distribution system	976,408	106,658	-	1,083,066
Tanks	1,062,276	-	-	1,062,276
Water treatment	1,371,899	-	-	1,371,899
Vehicles and equipment	58,691	35,298	-	93,989
Total depreciable assets	<u>3,893,740</u>	<u>\$ 141,956</u>	<u>\$ -</u>	<u>4,035,696</u>
Total accumulated depreciation	<u>(2,200,877)</u>			<u>(2,573,248)</u>
Total depreciable assets, net	<u>1,692,863</u>			<u>1,462,448</u>
Total capital assets, net	<u>\$ 1,857,197</u>			<u>\$ 1,670,257</u>

Depreciation expense under business-type activities (retail water enterprise) totaled \$372,370.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

NOTE 4 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PREPAID/(PAYABLE)

Plan Description, Benefits

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical plan. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Plan Description, Eligibility

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. Membership in the OPEB plan consisted of the following members as of June 30, 2019:

Employees Covered by Benefit Terms

At June 30, 2019 (the census date), the benefit terms covered the following employees:

Active plan members	5
Retirees receiving benefits	<u>3</u>
Total	8

The District passed resolutions to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the Board of Directors. These Trusts are not considered a component unit by the District and have been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 3.00%

Salary increases: Aggregate salary increases of 3.69%. Individual salary increases based on CalPERS.

Investment rate of return: 3.00%

Healthcare cost trend rates: 4.60% in the first year, trending up to 4.70% over 10 years.

Mortality rates were based on RP2000 mortality tables applied generationally.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 4 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PREPAID/(PAYABLE) (concluded)

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/Asset
	(a)	(b)	(c)
Service cost	\$ 34,947	\$ -	\$ 34,947
Interest	8,327	-	8,327
Effects of economic/demographic gains or losses	688,136	-	688,136
Contributions	-	37,284	(37,284)
Net investment income	-	24,686	(24,686)
Benefits payments, including refunds of employee contributions	(37,284)	(37,284)	-
Administrative expenses	-	(739)	739
Effects of Assumptions changes or inputs	(101,900)	-	(101,900)
Net change in total OPEB liability	592,226	23,947	568,279
Total OPEB liability – beginning of year	399,940	399,940	-
Total OPEB liability – end of year	<u>\$ 992,166</u>	<u>\$ 423,887</u>	<u>\$ 568,279</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB Asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) follows:

Plan's Net OPEB Liability/(Asset)		
1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
\$ 1,094,066	\$ 992,166	\$ 902,830

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates. The net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower (-1.00%) or one percentage point higher (1.00%) than current healthcare cost trend rates follows:

Plan's Net OPEB Liability/(Asset)		
1% Decrease	Current Discount Rate	1% Increase
\$ 878,396	\$ 992,166	\$ 1,123,789

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized an OPEB expense of \$40,072. At June 30, 2019, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 5 - PENSION PLANS

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	District 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	50 - 63	52
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.092% to 2.418%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	6.709%	6.533%
	District Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	1.426% to 2.0%	1.426% to 2.0%
Required employee contribution rates	7%	9.5%
Required employer contribution rates	11.530%	9.513%

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 the July 1 following notice of a change in the rate. Funding contributions for the Plans are 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.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 5 - PENSION PLANS (continued)

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 40,249	\$ 10,770

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 266,448
Safety	120,488
Total Net Pension Liability	\$ 386,936

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2018 and the total pension liability for each 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 each Plan as of June 30, 2018 and 2019 was as follows:

<u>All Plans</u>	Miscellaneous	Safety
Proportion - June 30, 2018	0.2090%	0.7070%
Proportion - June 30, 2019	0.7070%	0.2050%
Change – Increase (Decrease)	0.4980%	(0.5020%)

For the year ended June 30, 2019, the District recognized pension expense of \$125,383. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 51,019	\$ -
Differences between actual and expected experience	12,812	3,489
Changes in assumptions	42,198	9,040
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,827	33,448
Net differences between projected and actual earnings on plan investments	2,133	-
Change in proportion and differences between actual contributions and proportionate share of contributions	12,235	1,352
Total	\$ 124,224	\$ 47,329

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 5 - PENSION PLANS (continued)

\$51,019 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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2020	\$	28,522
2021		16,585
2022		(15,999)
2023		(32,312)
Thereafter		-

Actuarial Assumptions - The total pension liabilities for the fiscal year ended June 30, 2018 were derived from the June 30, 2017 funding valuation report and were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Increase	Protection allowance floor on power applies, 2.75% thereafter
Mortality	Derived using CalPERS Membership Data for all Funds <sup>(1)</sup>

<sup>(1)</sup> 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 MP 2016. For more details on this table, please refer to the CalPERS 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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 (PERF) cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 5 - PENSION PLANS (concluded)

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits of cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u> <sup>(1)</sup>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u> <sup>(2)</sup>	<u>Real Return Years 11+</u> <sup>(3)</sup>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	<u>100%</u>		

- (1) 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.
- (2) An expected inflation of 2.0% used for this period.
- (3) An expected inflation of 2.92% used for this 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 each Plan, calculated using the discount rate for each 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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$427,989	\$198,014
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$266,448	\$120,488
1% Increase	8.15%	8.15%
Net Pension Liability	\$133,098	\$56,969

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

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.



Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

NOTE 6 - PROPERTY TAXES (concluded)

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, 2019.

NOTE 7 - RELATED PARTY TRANSACTIONS

The District employs a relative of a member of management staff. This transaction is approved annually by the Board of Directors as part of the budget process. For the year ended June 30, 2019, \$81,018 was paid in salaries under his employment.

NOTE 8 - 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 a member of the Special District Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs from California Special Districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2019, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence. The District purchased additional excess coverage layers: \$2,500,000 for general, auto and public officials liability, which increases the limit on the insurance coverage noted above.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

NOTE 8 - RISK MANAGEMENT (concluded)

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials personal liability up to \$500,000 each occurrence, with an annual aggregate of \$100,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim. Workers' compensation insurance up to \$100 million per occurrence and Employer's Liability Coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years.

There were no reductions in insurance coverage in fiscal years 2019 and 2018. 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, 2019.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Nuclear Free Zone -The Board of Directors of Inverness Public Utility District adopted an ordinance on November 6, 1990, declaring the District as a Nuclear Free Zone and thereby joined in with other Nuclear Free Zone communities in eliminating the profit incentive for nuclear weapons makers by means of an economic boycott. As a result of this ordinance, the District shall purchase no product or service of or from any nuclear weapon maker, except that the District may purchase such a product or service where required by law or where no other product or service can be found in sufficient quality or suitability and at a low enough price to be consistent with good management practice and safety. The District shall include a copy of the ordinance with all requests for proposals and all purchase orders. The Board of Directors of the District shall meet annually to review the investment options and determine if the transfer of District funds to a financial institution that makes no investments in nuclear weapons makers ("Nuclear Free Fund") is consistent with State law and prudent management.

Marin Emergency Radio Authority - During fiscal year 1999, the District became a member of the Marin Emergency Radio Authority (Authority). The Authority is a joint exercise of powers agency created on February 28, 1998, pursuant to the California Government Code and a Joint Powers Agreement, by and among the County of Marin and twenty-five local agencies within the County (collectively, the "Members"). The Authority's purpose is to plan, finance, implement, manage, own and operate a multi-jurisdictional and County-wide public safety and emergency radio system. During 1999, the Authority issued bonds to finance the acquisition and installation of a County-wide public safety and emergency radio system (the "Project"), to fund a reserve fund, to fund capitalized interest on the 1999 bonds and to pay the costs incurred in issuing the 1999 bonds. The Project will be owned and operated by the Authority. The Members will use the radio service provided by the Project to carry out public safety and emergency functions in their individual service areas.

Inverness Public Utility District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

NOTE 9 - COMMITMENTS AND CONTINGENCIES (concluded)

The 1999 bonds are special obligations of the Authority payable solely from revenues consisting generally of the service payments to be made by the County and the Members within the County under an operating agreement. Scheduled payments began in August 2001. In addition, the District is obligated to pay a share of the Authority's annual operating costs. For the year ended June 30, 2019, the debt service costs associated with the District's participation in the Authority were \$12,010.

A copy of the Authority's financial statements is available upon request from the Marin County Administrator's office at 3501 Civic Center Drive, Room 325, San Rafael, CA 94903.

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

NOTE 10- SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

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.

REQUIRED SUPPLEMENTARY INFORMATION

Inverness Public Utility District  
Required Supplemental Information  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Budget and Actual  
For the year ended June 30, 2019  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 583,400	\$ 577,000	\$ 618,174	\$ 41,174
Use of money and property	-	200	13,457	13,257
Other revenues	<u>2,400</u>	<u>4,575</u>	<u>13,561</u>	<u>8,986</u>
Total revenues	<u>585,800</u>	<u>581,775</u>	<u>645,192</u>	<u>63,417</u>
Expenditures:				
Current:				
General government	282,000	320,277	322,007	(1,730)
Public safety	<u>315,800</u>	<u>310,899</u>	<u>369,324</u>	<u>(58,425)</u>
Total expenditures	<u>597,800</u>	<u>631,176</u>	<u>691,331</u>	<u>(60,155)</u>
Excess of revenues over (under) expenditures	<u>\$ (12,000)</u>	<u>\$ (49,401)</u>	(46,139)	<u>\$ 3,262</u>
Fund balance, beginning of period			<u>1,949,945</u>	
Fund balance, end of period			<u>\$ 1,903,806</u>	

Inverness Public Utility District

As of June 30, 2019

\*Last 5 Years\*

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

Schedule of the Proportionate Share of the Net Pension Liability (Measurement Date)	Misc.		Misc.		Misc.		Misc.		Misc.	
	Safety Plan 2018	Plan 2018	Safety Plan 2017	Plan 2017	Safety Plan 2016	Plan 2016	Safety Plan 2015	Plan 2015	Safety Plan 2014	Plan 2014
Proportion of the net pension liability	0.2050%	0.7070%	0.7070%	0.2090%	0.0027%	0.0071%	0.0027%	0.0070%	0.0015%	0.0037%
Proportionate share of the net pension liability	\$ 120,488	\$ 266,448	\$ 120,488	\$ 266,448	\$ 106,929	\$ 246,696	\$ 76,909	\$ 200,453	\$ 90,873	\$ 231,036
Covered - employee payroll	\$ 128,841	\$ 270,881	\$ 126,949	\$ 270,881	\$ 218,410	\$ 93,762	\$ 44,712	\$ 236,606	\$ 87,737	\$ 257,863
Proportionate share of the net pension liability as a percentage of covered-employee payroll	93.52%	98.36%	94.91%	98.36%	48.96%	263.11%	172.01%	84.72%	103.57%	89.60%
Plan fiduciary net position as a percentage of the total pension liability	76.81%	75.39%	76.81%	75.39%	78.72%	75.76%	84.31%	78.89%	81.46%	74.15%

NOTES TO SCHEDULE:

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Inverness Public Utility District  
As of June 30, 2018  
\*Last 4 Years\*  
SCHEDULE OF CONTRIBUTIONS

<u>SCHEDULE OF CONTRIBUTIONS</u>	Safety Plan	Misc.	Safety Plan	Misc.	Safety Plan	Misc.	Safety Plan	Misc.	Safety Plan	Misc.
<u>Fiscal Year End</u>	2019	Plan	2018	Plan	2017	Plan	2016	Plan	2015	Plan
Contractually required contribution (actuarially determined)	\$ 10,770	\$ 40,249	\$ 4,216	\$ 20,942	\$ 23,601	\$ 8,518	\$ 12,041	\$ 54,094	\$ 6,663	\$ 31,622
Contributions in relation to the actuarially determined contributions	<u>(10,770)</u>	<u>(40,249)</u>	<u>(4,216)</u>	<u>(20,942)</u>	<u>(23,601)</u>	<u>(8,518)</u>	<u>(12,041)</u>	<u>(54,094)</u>	<u>(6,663)</u>	<u>(31,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during the fiscal year	\$ 138,419	\$ 308,500	\$ 126,949	\$ 270,881	\$ 218,410	\$ 93,762	\$ 44,712	\$ 236,606	\$ 87,737	\$ 257,863
Contributions as a percentage of covered-employee payroll	7.78%	13.05%	3.32%	7.73%	10.81%	9.08%	26.93%	22.86%	7.59%	12.26%

NOTES TO SCHEDULE:

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Inverness Public Utility District  
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY  
AND RELATED RATIOS  
For the year ended June 30, 2019

<b>Total OPEB Liability</b>	<u>2019</u>	<u>2018</u>
Service cost	\$ 34,947	\$ 34,947
Interest	8,327	8,327
Effects of economic/demographic gains or losses	688,136	688,136
Benefit payments, included refunds of employee contributions	(37,284)	(37,284)
Effects of Assumptions changes or inputs	<u>(101,900)</u>	<u>(101,900)</u>
<b>Net change in total OPEB liability</b>	592,226	592,226
<b>Total OPEB liability - beginning of year</b>	<u>399,940</u>	<u>399,940</u>
<b>Total OPEB liability - end of year</b>	<u>\$ 992,166</u>	<u>\$ 992,166</u>
<b>Plan Fiduciary Net Position</b>		
Net investment income	\$ 24,686	\$ 24,686
Contributions		
Employer - explicit subsidy	37,284	37,284
Employer - implicit subsidy	-	-
Benefit payments, included refunds of employee contributions	(37,284)	(37,284)
Implicit rate subsidy fulfilled	-	-
Administrative expense	<u>(739)</u>	<u>(739)</u>
<b>Net change in plan fiduciary net position</b>	23,947	23,947
<b>Plan fiduciary net position - beginning of year</b>	<u>399,940</u>	<u>399,940</u>
<b>Plan fiduciary net position - end of year</b>	<u>\$ 423,887</u>	<u>\$ 423,887</u>
<b>District's net OPEB liability - end of year</b>	<u>\$ 568,279</u>	<u>\$ 568,279</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	42.72%	42.72%
<b>Covered-employee payroll</b>	\$ 446,919	\$ 397,830
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	127.15%	142.84%

The schedules present information to illustrate changes in the District's changes in the net OPEB liability over a ten-year period when the information is available.



**INVERNESS PUBLIC UTILITY DISTRICT**

**BOARD OF DIRECTORS  
&  
MANAGEMENT REPORT**

**For the Year Ended  
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Controls	1
Required Communications	2-3
Management Observations	4-6

**R. J. RICCIARDI, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

---

To the Honorable Members  
of the City Council  
Inverness Public Utility District  
Inverness, California

In planning and performing our audit of the basic financial statements of Inverness Public Utility District for the fiscal year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Inverness Public Utility District's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Inverness Public Utility District in implementing the recommendations.

This report is intended solely for the information and use of management and Board of Directors of Inverness Public Utility District and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank Inverness Public Utility District's staff for its cooperation during our audit.

*R. J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
April 2, 2020

Board of Directors  
Inverness Public Utility District  
Inverness, California

We have audited the basic financial statements of Inverness Public Utility District for the year ended June 30, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 3, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Inverness Public Utility District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Inverness Public Utility District are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Inverness Public Utility District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole. The most sensitive estimate(s) affecting the basic financial statements were:

- Accrual and disclosure of compensated absences;
- Capital asset lives and depreciation expense;
- Actuarial assumptions for pension plan disclosure;
- Accrual and disclosure of leases;
- Fair value of investments and financial instruments.

**Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Of the 18 audit adjustments detected as a result of audit procedures and approved by management, most were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 2, 2020.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

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

**Other Matters**

We applied certain limited procedures to the Management’s Discussion and Analysis, the Pension Plan information, Schedule of Change in Net OPEB Liability and Related Ratios, and Budgetary Comparison Schedule for the General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and Board of Directors of Inverness Public Utility District and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Inverness Public Utility District  
BOARD OF DIRECTORS & MANAGEMENT REPORT  
For the Year Ended June 30, 2019

**Current Year Observations**

1) Separation of Duties

Observation:

During the course of the audit we noted that Inverness Public Utility District's (the District's) accountant and General Manager is the same person. The General Manager/Accountant is also a check signer.

Recommendation:

We recommend District checks be signed by Board Members whenever possible to reduce the risk of fraud and error.

**Prior Year Observations**

1) Review of Bank Statements

Observation:

During the course of the audit we noted that monthly bank statements and reconciliations of the District are not reviewed by someone other than the preparer.

Recommendation:

We recommended bank statements and related reconciliations be reviewed by a knowledgeable District staff or Board member each month and that this individual document the review by initialing the statements and reconciliations.

Status:

Starting in January 2019 Karen Gann reviewed the bank statements and reconciliations.

2) Employee Crime Insurance

Observation:

During the course of the audit we noted that the District is not insured against the risk of employee fraud.

Recommendation:

We recommended the District consider purchasing employee fraud/ crime insurance.

Status:

This recommendation has been implemented

Inverness Public Utility District  
BOARD OF DIRECTORS & MANAGEMENT REPORT  
For the Year Ended June 30, 2019

3) Fund Balance

Observation:

During our audit we noted the District's general ledger fund balance accounts amounts did not equal or were not reconciled to the amounts reported on the previous years' audited financial statements.

Recommendation:

We recommended the District reconcile the fund balance amounts to the amounts reported on the previous years' audited financial statements.

Status:

This recommendation has not been implemented

4) Fund Accounting

Observation:

During our audit we noted the District's Water, Fire and General Funds do not balance. The transactions for these funds should be recorded in separate self-balancing funds. The District's accountant does record some transactions separately but should set up completely separate funds or departments. The allocation of District expenses between the General and Water Fund could be inaccurate.

Recommendation:

We recommended the District set up completely separate self-balancing funds or departments in Quickbooks for the General, Fire and Water funds.

Status:

This recommendation has not been implemented

5) Written Accounting, Administrative and Fraud Procedures Manual

Observation:

During the course of our audit, we noted that the District does not have a formal accounting, administrative and fraud procedures manual. This manual would document the District's internal controls to safeguard assets and accounting records. This manual would also note the District's policies regarding prevention, detection and deterrence of fraud and would serve as a training guide for new employees.

Recommendation:

We recommended the District develop and maintain an up to date accounting, administrative and fraud procedures manual.

Status:

The District has an accounting manual.

Inverness Public Utility District  
BOARD OF DIRECTORS & MANAGEMENT REPORT  
For the Year Ended June 30, 2019

6) Payroll Tax Return Reconciliation

Observation:

During the course of our audit we noted the District does not reconcile salary and tax amounts on the quarterly payroll tax returns to the general ledger.

Recommendation:

We recommended the District reconcile salary and tax amounts on the quarterly payroll tax returns to the general ledger on a quarterly basis.

Status:

This recommendation has been implemented

7) Accounts Receivable Summary, Vendor Invoices and Credit Card Statements Approval

Observation:

During the course of our audit we noted the District's accounts payable invoices, credit card bills and accounts receivable summary were not initialed by a supervisor or Department Head.

Recommendation:

We recommended the supervisory approval of the above noted documents be documented by initialing the related documents.

Status:

This recommendation has not been implemented





Inverness Public Utility District  
Board Meeting April 22, 2020

---

## Agenda Item No. 10

### **Expenditures and Credit Card Charges**

- **February 2020**
- **March 2020**

**Inverness PUD**  
**Monthly Expense Ledger Report**  
**February 2020**

Date	Num	Name	Memo	Amount
<b>Feb 20</b>				
02/03/2020	EFT	CalPERS Health	February Health	-8,075.42
02/03/2020	13624	Horizon Cable TV Inc.	005-003907	-85.79
02/03/2020	13625	Streamline	February 2020 Website	-200.00
02/03/2020	13626	YP	Marin Co Directory Listing 06/2019	-85.11
02/03/2020	EFT	BB & T- CPS Operations	1/01-1/31/2020 AR Box	-7.93
02/03/2020		AT&T U-verse	139584573 Jan 20	-69.55
02/04/2020	EFT	CalPERS Health	March Health	-8,075.42
02/07/2020	EFT	Bank of America	January 2020 Analysis Charge	-665.82
02/10/2020	Auto	Diversified Technology	Billing Service	-665.00
02/13/2020	13628	Alpha Analytical Laboratories, Inc.	ORDER # 19L3917	-297.00
02/13/2020	13629	AT&T	VOID:	0.00
02/13/2020	13630	Brelje and Race Laboratories, Inc.	January 2020 sampling	-336.00
02/13/2020	13631	CORE	January services	-840.00
02/13/2020	13632	Emergency Medical Products, Inc.	Account # 104	-208.45
02/13/2020	13633	Good & Clean, Inc.	Janitorial Services - January	-330.00
02/13/2020	13634	Harrington Industrial Plastics	042985	-467.04
02/13/2020	13635	John's Dairy Equipment & Supply, ...	Liquid Chlorine	-93.12
02/13/2020	13636	McPhail Fuel Co.	Account INVPUID 143814	-81.19
02/13/2020	13637	R.J. Ricciardi, Inc., CPAs	2018-19 Audit thru 1/31/20	-1,440.00
02/13/2020	13638	U. S. Bank Corporate Payment Sy...	Managing Account 4246 0445 5565 2670	-1,352.25
02/13/2020	13639	USABluebook	70259	-213.50
02/13/2020	13640	West Marin Storage	Space 77	-834.24
02/13/2020	13641	AT&T	Telemetry/Phone	-479.73
02/14/2020	Payroll		Payroll Taxes 1/26 - 2/10/2020	-6,153.08
02/14/2020	Payroll		Payroll Direct Deposit 1/26 - 2/10/2020	-15,372.51
02/14/2020	EFT	Paychex	Payroll Processing Fees	-179.60
02/24/2020	13643	Marin County Community Develop...	Coastal Permit P20001 Extension DZA Hearin...	-1,636.00
02/27/2020	13645	Brenntag Pacific, Inc.	Cust# 617385 Sodium Hydroxide	-976.02
02/27/2020	13646	Building Supply Center		-1,725.07
02/27/2020	13647	Hach Company	Water Treatment Supplies	-439.22
02/27/2020	13648	Pace Supply Corp.	Customer# 09035-00	-1,894.19
02/27/2020	13649	Cheda's Garage	Repairs - Jeep	-387.04
02/27/2020	13650	E and M, Inc.	Cust# INVPUID	-125.00
02/27/2020	13651	John Roche Services	D4	-1,300.00
02/27/2020	13652	Sebastopol Bearing & Hydraulic	380 Parts	-52.09
02/28/2020	Payroll		Payroll Taxes 2/11 - 2/25/2020	-6,405.26
02/28/2020	Payroll		Payroll Direct Deposit 1/26 - 2/10/2020	-16,057.97
02/28/2020	EFT	CalPERS UAL	UAL 3056 SAFETY	-750.85
02/28/2020	EFT	CalPERS UAL	UAL 3055 MISC	-2,634.56
02/28/2020	EFT	CalPERS UAL	UAL 26451 PEPRA MISC	-110.46
02/28/2020		Paychex	Payroll Processing Fees	-179.60
02/28/2020	EFT	PG&E	Account 9408018479-2	-1,985.23
02/29/2020	EFT	CalPERS - Retirement	January 2020 Retirement	-6,288.63
<b>Feb 20</b>				<b>-89,554.94</b>

11:15 AM

03/23/20

## Inverness PUD Reconciliation Detail

XX-5018 · Cal Card - J Fox, Period Ending 02/22/2020

Type	Date	Num	Name	Clr	Split	Amount	Balance
<b>Beginning Balance</b>							737.61
<b>Cleared Transactions</b>							
<b>Charges and Cash Advances - 7 items</b>							
Credit Card Charge	01/28/2020	01440894	Palace Market	X	850-01 · Volunteer Training	-33.19	-33.19
Credit Card Charge	02/05/2020	4408072	Amazon	X	845-01 · Supplies and Inventory	-31.86	-65.05
Credit Card Charge	02/06/2020	405166097	Schneider Electric	X	845-01 · Supplies and Inventory	-69.81	-134.86
Credit Card Charge	02/07/2020	02648428	Palace Market	X	850-01 · Volunteer Training	-57.08	-191.94
Credit Card Charge	02/11/2020	031306	Brenntag Pacific, Inc.	X	833-01 · Chemicals	-1,094.01	-1,285.95
Credit Card Charge	02/15/2020	44178	Amazon	X	845-01 · Supplies and Inventory	-112.48	-1,398.43
Credit Card Charge	02/18/2020	5090644	Inverness Store	X	850-01 · Volunteer Training	-13.26	-1,411.69
Total Charges and Cash Advances						-1,411.69	-1,411.69
<b>Payments and Credits - 1 item</b>							
Bill	01/08/2020		U. S. Bank Corporate Payment Systems	X	20000 · Accounts Payable	737.61	737.61
Total Cleared Transactions						-674.08	-674.08
Cleared Balance						674.08	1,411.69
Register Balance as of 02/22/2020						674.08	1,411.69
<b>Ending Balance</b>						<b>674.08</b>	<b>1,411.69</b>

8:25 AM

03/15/20

**Inverness PUD  
Reconciliation Detail**

**XX-7642 · Cal Card - Redding, Period Ending 02/22/2020**

Type	Date	Num	Name	Clr	Amount	Split	Balance
<b>Beginning Balance</b>							614.64
<b>Cleared Transactions</b>							
<b>Charges and Cash Advances - 5 items</b>							
Credit Card Charge	01/22/2020	54038	Della Fattoria	X	-24.00	870-08 · Board & Election Expenses	-24.00
Credit Card Charge	01/26/2020	59906	Costco	X	-47.10	850-01 · Volunteer Training	-71.10
Credit Card Charge	02/03/2020	21925	U. S. Postmaster	X	-70.20	870-05 · Office Supplies, Postage, Fees	-141.30
Credit Card Charge	02/20/2020	3618635	Amazon	X	-159.99	870-05 · Office Supplies, Postage, Fees	-301.29
Credit Card Charge	02/22/2020	7000152	Ikea	X	-38.08	870-08 · Board & Election Expenses	-339.37
Total Charges and Cash Advances					-339.37		-339.37
<b>Payments and Credits - 1 item</b>							
Bill	01/08/2020		U. S. Bank Corporate Payment Systems	X	614.64	20000 · Accounts Payable	614.64
Total Cleared Transactions					275.27		275.27
Cleared Balance					-275.27		339.37
Register Balance as of 02/22/2020					-275.27		339.37
<b>New Transactions</b>							
<b>Payments and Credits - 1 item</b>							
Bill	02/29/2020	Reddi...	U. S. Bank Corporate Payment Systems		339.37	20000 · Accounts Payable	339.37
Total New Transactions					339.37		339.37
<b>Ending Balance</b>					<b>-614.64</b>		<b>0.00</b>

**Inverness PUD**  
**Monthly Expense Ledger Report**  
**March 2020**

Date	Num	Name	Memo	Amount
<b>Mar 20</b>				
03/02/2020	EFT	AT&T U-verse	139584573 Feb 20	-69.55
03/02/2020	13654	State Water Resources Control Bo...	T1 Application Fees: J.Roche, K.Heimpel, J.Le...	-150.00
03/04/2020	EFT	CalPERS	Admin Fee	-200.00
03/05/2020	EFT	CalPERS Health	April Health	-8,075.42
03/10/2020	Auto	Diversified Technology	Billing Service	-665.00
03/11/2020	13655	John Mueller	Refund Balance on Closed Account (852-000-...	-22.15
03/11/2020	13656	Building Supply Center		-2,624.38
03/11/2020	13657	Horizon Cable TV Inc.	005-003907	-90.79
03/11/2020	13658	John Roche Services	February Invoice D4 & Via de la Vista Repair	-1,725.00
03/11/2020	13659	Petaluma Auto Parts	Acct# 3450 Inverness Public Utility	-38.88
03/11/2020	13660	R.J. Ricciardi, Inc., CPAs	2018-19 Audit thru 2/28/20	-1,513.60
03/11/2020	13661	Streamline	March 2020 Website	-200.00
03/11/2020	13662	YP	Marin Co Directory Listing	-28.00
03/11/2020	13663	Eubank, Burton - reimbursement	Reimbursement - EMT Renewal	-52.00
03/11/2020	13664	Brelje and Race Laboratories, Inc.	February 2020 sampling	-294.00
03/11/2020	13665	Cheda's Garage	Auto Supplies	-9.74
03/11/2020	13666	Marin County Central Collections	December 2019 Fuel Charges	-713.40
03/11/2020	13667	McPhail Fuel Co.	Account INVPUID 143814	-865.11
03/11/2020	13668	Pace Supply Corp.	Customer# 09035-00	-538.27
03/11/2020	13669	Quill Corporation		-754.38
03/11/2020	13671	John's Dairy Equipment & Supply, ...	Invoice T334102 & T38672	-107.16
03/13/2020	EFT	BB & T- CPS Operations	2/01-2/29/2020 AR Box	-2.08
03/13/2020	Payroll		Tax Payment	-5,819.12
03/13/2020	Payroll		Direct Deposit	-15,039.61
03/13/2020	EFT	Paychex	Payroll Processing Fees	-179.60
03/16/2020	EFT	Bank of America	February 2020 Analysis Charge	-97.10
03/17/2020		H2O Customers	IPUD Return	-150.70
03/23/2020	13672	American Water Works Association	Membership (06/01/20 - 05/31/21)/ Member #0...	-445.00
03/23/2020	13673	AT&T	Telemetry/Phone	-481.90
03/23/2020	13674	CORE	February services	-450.00
03/23/2020	13675	Grainger	Supplies	-269.64
03/23/2020	13676	John Roche Services	March 2 - 4 Invoice D4	-825.00
03/23/2020	13677	Marin County Central Collections		-1,295.53
03/23/2020	13678	Pace Supply Corp.	Customer# 09035-00	-102.37
03/23/2020	13679	Quill Corporation	Account # 645751	-40.47
03/23/2020	13680	Riley F. Hurd III	Legal Fees (Tenney Tank and Prop 218)	-3,880.00
03/23/2020	13681	U. S. Bank Corporate Payment Sy...		-2,090.43
03/24/2020	EFT	CalPERS UAL	UAL 3056 SAFETY	-750.85
03/24/2020	EFT	CalPERS UAL	UAL 3055 MISC	-2,634.56
03/24/2020	EFT	CalPERS UAL	UAL 26451 PEPRA MISC	-110.46
03/25/2020	EFT	CalPERS - Retirement	February 2020 Retirement	-5,424.24
03/30/2020	EFT	PG&E	Account 9408018479-2	-2,001.12
03/31/2020	Payroll		Tax Payment	-5,852.90
03/31/2020	Payroll		Direct Deposit	-15,166.21
03/31/2020	EFT	AT&T U-verse	139584573 Mar 20	-69.55
03/31/2020	EFT	Paychex	Payroll Processing Fees	-179.60
<b>Mar 20</b>				<b>-82,094.87</b>

9:46 AM

04/06/20

## Inverness PUD Reconciliation Detail

XX-5018 · Cal Card - J Fox, Period Ending 03/22/2020

Type	Date	Num	Name	Clr	Split	Amount	Balance
<b>Beginning Balance</b>							1,411.69
<b>Cleared Transactions</b>							
<b>Charges and Cash Advances - 2 items</b>							
Credit Card Charge	02/25/2020	026555...	Palace Market	X	850-01 · Volunteer Training	-37.08	-37.08
Credit Card Charge	03/12/2020	113-25...	Amazon	X	845-01 · Supplies and Inventory	-69.00	-106.08
Total Charges and Cash Advances						-106.08	-106.08
<b>Payments and Credits - 2 items</b>							
Credit Card Credit	02/18/2020	323-83...	Brenntag Pacific, Inc.	X	833-01 · Chemicals	103.64	103.64
Bill	02/18/2020		U. S. Bank Corporate ...	X	20000 · Accounts Payable	1,411.69	1,515.33
Total Cleared Transactions						1,409.25	1,409.25
Cleared Balance						-1,409.25	2.44
Register Balance as of 03/22/2020						-1,409.25	2.44
<b>Ending Balance</b>						<b>-1,409.25</b>	<b>2.44</b>

## Inverness PUD Reconciliation Detail

XX-7642 · Cal Card - Redding, Period Ending 03/22/2020

Type	Date	Num	Name	Clr	Split	Amount	Balance
<b>Beginning Balance</b>							339.37
<b>Cleared Transactions</b>							
<b>Charges and Cash Advances - 10 items</b>							
Credit Card Charge	02/25/2020	225	California Special Di...	X	845-01 · Supplies and Inventory	-225.00	-225.00
Credit Card Charge	02/26/2020	7399	Reliable Translations	X	870-10 · Public Relations & Outreach	-233.74	-458.74
Credit Card Charge	02/26/2020	5812	Della Fattoria	X	870-08 · Board & Election Expenses	-27.00	-485.74
Credit Card Charge	02/26/2020	9402	U. S. Postmaster	X	1371-22 · Tenney Tank Replacement	-1.60	-487.34
Credit Card Charge	02/28/2020		Reliable Translations	X	870-10 · Public Relations & Outreach	-233.74	-721.08
Credit Card Charge	03/03/2020	12175	California Rural Wat...	X	850-02 · Certification & Courses	-450.00	-1,171.08
Credit Card Charge	03/03/2020	5300	Costco	X	850-01 · Volunteer Training	-115.36	-1,286.44
Credit Card Charge	03/03/2020	4814	Verizon Wireless	X	870-01 · Telephone, Internet, Cable	-73.26	-1,359.70
Credit Card Charge	03/06/2020	98687	Petaluma Minutema...	X	870-10 · Public Relations & Outreach	-524.82	-1,884.52
Credit Card Charge	03/18/2020	4814	Uberconference	X	870-08 · Board & Election Expenses	-180.00	-2,064.52
Total Charges and Cash Advances						-2,064.52	-2,064.52
<b>Payments and Credits - 1 item</b>							
Bill	02/29/2020	Reddi...	U. S. Bank Corporat...	X	20000 · Accounts Payable	339.37	339.37
Total Cleared Transactions						-1,725.15	-1,725.15
Cleared Balance						1,725.15	2,064.52
Register Balance as of 03/22/2020						1,725.15	2,064.52
<b>Ending Balance</b>						<b>1,725.15</b>	<b>2,064.52</b>



Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 11

## **Committee Meetings/Reports**





Inverness Public Utility District  
Board Meeting April 22, 2020

---

# Agenda Item No. 12

**Announcements,**

**Next Meeting,**

**Adjournment**