

**BODEGA BAY PUBLIC UTILITY
DISTRICT**

BODEGA BAY, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bodega Bay Public Utility District
Bodega Bay, California

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of Bodega Bay Public Utility District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bodega Bay Public Utility District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Bodega Bay Public Utility District, as of June 30, 2023, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bodega Bay Public Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bodega Bay Public Utility District's ability to continue as a going concern for a reasonable period of time.

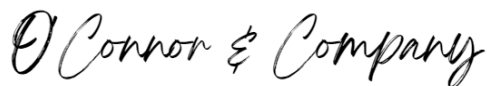
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Bodega Bay Public Utility District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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



O'Connor & Company

Novato, California
March 1, 2024

Bodega Bay Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

This section of Bodega Bay Public Utility District's (the District's) annual financial report presents our analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: Financial Statements and the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

The District operates as a utility enterprise, which means that it relies mainly on water and sewer rates and charges to fund its operation. The Financial Statements of the District report information about the District using the full accrual basis of accounting. These statements offer short and long-term financial information about the District's activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District's creditors (liabilities). It also provides the basis for 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 Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine the District's credit worthiness and whether the District has successfully recovered all its costs through user fees and other charges.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investments. It also provides answers to questions such as: where did cash come from, what was cash used for, and what was the change in cash balance during the year.

The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about an entity's finances is "As a whole, are we better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that helps answer this question. These two statements report the net position of the District and changes in net position.

The following condensed financial information provides an overview of the District's financial activities for the fiscal years ended June 30, 2023 and June 30, 2022.

NET POSITION

Net position, (the difference between assets and liabilities) is one way to measure financial health or position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other factors such as desired reserve levels, changes in economic conditions, population growth, housing trends and government legislation.

Bodega Bay Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2023

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, water supply and distribution system, sewer collection system and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance: unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of fiscal years June 30, 2023 and June 30, 2022, the District was able to report positive balances in all three categories of net position.

The following table summarizes the District's net position as of June 30:

Table 1
Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Current and other assets	\$ 5,382,249	\$ 8,585,165	\$ 4,470,776
Long-term assets	434,570	462,369	-
Capital assets, net of accumulated depreciation	<u>14,814,808</u>	<u>11,128,490</u>	<u>11,199,284</u>
Total assets	<u>20,631,627</u>	<u>20,176,024</u>	<u>15,670,060</u>
Deferred outflows of resources	<u>195,341</u>	<u>110,592</u>	<u>121,987</u>
Liabilities:			
Other liabilities	920,574	577,567	325,284
Long-term debt outstanding	<u>6,590,154</u>	<u>6,840,223</u>	<u>4,169,009</u>
Total liabilities	<u>7,510,728</u>	<u>7,417,790</u>	<u>4,494,293</u>
Deferred inflows of resources	<u>889,956</u>	<u>995,497</u>	<u>230,240</u>
Net Position:			
Invested in capital assets, net of related debt	8,901,807	4,897,490	8,158,119
Restricted	4,645,465	7,639,307	4,166,432
Unrestricted	<u>(1,120,988)</u>	<u>(663,468)</u>	<u>(1,257,037)</u>
Total net position	<u>\$ 12,426,284</u>	<u>\$ 11,873,329</u>	<u>\$ 11,067,514</u>

REVENUES, EXPENSES AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position from one year to the next, the Statement of Revenues, Expenses and Changes in Net Position provides information concerning the nature and source of these changes.

Revenue – Total operating revenue increased by \$111,037 in 2023 as compared to 2022. Other Non-Operating Revenue increased by \$220,032 due to an increase in unrealized gains.

Expenses – Operating expenses increased by \$106,055 in 2023 as compared to 2022 due to increases in repairs and maintenance and personnel costs.

Bodega Bay Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2023

The following table summarizes the District's change in net position for the year ended June 30:

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Change (23 & 22)</u>
Operating revenues	\$ 2,906,248	\$ 2,795,211	\$ 2,642,556	\$ 111,037
Operating expenses	<u>2,598,368</u>	<u>2,492,313</u>	<u>2,247,643</u>	<u>106,055</u>
Net operating income (loss)	<u>\$ 307,880</u>	<u>\$ 302,898</u>	<u>\$ 394,913</u>	<u>\$ 217,092</u>
Investment and other income	<u>\$ 722,949</u>	<u>\$ 502,917</u>	<u>\$ 625,534</u>	<u>\$ 220,032</u>
Non-operating net income	<u>\$ 722,949</u>	<u>\$ 502,917</u>	<u>\$ 625,534</u>	<u>\$ 220,032</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3
Capital Assets at Year End

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,036,986	\$ 1,036,986	\$ 1,036,986
Pumping, treatment and supply	4,046,087	4,028,465	4,004,702
Transmission and distribution	2,818,416	2,826,313	2,805,391
Sewer collection system	8,394,847	3,541,868	3,529,705
Sewage treatment and disposal	9,686,688	9,634,364	9,569,140
General plant	1,837,863	1,987,176	1,941,074
Construction in progress	<u>320,870</u>	<u>1,183,625</u>	<u>847,732</u>
Subtotal	28,141,757	24,238,797	23,734,730
Accumulated depreciation	<u>(13,326,950)</u>	<u>(13,110,307)</u>	<u>(12,535,446)</u>
Net capital assets	<u>\$ 14,814,807</u>	<u>\$ 11,128,490</u>	<u>\$ 11,199,284</u>

Capital Assets - At June 30, 2023, the District had \$14,814,807 (net of accumulated depreciation) invested in its water distribution and storage system, wells, sewage collection system, construction in progress, land, buildings, vehicles and equipment.

Additional information regarding the District's capital assets can be found in Note 2, Section D of the Financial Statements.

Long-Term Debt - At year end, the District had \$6,923,154 in long term obligations. More detailed information regarding the District's long-term liabilities can be found in Note 2, Section E of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when adopting the fiscal year 2022/2023 budget. The Board assessed the available reserves, the operating and capital needs of the District, potential customer growth, and potential regulatory impacts.

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the communities served by the District.

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

Bodega Bay Public Utility District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the General Manager at Bodega Bay Public Utility District, 265 Doran Park Road, Bodega Bay, California 94923.

Bodega Bay Public Utility District
STATEMENTS OF NET POSITION
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and investments	\$ 505,875	\$ 694,175
Restricted cash and investments:		
Debt service	333,000	318,000
Customer deposits	19,300	19,300
OPEB trust	-	477,874
Capital projects	4,293,165	6,824,133
Total cash and investments	<u>5,151,340</u>	<u>8,333,482</u>
Accounts receivable	203,111	226,317
Lease receivable	27,799	25,366
Total current assets	<u>5,382,250</u>	<u>8,585,165</u>
Long-term assets		
Lease receivable	434,570	462,369
Non-depreciable capital assets	1,357,856	2,220,611
Depreciable capital assets (net of depreciation)	13,456,951	8,907,879
Total long-term assets	<u>15,249,377</u>	<u>11,590,859</u>
Total assets	<u>20,631,627</u>	<u>20,176,024</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources - OPEB	<u>195,341</u>	<u>110,592</u>
 <u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	494,801	176,524
Compensated absences	69,631	63,743
Customer deposits	19,300	19,300
Deferred revenue	3,842	-
Total current liabilities	<u>587,574</u>	<u>259,567</u>
Long-term liabilities:		
Due within one year	333,000	318,000
Due in more than one year	5,580,000	5,913,000
Net OPEB liability	1,010,154	927,223
Total long-term liabilities	<u>6,923,154</u>	<u>7,158,223</u>
Total liabilities	<u>7,510,728</u>	<u>7,417,790</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources - OPEB	459,419	525,218
Deferred inflows of resources - Lease	430,537	470,279
Total deferred inflows of resources	<u>889,956</u>	<u>995,497</u>
Net position:		
Net investment in capital assets	8,901,807	4,897,490
Restricted	4,645,465	7,639,307
Unrestricted	(1,120,988)	(663,468)
Total net position	<u>\$ 12,426,284</u>	<u>\$ 11,873,329</u>

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

Bodega Bay Public Utility District
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Operating revenues:		
Water sales	\$ 1,200,616	\$ 1,151,684
Sewer service charges	1,627,069	1,445,362
Other operating	78,563	198,165
Total operating revenues	2,906,248	2,795,211
Operating expenses:		
Salaries and benefits	1,080,690	955,750
Fuel	17,175	11,318
Insurance	48,097	42,185
Office expense	47,870	50,456
Operating supplies	54,902	48,087
Professional fees	262,710	433,864
Repairs and maintenance	213,504	115,292
Research and monitoring	54,778	49,243
Utilities	232,437	211,257
Other expenses	-	-
Depreciation	586,205	574,861
Total operating expenses	2,598,368	2,492,313
Operating income (loss)	307,880	302,898
Non-operating revenues (expenses):		
Interest and investment income (loss)	168,406	(3,310)
Taxes and assessments	554,543	506,227
Total non-operating revenues (expenses)	722,949	502,917
Changes in net position	1,030,829	805,815
Net position, beginning of period	11,873,329	11,067,514
Prior period adjustment	(477,874)	-
Net position, beginning of period (restated)	11,395,455	11,067,514
Net position, end of period	\$ 12,426,284	\$ 11,873,329

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

Bodega Bay Public Utility District
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Receipts from customers	\$ 2,915,078	\$ 2,779,008
Payments to suppliers	(1,087,228)	(858,306)
Payments to employees	(1,142,419)	(1,019,111)
Net cash provided (used) by operating activities	685,431	901,591
Cash flows from non-capital financing activities:		
Taxes and assessments	554,543	506,227
Net cash provided (used) by non-capital financing activities	554,543	506,227
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,272,522)	(504,067)
Issuance of debt	-	6,231,000
Principal payments on long-term debt	-	(2,869,483)
Principal payments on long-term debt	(318,000)	(171,682)
Net cash provided (used) by capital and related financing activities	(4,590,522)	2,685,768
Cash flows from investing activities:		
Interest and investment income (loss)	168,406	(3,310)
Net cash provided by investing activities	168,406	(3,310)
Net increase (decrease) in cash and cash equivalents	(3,182,142)	4,090,276
Cash and cash equivalents - beginning of period	8,333,482	4,243,206
Cash and cash equivalents - end of period	\$ 5,151,340	\$ 8,333,482
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:		
Operating income (loss)	\$ 307,880	\$ 302,898
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	586,205	574,861
Prior period adjustment	(477,874)	
Changes in certain assets and liabilities:		
Accounts receivable	23,206	(461,116)
Lease receivable	25,366	(25,366)
Accounts payable	318,277	108,896
Compensated absences	5,888	2,569
Customer deposits	-	(5,500)
Deferred revenue	3,842	-
OPEB liability	82,931	(372,303)
Deferred outflow of resources	(84,749)	11,395
Deferred inflow of resources	(105,541)	765,257
Net cash provided (used) by operating activities	\$ 685,431	\$ 901,591

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

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bodega Bay Public Utility District (the District) was incorporated in 1948 under the statutes of the State of California for the purpose of furnishing potable water within the District. In 1975, the District acquired the wastewater treatment plant and treats effluent to secondary/tertiary standards. The District is located in the western coastal portion of Sonoma County and serves the unincorporated community of Bodega Bay. The District currently has 1,155 water connections and 1,114 sewer connections, serving a population of approximately 912 (2020 census). The District currently employs 9 persons and is governed by a publicly elected five member Board of Directors.

The major activities include the production of groundwater and the delivery of water to domestic and commercial accounts. The District operates water treatment facilities and maintains over 21 miles of water mains. The other major activities include the collection, storage, treatment, and disposal of wastewater. The District operates the wastewater treatment facility, holding ponds, 8 lift stations, maintains over 15 miles of effluent lines, and provides secondary/tertiary wastewater for irrigation to the Bodega Harbour golf course and on the North Disposal Site owned by the District.

B. Financial Statements

The basic financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position and statement of cash flows) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The District accounts for its water and sewer departments in one single enterprise fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes, water service charges, water sales, wastewater fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District is engaged primarily in business-type activities and the District's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and these notes to the basic financial statements.

Proprietary enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operation revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investment policy has been to invest idle cash in demand deposits, time deposits and the Local Agency Investment Fund (LAIF). Investments are reported at fair value.

LAIF is part of the Pooled Money Investment Account managed by the California State Treasurer and funds are invested in accordance with Government Code Sections 16430 and 16480. Participants in LAIF have the right to withdraw their funds with one day's notice. At June 30, 2023, the fair value of LAIF's assets was approximately equal to the District's share as reported above. Restriction of cash is required by Board resolution or District ordinance to equal required reserves.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Property Taxes

All trade receivables are not shown net of an allowance for uncollectible.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Sonoma collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues in the fiscal year in which they are due to the District and accrues as receivable such taxes.

Restricted Cash Equivalents and Investments

Cash equivalents and investments restricted for use in only capital projects or debt service are reported as noncurrent assets. The District follows the practice of reporting in this category the funds received from the issuance of the Installment Purchase Agreements for the purpose of financing the design, construction, replacement and improvement of District facilities. Special assessments receivable are restricted for the repayment of the Loan Payable to the State of California and are therefore also reported as restricted assets.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing water distribution and wastewater collection system), are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of construction period interest revenues earned during such periods.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Water treatment plant	30-40
Wastewater collection system	30-40
Buildings and improvements	30-40
Vehicles, trucks and equipment	5-10

Compensated Absences, Sick Leave, Other Post-Employment Benefits Other Than Pensions and Claims

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid vacation and sick leave is recorded in the financial statements when the liability is incurred and vacation is reported as the current portion of such compensated absences. The total amount of compensated absences payable at June 30, 2023 was \$69,631.

The District's compensated absences policy permits employees to accumulate earned but unused sick benefits up to 240 hours and vacation benefits up to 320 hours.

Any excess accumulation of sick leave is converted to vacation benefits at the rate of one-half hour for every one hour of sick leave. Any excess accumulated vacation is forfeited. Upon termination, retirement, or death of an employee, the District pays any accrued vacation in a lump-sum payment to the employee or beneficiary.

The District accounts for other post-employment benefits (OPEB), using actuarial information and by accruing as a liability the difference each year between the District's annual required contribution (ARC) and actual contributions made to the Plan for retiree medical benefits.

The District obtains insurance coverage for property and equipment, fidelity bonds through Colonial Surety Co., automobile liability and general liability, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority (the Authority). The risk of loss is transferred from the District to the Authority in exchange for the District's payment of annual premiums. Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Long-term Obligations

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Discounts associated with the issuance of long-term debt obligations are reported as a reduction of the carrying value of the related debt obligation and are amortized to interest expense over the life of the debt instrument. Costs associated with the issuance of the debt are capitalized as other non-current assets and are amortized to expense over the life of the debt obligation.

Net Position

In the financial statements, fund net position is reported in three categories as follows:

- Invested in capital assets, net of related debt - This category of net position reports the net book value of capital assets used in District operations including construction in progress all net of related accumulated depreciation and reduced by the carrying value of related long-term debt issued to finance the acquisition of such assets.
- Restricted for debt service and capital projects - This category of net position reports all unspent proceeds from the issuance of long-term debt restricted for capital asset improvement, replacement, or construction net of the related long-term debt. It also includes funds restricted for debt service payment and reserve requirements.
- Unrestricted - Unrestricted net position represents all other assets net of related liabilities available for use by the District.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources for its OPEB plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for its OPEB plan and lease as a lessor.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Leases

The District recognizes a lease receivable and a deferred inflows of resources in the government-wide financial statements.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Assets, Liabilities, and Net Position (concluded)

At the commencement of a lease, the District initially measures the lease receivable at the present value of the payments expected to be received during the lease terms. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses their incremental borrowing rate of 3.94% to discount leases.
- The lease terms include the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of annual adjustments by historical changes to the Consumer Price Index (CPI).

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

It is the District's policy to not present assets and liabilities related to leases for a period of less than 12 months or for amounts less than \$40,000.

E. Implementation of New GASB Pronouncements

The requirements of accounting standards are effective for the purpose of implementation, if applicable to the District. The financial statements included the requirements and provisions, including necessary retroactive adjustments to financial statement classifications and presentations. No new GASB implementations were applicable for the year ended June 30, 2023.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

Cash equivalents and investments consisted of the following at June 30:

	2023	2022
Cash:		
Demand accounts at Bank of America	\$ 505,875	\$ 694,175
Total cash	\$ 505,875	\$ 694,175
	2023	2022
Restricted cash:		
Public Agency Retirement Services	\$ -	\$ 477,874
State Treasurer's pool (LAIF)	4,645,465	7,161,433
Total restricted cash	\$ 4,645,465	\$ 7,639,307

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - DETAILED NOTES (continued)

A. Cash Equivalents and Investments (concluded)

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.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California agents of depository are held for, and in the name of, the local government.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2023 are provided by Standard and Poor's except as noted. All District investment types are not rated.

The LAIF funds invest deposits of the District, counties, various schools and other special districts primarily in cash equivalents, as prescribed by the California Government Code. Balances are stated at cost, which is approximately market value. Each participating agency is allocated realized investment gains, losses, and interest based on average daily balances invested. Copies of financial statements for LAIF may be obtained from the California State Treasurer at: <http://www.treasurer.ca.gov/pmia-laif/reports.asp>

B. Fair Value Hierarchy of Cash and Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The District's investments in the LAIF Investment Fund were an uncategorized input and not defined as a Level 1-3 input.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - DETAILED NOTES (continued)

C. Receivables

Receivables for the District's Business-Type activities for the years ended June 30 were as follows:

	2023	2022
Current		
Accounts receivables	\$ 203,111	\$ 226,317
Lease receivables	27,799	25,366
Total current receivables	230,910	251,683
Long-term		
Lease receivable	434,570	462,369
Total long-term receivables	434,570	462,369
Total receivables	\$ 665,480	\$ 714,052

C. Lease Receivable and Deferred Inflows of Resources - Leases

Changes in the District's lease receivable was as follows:

Description	Balance 7/1/22	Additions	Deletions	Balance 6/30/23
Communication Site Lease	\$ 487,735	\$ -	\$ 25,366	\$ 462,369
Total	\$ 487,735	\$ -	\$ 25,366	\$ 462,369

The District is reporting a total lease receivable of \$462,369 and a total related deferred inflows of resources of \$430,537 for the year ending June 30, 2023. The District recognized \$39,742 of lease revenue and \$19,003 of interest revenue under the leases. The expected future minimum lease payments to be received are as follows:

Year End June 30	Principal Payments	Interest Payments	Total
2024	\$ 27,799	\$ 17,724	\$ 45,523
2025	30,374	16,583	46,957
2026	33,099	15,337	48,436
2027	35,980	13,982	49,962
2028	39,026	12,510	51,536
2029-2034	296,091	36,774	332,865
Total	\$ 462,369	\$ 112,910	\$ 575,279

Communication Site Lease

The District, on April 22, 2004, entered into an initial term that expired on April 21, 2009. The Lease provides for five extensions of five years each, two of which were exercised by the Lessee. According to the Lease, the final renewal term expires April 21, 2034. An initial lease receivable was recorded in the amount of \$510,021. As of June 30, 2023, the value of the lease receivable was \$462,369. The lease is required to make monthly payments of \$3,649 until April 21, 2023, where payments increase annually to the extent of any percentage change which occurred in the United State Consumer Price Index. The lease has an incremental borrowing rate of 3.94%. The value of the deferred inflows of resources was \$430,537 as of June 30, 2023. The District recognized lease revenue of \$39,742 and interest revenue of \$19,003 during the fiscal year. The District believes that future extensions will be executed.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - DETAILED NOTES (continued)

C. Lease Receivable and Deferred Inflows of Resources – Leases (concluded)

Changes in the District's deferred inflows of resources related to leases was as follows:

Description	Balance 7/1/22	Additions	Deletions	Balance 6/30/23
Communication Site Lease	\$ 470,279	\$ -	\$ 39,742	\$ 430,537
Total	\$ 470,279	\$ -	\$ 39,742	\$ 430,537

The amounts reported as deferred inflows of resources related to lease will be amortized in future periods as follows:

Year End June 30	Deferred Inflows of Resources
2024	\$ 39,742
2025	39,742
2026	39,742
2027	39,742
2028	39,742
2029-2034	231,827
Total	\$ 430,537

D. Capital Assets

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

<u>Governmental Activities</u>	Balance 6/30/22	Additions	Disposals	Balance 6/30/23
Capital assets, not being depreciated:				
Land	\$ 1,036,986	\$ -	\$ -	\$ 1,036,986
Construction in progress	1,183,625	4,108,811	4,971,566	320,870
Total capital assets, not being depr.	2,220,611	4,108,811	4,971,566	1,357,856
Capital assets, being depreciated:				
Pumping, treatment and supply	4,028,465	19,375	1,753	4,046,087
Transmission and distribution	2,826,313	45,757	53,654	2,818,416
Sewer collection system	3,541,868	5,004,486	151,507	8,394,847
Sewage treatment and disposal	9,634,364	59,859	7,535	9,686,688
General plant	1,987,176	5,800	155,113	1,837,863
Total capital assets, being depreciated	22,018,186	5,135,277	369,562	26,783,901
Less accumulated depreciation for:				
Pumping, treatment and supply	(1,939,729)	(142,451)	(1,753)	(2,080,427)
Transmission and distribution	(1,738,745)	(52,998)	(53,654)	(1,738,089)
Sewer collection system	(2,456,360)	(111,303)	(151,507)	(2,416,156)
Sewage treatment and disposal	(5,859,720)	(228,918)	(7,535)	(6,081,103)
General plant	(1,115,753)	(50,535)	(155,113)	(1,011,175)
Total accumulated depreciation	(13,110,307)	(586,205)	(369,562)	(13,326,950)
Total capital assets being depreciated – net	8,907,879	4,549,072	-	13,456,951
Capital assets – net	\$ 11,128,490	\$ 8,657,883	\$ 4,971,566	\$ 14,814,807

Depreciation expense for the year ended June 30, 2023 was \$586,205.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - DETAILED NOTES (continued)

E. Long-Term Debt

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

<u>Business-Type Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
'22 Refunding 2015 loan & ISA	\$ 2,952,000	\$ -	\$ 193,000	\$ 2,759,000	\$ 201,000
'22 Wastewater revenue financing	3,279,000	-	125,000	3,154,000	132,000
Other Postemployment benefits	<u>927,223</u>	<u>82,931</u>	<u>-</u>	<u>1,010,154</u>	<u>-</u>
Total	<u>\$ 7,158,223</u>	<u>\$ 82,931</u>	<u>\$ 318,000</u>	<u>\$ 6,923,154</u>	<u>\$ 333,000</u>

In March 2022, the District entered into a loan agreement in the amount of \$6,231,000. The new loan proceeds of \$6,231,000 includes two loans: 2022 Refunding 2015 loan & ISA and 2022 Wastewater revenue financing.

The 2022 Refunding 2015 loan & ISA proceeds in the amount of \$2,952,000 were used to refinance the Municipal Finance Corporation notes payable discussed below with an interest rate of 2.410 percent, the final payment scheduled for April of 2035.

The 2022 Wastewater revenue financing proceeds in the amount of \$3,279,000 were used to finance new capital improvements to the District's sewer system with an interest rate of 2.460 percent, the final payment scheduled for April of 2042.

The refinancing of the loans reduced the debt service interest payments by approximately \$10,501 per year and total debt savings of \$136,522. This translates into a net present value of \$114,468.

2022 Refunding 2015 Loan & ISA: Note payable to First Foundation Public Finance, due April 2035, with interest at 2.410 percent and semi-annual principal and interest payments.

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 201,000	\$ 65,275	\$ 266,275
2025	206,000	60,407	266,407
2026	211,000	55,406	266,406
2027	216,000	50,297	266,297
2028	221,000	45,067	266,067
2029	226,000	39,705	265,705
2030	232,000	34,222	266,222
2031	238,000	28,595	266,595
2032	243,000	22,835	265,835
2033	249,000	16,942	265,942
2034	255,000	10,905	265,905
2035	<u>261,000</u>	<u>4,724</u>	<u>265,724</u>
Total	<u>\$ 2,759,000</u>	<u>\$ 434,378</u>	<u>\$ 3,193,378</u>

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - DETAILED NOTES (concluded)

E. Long-Term Debt (concluded)

2022 Wastewater Revenue Financing: Note payable to First Foundation Public Finance, due April 2042, with interest at 2.460 percent and semi-annual principal and interest payments.

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,000	\$ 76,789	\$ 208,789
2025	135,000	73,517	208,517
2026	139,000	70,159	209,159
2027	142,000	66,728	208,728
2028	146,000	63,210	209,210
2029	149,000	59,606	208,606
2030	153,000	55,904	208,904
2031	157,000	52,115	209,115
2032	161,000	48,228	209,228
2033	164,000	44,255	208,255
2034	169,000	40,184	209,184
2035	173,000	36,002	209,002
2036	177,000	31,734	208,734
2037	181,000	27,355	208,355
2038	186,000	22,866	208,866
2039	190,000	18,266	208,266
2040	195,000	13,567	208,567
2041	200,000	8,733	208,733
2042	205,000	3,776	208,776
Total	<u>\$ 3,154,000</u>	<u>\$ 812,993</u>	<u>\$ 3,966,993</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

The District obtains general liability, property, automobile, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority (the Authority). The Authority is responsible for the first \$2 million per claim under its liability coverage program, and members are covered up to \$50 million for liability claims under the Authority's purchased excess insurance policies with a \$60 million aggregate limit on \$20 million excess layer, and \$30 million aggregate on each of the next \$5 million excess layers. Members are covered for \$100 million in regard to property and equipment through the Authority's purchased excess coverage. Workers compensation coverage is provided to the District equal to statutory limits. The Authority also provides automobile liability coverage and errors and omissions coverage up to \$50 million, and employee fidelity coverage up to \$100,000. There were no significant changes in coverage in fiscal year 2023 as regards to the aggregate limits on excess coverage.

The District paid no material uninsured losses during the last three fiscal years.

Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. There were no material uninsured claim liabilities at June 30, 2023.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2023

NOTE 3 - OTHER INFORMATION (continued)

B. Contingencies and Commitments

Litigation: In the opinion of the District's general counsel, there is no pending or threatened litigation which would have a material adverse impact on the accompanying financial statements.

C. Retirement System

The District sponsors a 401(k) Plan. The District's contributions under this Plan are at the Board's discretion and are based upon total compensation of each participant. Eligibility requires the employee to have performed services for the District for twelve months immediately preceding the plan year for which the contribution is made. Elective contributions are permitted by the Plan. District contributions to the Plan totaled \$37,741 for the year ended June 30, 2023.

D. Other Post-Employment Benefits (OPEB)

The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 20 years of service. The District will pay 100% of the full monthly premiums for medical, dental and vision coverage for the retired employee. If the retiree works at least 25 years, then 100% of the premiums will be paid for the dependent spouse also. Payments continue for the life of the retiree (and spouse, if covered). Medical, dental and vision coverage is provided under plans sponsored by ACWA (the Association of California Water Agencies)

Membership of the District as of the valuation date consisted of the following:

Active plan members	9
Inactive employees or beneficiaries currently receiving benefit payments	<u>5</u>
Total	<u><u>14</u></u>

Contribution

As of June 30, 2023, the District has accumulated \$548,364 in an irrevocable trust toward this liability.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	6.25%
Inflation	2.75%
Aggregate salary increases (individual salary increases based on CalPERS)	3.00%
Investment rate of return	6.25%
Mortality rates	Based on CalPERS tables
Healthcare cost trend rate	4.50% per year, dental and vision premiums as assumed to increase 4.00% per year.

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 3 - OTHER INFORMATION (continued)

D. Other Post-Employment Benefits (OPEB) (continued)

Discount Rate

The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.25%. The discount rate was changed from 5.00% to 6.25% effective June 30, 2016.

The long-term expected rate of return on OPEB investments was determined using PARS's expected long-term mean rate of return.

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) – (b)
Values at June 30, 2021	\$ 1,442,159	\$ 514,936	\$ 927,223
Service cost	24,535	-	24,535
Interest	88,050	-	88,050
Employer contributions	-	102,717	(102,717)
Net investment income	-	(73,063)	73,063
Benefits paid to retirees	(66,717)	(66,717)	-
Administrative expense	-	-	-
Net changes	45,868	(37,063)	82,931
Values at June 30, 2022	\$ 1,488,027	\$ 477,873	\$ 1,010,154

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

The net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) follows:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
\$ 1,197,762	\$ 1,010,154	\$ 853,666

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates, as of June 30, 2022.

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease 3.5%	Trend Rates 4.5%	1% Increase 5.5%
\$ 846,788	\$ 1,010,154	\$ 1,211,454

Bodega Bay Public Utility District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2023

NOTE 3 - OTHER INFORMATION (concluded)

D. Other Post-Employment Benefits (OPEB) (concluded)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$37,678. The values of deferred outflows and inflows of resources related to OPEB as of June 30, 2022, to be reported as of June 30, 2023 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 105,295	\$ -
Differences between actual and expected experience	-	420,380
Changes in assumptions	2,240	-
Net differences between projected and actual earnings on OPEB plan investments	87,806	39,039
Total	\$ 195,341	\$ 459,419

\$105,295 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended</u>		
6/30/24	\$	(42,516)
6/30/25		(42,016)
6/30/26		(43,818)
6/30/27		(30,971)
6/30/28		(52,022)
Thereafter		(158,030)

Additional information relating to the District's Retiree Health Plan and required OPEB disclosures can be obtained from the District's publicly available Comprehensive Annual Financial Report that may be obtained by contacting the General Manager at Bodega Bay Public Utility District, 265 Doran Park Road, Bodega Bay, California 94923.

NOTE 4 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

NOTE 5 - PRIOR PERIOD ADJUSTMENT

The California committee on municipal accounting issued a white paper on implementing GASB 75. The whitepaper concluded OPEB Trusts assets of \$477,874 should not be reported in the District's financial statements. The prior period adjustment is corrected the recording of the assets in compliance with the interpretation.

Bodega Bay Public Utility District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BODEGA BAY'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 102,717	\$ 112,085	\$ 116,270	\$ 130,443	\$ 125,202	\$ 127,424
Contributions in relation to the actuarially determined contribution	102,717	112,085	116,270	130,443	125,202	127,424
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 671,713	\$ 610,286	\$ 631,223	\$ 616,378	\$ 626,875	\$ 660,000
Contributions as a percentage of covered payroll	15.29%	18.37%	18.42%	21.16%	19.97%	19.31%

Notes to Schedule:

The schedules present information to illustrate changes in Bodega Bay Public Utility District's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. The District adopted GASB 75 for the fiscal year ending June 30, 2018.

Bodega Bay Public Utility District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	\$ 24,535	\$ 23,546	\$ 22,860	\$ 36,748	\$ 35,678	\$ 34,639
Interest	88,050	103,237	100,418	112,830	109,495	105,719
Benefit payments, included refunds of employee contributions	(66,717)	(76,085)	(80,270)	(94,443)	(89,202)	(70,653)
Difference between expected and actual experience	-	(298,377)	-	(263,927)	-	-
Change in assumptions	-	-	-	3,128	-	-
Implicit rate subsidy fulfilled	-	-	-	-	-	-
Net change in total OPEB liability	45,868	(247,679)	43,008	(205,664)	55,971	69,705
Total OPEB liability - beginning of year	1,442,159	1,689,838	1,646,830	1,852,494	1,796,523	1,726,818
Total OPEB liability - end of year	\$ 1,488,027	\$ 1,442,159	\$ 1,689,838	\$ 1,646,830	\$ 1,852,494	\$ 1,796,523
Plan Fiduciary Net Position						
Net investment income	\$ (73,063)	\$ 88,624	\$ 12,350	\$ 20,368	\$ 15,647	\$ 20,247
Contributions						
Employer - explicit subsidy	102,717	112,085	116,270	130,443	125,202	127,424
Employer - implicit subsidy	-	-	-	-	-	-
Benefit payments, included refunds of employee contributions	(66,717)	(76,085)	(80,270)	(94,443)	(89,202)	(91,424)
Implicit rate subsidy fulfilled	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	(37,063)	124,624	48,350	56,368	51,647	56,247
Plan fiduciary net position - beginning of year	514,936	390,312	341,962	285,594	233,947	177,700
Plan fiduciary net position - end of year	477,873	514,936	390,312	341,962	285,594	233,947
District's net OPEB liability - end of year	\$ 1,010,154	\$ 927,223	\$ 1,299,526	\$ 1,304,868	\$ 1,566,900	\$ 1,562,576
Plan fiduciary net position as a percentage of the total OPEB liability	32.11%	35.71%	23.10%	20.76%	15.42%	13.02%
Covered-employee payroll	\$ 671,713	\$ 610,286	\$ 631,223	\$ 616,378	\$ 626,875	\$ 660,000
Net OPEB liability as a percentage of covered-employee payroll	150.38%	151.93%	205.87%	211.70%	249.95%	236.75%

Notes to Schedule:

The schedules present information to illustrate changes in Bodega Bay Public Utility District's changes in the net OPEB liability over a ten year period when the information is available. The District adopted GASB 75 for the fiscal year ending June 30, 2018.