

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2020 and 2019



MARIN WATER

220 Nellen Avenue, Corte Madera, CA 94925

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Corte Madera, California

**Comprehensive Annual
Financial Report
for the years ended
June 30, 2020 and 2019**

Prepared by Finance Division

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**MARIN MUNICIPAL WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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INTRODUCTORY SECTION



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January 26, 2021

Dear Board President and Members of the Board of Directors:

Please find this submittal of the Comprehensive Annual Financial Report (CAFR) of the Marin Municipal Water District (District) for the fiscal years ended June 30, 2020 and June 30, 2019. Since incorporation, the District has submitted an annual audited financial report to the Board of Directors (Board), the public and other interested parties in accordance with California Government Code section 25253. The CAFR provides an overview of the District's finances. Responsibility for the accuracy of this data and the completeness and fairness of the presentation, including all disclosures, rests with the district.

In the opinion of management, the enclosed data is accurate in all material respects and reported in a manner designed to fairly set forth the financial position and results of operations of the District, and contains all disclosures necessary to enable the reader to understand the District's financial affairs. The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy and the completeness of all of the information presented in this report.

To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework designed both to protect the District's assets from loss, theft, or misuse, and to compile sufficient and reliable information in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.



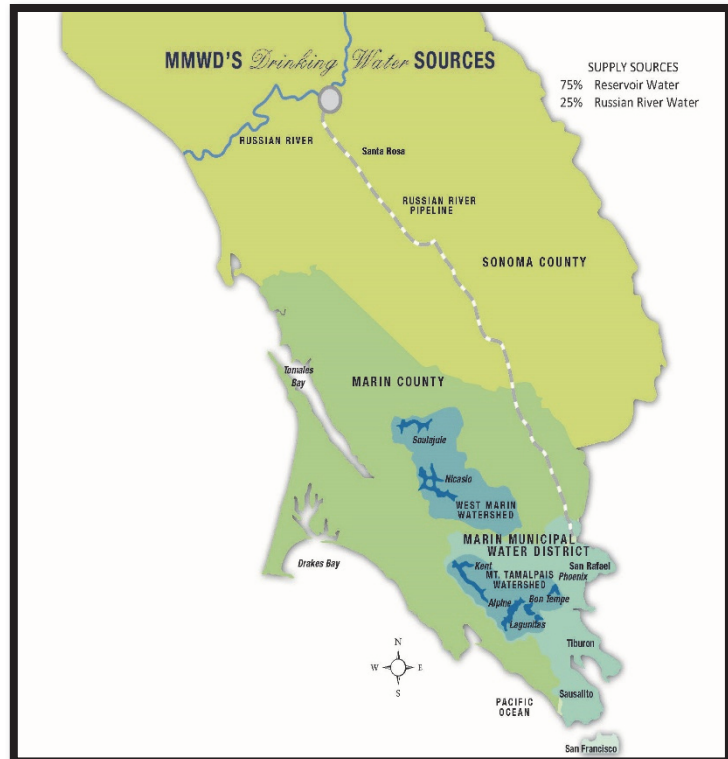
The District's financial statements have been audited by Maze & Associates, a public accounting firm licensed and qualified to perform audits of local governments within the State of California. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal years ended June 30, 2020 and June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

Profile of the District

On April 25, 1912, the District received its charter as the first municipal water District in California. Before that, water in central and southern Marin was provided by a number of small, private companies, many of them subsidiaries of real estate developers. To ensure a reliable water supply, the citizens of Marin came together to create a publicly owned and managed water system. Over the years, our customer base has expanded through the acquisition of 26 small, private water companies. Today, the District provides high-quality drinking water to 195,880 people in a 147-square-mile area of south and central Marin County that includes ten towns and cities, as well as unincorporated areas, located immediately north of the Golden Gate Bridge and the City of San Francisco.

The District is responsible for the stewardship of more than 21,600 acres of watershed land on Mt. Tamalpais and in west Marin. Seventy-five percent of the District's water supply comes from the protected watershed on Mt. Tamalpais and hills of west Marin. The Mt. Tamalpais Watershed is a unique natural resource providing prime recreational and open space for the District's surrounding communities. Over 1.8 million visitors use the 150 miles of watershed roads and trails per year. Caring for nature, managing visitors, and involving the public in watershed stewardship are the central tasks of District rangers, natural resource specialists, and watershed maintenance staff. Watershed responsibilities include protecting resources, managing fire risks, assisting visitors, monitoring plants and animal populations, restoring natural habitats, and maintaining access roads and trails.



As an independent special District, it operates as a separate local government agency that has no reporting responsibilities to either cities within or Marin County itself. Our five-member Board of Directors governs the District, with each director elected to represent one of five geographic areas. Directors serve overlapping four-year terms. The board, in turn, elects one of its members to serve as board president each year. The board appoints the general manager, treasurer, board secretary, and legal counsel, each of whom serves at the pleasure of the board. The general manager is the chief executive and is responsible for the District's operations and to administer the programs in accordance with the policies.

WATER SYSTEM & TREATMENT FACILITIES

With the annual water production currently averaging 25,060 acre-feet over the last five fiscal



years, the District maintains 883 miles of pipeline for potable water and 24 miles of pipeline for recycled water, three treatment plants, seven reservoirs with a storage capacity of 79,566 acre-feet (one acre-foot is equal to 325,851 gallons, enough water to cover one acre to a depth of one foot), total 25,927 million gallons, 124 storage tanks, 94 pumping stations, and over 61,900 service connections. Five of the seven reservoirs (Alpine, Bon Tempe, Kent, Lagunitas, and Phoenix Lake) are located on the north slope of Mt. Tamalpais. The

other two (Nicasio and Soulajule) are outside the service area in western Marin County.

- Alpine Lake was built in 1919 and has an arched concrete dam. The dam was raised in 1923 and 1941 to its present height and a total storage capacity of 8,891 acre-feet.
- Bon Tempe Lake has an earth fill dam and was built in 1948 with a capacity of 4,017 acre-feet.
- Kent Lake has an earth fill dam and was built in 1953. The structure was enlarged in 1982 to accommodate a total capacity of 32,895 acre-feet.
- Lake Lagunitas, the oldest facility, has an earth fill dam built in 1872. Lake Lagunitas still maintains its original capacity of 350 acre-feet.
- Phoenix Lake, has an earth fill dam, was constructed in 1905, and was significantly modified in 1968 and 1985. The last modification reduced the lake's capacity to 411 acre-feet. It now serves primarily as a scenic resource for the community and is used as a water supply source only in very dry years.
- Nicasio Reservoir has an earth fill dam and was built in 1960, with a capacity of 22,340 acre-feet.

- Soulajule Reservoir is impounded by an earth fill dam built in 1979 with a capacity of 10,572 acre-feet.

The District operates three water treatment facilities: San Geronimo Treatment Plant (SGTP), Bon



Tempe Treatment Plant, and Ignacio Pump Station, where the quality of potable water purchased from the Sonoma County Water Agency (SCWA) is adjusted to match that of the water in the rest of the system. San Geronimo and Bon Tempe Plants, with 35 million gallons per day (mgd) and 20 mgd maximum capacity, respectively, treat water originating from the reservoirs. Ignacio Pump Station, with 16 mgd maximum capacity, performs chemical treatment in a polishing operation on water received from SCWA via the North Marin Intertie Pipeline.

On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District (LGVSD) to decommission the District's Las Gallinas Reclamation Plant and pay 62.5% of the total construction cost of the Recycling Water Treatment Facility (RWTF) that LGVSD is constructing, as Buy-In Costs of recycled water up to 1.87 mgd for the next 30

years. The construction of the new RWTF is expected to be completed in 2020. MMWD stopped the operation of Las Gallinas Reclamation Plant in October 2018.

WATER SUPPLY

Historically, the District's water supply comes primarily from rainfall runoff captured on the north slope of Mt. Tamalpais in the westerly slopes of the coastal range. Facilities, constructed in stages over the last 100 years, divert approximately two-thirds of the flow of Lagunitas Creek above Kent Lake and more than one-third of the flow of Nicasio Creek to developed areas of eastern Marin. The watershed drainage system has four creek units: Lagunitas Creek above Kent Lake, Nicasio Creek at Nicasio Dam, Ross Creek above Phoenix Lake, and Walker Creek above Soulajule Reservoir. The District and its predecessor agencies have maintained rainfall records for a period over 130 years. Average annual precipitation varies across the drainage basins above the reservoirs from about 60 inches above Kent Lake to 28 inches on Walker Creek. Average annual net runoff (total runoff less losses) on the watershed lands is more than 75,000 acre-feet.

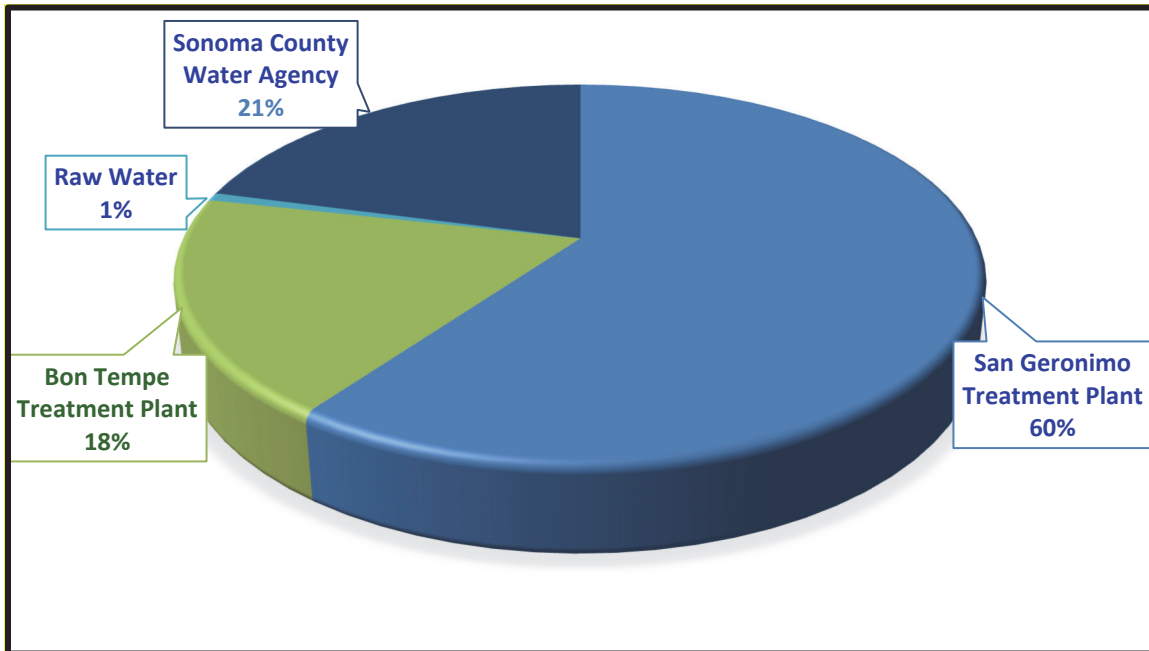
However, year-to-year net runoff figures vary significantly from a high net runoff in 1982/83 of approximately 213,000 acre-feet to a low of approximately 3,000 acre-feet in 1976/77. Today, about 75% of the potable water used by customers comes from the local reservoir system.



The District has considerable stewardship responsibility for the aquatic species that reside in the streams below its reservoirs. In particular, the District must release water from its reservoirs to help sustain downstream fisheries. To meet the terms included in the water rights, an average of about 11,000 acre-feet per year is released for that purpose.

In addition to the above described local water sources, since 1976 the District has contracted for imported delivery from Sonoma County Water Agency (SCWA). The contract with SCWA allows us to take delivery of up to 14,300 acre-feet of water per year. During the fiscal year 2020, the District produced 27,010 acre-feet of water for its customers, including 5,626 acre-feet of water imported from SCWA.

FY 2020 Water Production Sources



ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located in affluent Marin County with a diversified economic base, which includes high-tech, financial, service-based, entertainment and industrial businesses. According to the State of California Employment Development Department, the County's unemployment rate has steadily declined over the past years from a high of 7.8% in 2011 to a rate of 2.0% in October 2019, which continues to be lower than the State's rate of 3.7%. Of all 58 California counties, Marin County has the second lowest rate of unemployment after San Mateo. This is indicative of the strong local economic activity. Marin County's per capita income realized an annual increase of 4.2 percent from 2018 to 2019, reaching \$141,175, the highest in California. As a comparison, national per capital income reached \$56,490 in 2019. Housing prices in Marin County indicate continued strength. According to Zillow, median single-family home prices within Marin County were stable at \$1.45 million in June 2020, compared to \$1.42 million in June 2019.



Financial Condition

The District's revenues are dependent upon the demand for water sales, which can be affected by weather, economy, population factors, more stringent drinking water regulations, or problems with the water supply. As of June 2019, the reservoir levels were at 79.56% of capacity from the continued water conservation by customers and the winter rainfall events. Due to the shelter-in-place orders related to COVID and a relatively dry year, the water demand has increased to 27,010 acre-feet in the fiscal year ended June 30, 2020, a seven percent increase over the previous fiscal year, which ended with 25,244 acre-feet of gross water sales. It is not expected to see a significant increase in water demand in future years as water conservation is now the new norm in California.

For the fiscal year ended June 30, 2020, water sales increased by \$5 million, or 7% to \$76.5 million from \$71.5 million in the prior year; this increase was due to a 4 percent rate increase and increased demand. The debt coverage ratio for the fiscal year ended June 30, 2020 was 2.1x, which is an increase over the ratio for the year ended June 30, 2019 of 1.39x. The Rate Stabilization Fund maintains a healthy balance of \$9.4 million as of June 30, 2020.

Long-Term Financial Planning



Consistent with Government Finance Officers Association (GFOA) recommendations, the District adopted a five-year strategic plan in 2014 and is in process of developing next five-year strategic plan that addresses challenges the District will face in the next five years, and make the best of future opportunities for the benefit of our customers. The plan will confirm our mission and goals as a public agency dedicated to high quality water delivery and service. It will establish approaches for the preservation of our precious resources for future generations utilizing the principles of sustainability and prudent fiscal practices. It will also outline the specific goals, strategies, and objectives the District will pursue to move us from where we are to where we want to be, and establishes a process to measure our progress. Management of the District also is in the process of developing a long-term financial plan.

Vision Statement

The District will be a valued water service provider supporting the high quality of life in Marin County.

Mission Statement

The District will manage our natural resources in a sustainable manner and provide our customers with reliable, high quality water at a reasonable price.

Values

The District will embody the following core values in the setting and implementation of its policies and practices.

- Environmental stewardship & sustainability
- Integrity and ethics
- Open and responsive communications
- Diversity
- Healthy work environment
- Cooperation
- Fairness, dignity, and respect
- Continuous improvement through initiative, leadership, personal development, training
- Culture of excellence and innovation
- Responsible financial management

Goals

Water Supply Resiliency – We will maintain a level of reliability that supports customers’ needs, our community’s quality of life, and the local economy.

Financial Stewardship - We will prudently manage the public resources entrusted to us.

Communications - We will partner with our community, customers, and staff to understand and reflect their interests and clearly articulate the programs and policies of the District.

Environmental Stewardship - We will serve the community and manage the environmental assets entrusted to us for the benefit of present and future generations.

Workforce - We will maintain a diverse, highly-qualified and trained, motivated, and productive workforce to achieve District’s goals.



FINANCIAL POLICIES

Budgetary Controls

The budget is balanced when operating revenues are equal to or greater than operating expenditures including debt service but excluding depreciation and amortization (i.e., budgeted expenditures shall not exceed budgeted revenues).

The funds management system provides budgetary controls that monitor spending within budgeted amounts. Budgetary controls function differently for operating and capital budget expenditures. For the operating budget, each department is controlled within an expenditure category such as materials, supplies, freight and utilities, repairs, and maintenance, for example. A department cannot exceed their authorized operating budget within an expenditure category or the total department budget for a fiscal year. Capital project spending is controlled based on the funding source. There may be more than one capital project assigned to a funding source.

Reallocation of the operating budget for a department among its line item expenses allows the



departments to have financial flexibility within the funds management system. Budget adjustments to a departmental budget are reallocations of funds between line item expenses and between fund centers. Approval from the affected department(s), applicable division manager, and the treasurer are required for all departmental

budget adjustments. The general manager's approval is required for the reallocation of funds between the operating and capital budgets and between departments. Overall increases to the operating or capital budgets require approval from the Board of Directors.

Investments

Annually, the board adopts an investment policy that is in compliance with the California Government Code 53600 et seq. The investment of funds is delegated by the board to the Administrative Services Manager as the treasurer who assumes full responsibility for the investment transactions. The objectives of the investment policy are safety, liquidity, yield, and diversity. The investments are in compliance with the adopted investment policy. See Note 2 of the finance statements for detailed investment information.

Rate Stabilization Fund

The Installment Sale Agreement from the 2012 Revenue Bond issue allowed the creation of a Rate Stabilization Fund. The District may deposit into the fund gross revenue from one year, which can then be withdrawn and added to the gross revenues in calculating the debt ratio for a future year. The funds may also be used for any other lawful purpose. A deposit of gross revenue to or a withdrawal from the Rate Stabilization Fund may be made within 180 days after the fiscal year end. Accordingly, the District revised its Policy No. 46 – Reserve Policy on November 21, 2013, to establish a Rate Stabilization Fund. Per the bond covenants for the existing debt, we are required to meet an annual debt service ratio of 1.25x annual debt service. The Rate Stabilization Fund balance is \$9.4 million as of the fiscal year ended June 30, 2020.

Pension Reserve Fund

On October 15, 2018, the board authorized to create a Pension Reserve Fund with an initial transfer of \$2.0 million to mitigate future pension payment impacts and to lower future unfunded liabilities. The funds may also be used for any other lawful purpose. Establishing this Pension Reserve Fund would enable the District to offset unexpected fluctuations in the required annual pension contribution. The transfer to Pension Reserve Fund would not affect the debt service coverage ratio.



Debt Management

On June 20, 2017, the Board adopted our Debt Management Policy to ensure that the District maintains a sound debt position while protecting its credit quality, as well as ensuring compliance with California Government Code Section 8855(i) in accordance with SB 1029. The District issues debt to raise funds for capital improvements either through long-term or short-term borrowing, whichever is most cost effective and beneficial.

The total outstanding debt may not exceed the amount of four times total annual operating expenses to limit the magnitude of fixed expenses attributable to debt. In addition, the District shall maintain strict compliance with covenants regarding coverage of annual debt service by net revenues embodied in the terms of debt instruments with a goal to achieve an average debt service coverage ratio of 150%, and to support strong bond credit ratings. Traditionally, the District has benefited from lower interest costs due to strong ratings and shall take any necessary steps to maintain favorable ratings, with a goal of at least AA+. Ratings may be obtained from Moody's, S&P, Fitch, or other nationally recognized rating agencies.

The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact each debt financing has relative to intergenerational benefits.

The Board of Directors or its designee shall be responsible for determining the appropriate way to offer any securities to investors and the most effective method of sale will be decided on a case by case basis. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates and the year-to-year differential in interest rates. However, the final maturity of the debt should be no longer than 40 years. The District's long-term debt may include serial and term bonds. The District may utilize a senior/subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing considerations and previous issuance bond documents.

To preserve flexibility and refinancing opportunities, the debt will generally be issued with call provisions which enable the retirement of debt earlier or enable the refunding of the debt prior to maturity. The District may consider non-call debt when warranted by market conditions and opportunities. For each transaction, we will evaluate the efficiency of call provision alternatives.

Debt may include par, discount, premium and capital appreciation bonds. Discount, premium, and capital appreciation bonds must be demonstrated to be advantageous relative to par bond structures.



The outstanding revenue bonds have a first lien on net revenues. Net revenues are all enterprise revenues after deducting all maintenance and operation costs, plus connection charges after all costs of connections are deducted.

At the December 17, 2019, the Board directed staff to pursue the refunding of the District, Series 2012 (2012 Bonds) as interest rates were historically low and significant cash flow savings were projected on the refunding. The 2012 Bonds were issued in an amount of \$85,000,000. An advanced refunding of these bonds was approved by the Board in 2019 and the bond issue will be called in 2022 for a net present value (NPV) savings of over 14 percent.

The District has covenanted in the 2012 Bond Issue the Rate Stabilization Fund. It allows the deposit of gross revenues from one fiscal year to be applied to a future fiscal year to meet the 1.25 debt coverage ratio. The gross revenues from a fiscal year must be deposited in the rate stabilization fund within 180 days after the fiscal year end.

Budget

The District adopts biennial budgets and employs long-term planning as the framework for fiscal decisions.

The District makes decisions on the efficient use of its resources. The financial plan and biennial budget includes the operating and capital programs, and sets levels of related operating, capital, and debt service expenditures that may be made during the budget period.

The budget is developed to reflect the costs necessary to provide customers with safe and reliable water service over the long term while keeping rate increases as low as possible. The budget not only allocates resources but is also used to develop rates and charges that provide adequate revenues to meet the needs and encourages the efficient use of water.

Decisions on allocating resources and addressing budget needs do not end when the board adopts the budget. Throughout the year, departments are responsible for implementing the budget and monitoring budget performance, responding to unforeseen or emergency circumstances, and participating in long-range financial planning.

The bi-annual budget for fiscal years 2019-20 and 2020-21 was adopted on June 18, 2019 and supports the mission, value, goals, and objectives of the strategic plan. The total budget for fiscal year 2010-21 is \$107.9 million, with an operating budget of \$86.2 million and a capital improvement program (CIP) budget of \$21.7 million. The capital budget was decreased to \$21.6 million for fiscal year 2019-20 from \$34.2 million in fiscal year 2018-19, as the District shifted to “Pay-Go” funding of the capital improvement projects without escalating debt. The newly adopted Capital Maintenance Fee (CMF) will generate the needed funding to support capital improvement program.



MAJOR INITIATIVES

The District retained Raftelis Financial Consultants, Inc. to update the 2017 Cost of Service Analysis Study and to review the current rate structure and revenue requirements to determine rates that are in line with the policy objectives. The report, Water Financial Plan and Rates: Update to the May 2017 Cost of Service Analysis Study was to ensure that all rates, charges, and fees are reflective of the costs to provide that service. The main objectives of the updated 2019 COSA include:

- Ensure revenue sufficiency to fund operating and maintenance (O&M) costs and reserve requirements
- Determine a separate capital maintenance fee (CMF) to fully fund capital improvement plan (CIP) costs
- Maintain the current tiers to minimize customer impacts
- Develop rates that are fair and equitable to customers



Water Demand Analysis

Forecasts water sales based on historical billings, modifications to the rate structure, and any regulatory restrictions.



Revenue Requirements Analysis

Compares existing revenues of the utility to its operating, capital, and debt obligations to establish the adequacy of the existing rates to recover the utility's costs



Functional Cost Analysis

Identifies and apportions annual revenue requirements to functional rate components based on its application of the utility system.



Rate Design Analysis

Considers both the level and structure of the rate design to collect the distributed revenue requirements from each class of service

Based on that evaluation, the Board determined that rate increases were necessary to recover current and projected costs and adopted four-year rate increases on May 28, 2019. The new rates, fees and charges went into effective July 1, 2019, and each July 1 thereafter through go into effective July 1, 2020, 2021 and 2022. The new rates will result in overall annual 4% revenue increases. The increases will allow us to recover the District's costs and to continue to provide safe, reliable drinking water to customers, avoid budget deficits and continue to invest in infrastructure and maintain high service levels. In order to alleviate financial strain on customers caused by the COVID-19 pandemic, the Board deferred the implementation of the July 1, 2020 rate increase until April 1, 2021.

In addition to the increases to the existing rates, the District created the new Capital Maintenance Fee (CMF) based on the size of the meter servicing the property. Using meter size to apportion costs is an accepted industry standard for infrastructure-related fees. This is important because water systems are sized based on potential demand, not current usage. Usage is variable, but potential demand is not. The CMF will annually provide \$16.5 million (2019 dollars) to directly support the \$241 million (\$208 million in 2019) in planned capital improvements over the next ten years, including fire reduction efforts on the watershed.

Historically, capital project costs have been recovered through the District's water rates by financing through issuance of revenue bonds. The CMF will unbundle the capital costs from the water rates, which will now represent the O&M costs of the water system. The CMF may also be used to fund existing or future debt service payments if necessary.

The CMF will be effective July 1, 2019. Each July 1 thereafter through and including July 1, 2023, the CMF may automatically be increased or decreased to keep pace with inflation. The annual increases/decreases will be benchmarked to the industry standard Engineering News-Record (ENR) Construction Cost Index.



The Capital Improvement Program (CIP) consists of the Two-year and the Ten-year Capital Improvement Program Budget. The Ten-year CIP guides long-range policy, prioritizes and schedules capital projects for the ten year period, and establishes a basis for generating the financial resources to complete these capital projects. By adopting the Two-Year CIP Budget, the Board authorizes the initiation of project expenditures after clarifying all finances are available to sanction spending over these immediate fiscal years.

- Asset Management Program: This program annually funds the development and implementation projects supporting efforts associated with the condition assessment program. It also drives the decision-making process behind the capital program, and will include software solutions and integrations with current IT infrastructure environments, such as GIS and SAP.
- Watershed Program: The District owns and manages over 18,000 acres of land along the wildland and urban interface. From a water supply and fire protection perspective these lands represent a significant holding of natural capital that provides direct and indirect services to adjacent communities and water supply operations. The Mt. Tamalpais watershed's location, topography and flora and fauna all combine to provide water capture, filtration, run-off, and storage that are essential to the water system. The management of vegetation assemblages is a key component of this natural capital as it mitigates the potential for catastrophic fire that could impair water quality and/or destroy adjacent communities. The Natural Capital and Green Infrastructure program acknowledges the importance of investing in natural capital to support ecosystem services and includes \$1,000,000 per year to address fire and fuels management across our lands. Additional projects included in this program include the habitat restoration planning along Lagunitas Creek and the restoration of serpentine soils and vegetation assemblages on Azalea Hill. In addition, in response to the increased risk of wildfire due to the climate change, the District added additional funding of \$1.0 to the bi-annual budget for FY2020 and FY2021 to vegetation management effort.

- Split Funding Program: Watershed management and restoration goals of the District frequently align with state and federal agencies dedicated to endangered species protection, water quality improvements, and catastrophic fire mitigation. The Split-Funding program includes projects and programs that are partially funded by outside agencies and the District through executed grant agreements. The primary split-funding project in the 2-year CIP is the Lagunitas Creek Winter Habitat and Floodplain Enhancement project, which will be completed in FY20. The total FY20 project cost of \$1,548,000 is being funded with \$960,000 of funds and \$588,000 from three separate grant agreements.

- Treatment Plants Upgrade Program: The three water treatment facilities are an essential element in providing high-quality water for our customers. The oldest facility is the Bon

Tempe Water

Treatment Plant,

constructed in the

1950s. This plant

annually provides

about 25% of the

potable water supply

and has a maximum

short term capacity of

20 million gallons per

day (mgd). The largest

facility is the San

Geronimo Water

Treatment Plant,

originally constructed

in 1962, and upgraded

in 1972. This facility is located in the San Geronimo Valley, has a maximum short term

capacity of 35 mgd, and annually provides over 50 percent of the potable water supply.

The District continues to invest in upgrading these vital facilities.



In light of recent wildfire disasters in Northern California, Pacific Gas & Electric Co. (PG&E) has put customers on notice that in the event of a major storm event, PG&E may preemptively shutoff power to sections of their power grid in an effort to prevent wildfire. SGTP does not have an emergency power source, and a prolonged outage of power to the plant could result in the District being unable to meet drinking water demand. In response to the potential power outage, the District is actively pursuing a project to install a permanent 3 MW emergency generator at the SGTP, that will be operational in summer 2021.

- Storage Tanks Replacement and Improvement Program: District has 128 tanks storing the daily water needs of the customers. They contain approximately 82 million gallons of water. These tanks are of vastly different ages and a variety of materials (redwood, welded steel, bolted steel, riveted steel, concrete), all requiring differing maintenance

and capital investment. There are eight riveted steel tanks which date before 1930. Most of the tanks are of welded steel construction. In the past 10 years, the Capital Program has aggressively replaced redwood tanks which are nearing the end of their useful life.

- Pipelines Program: The District has approximately 900 miles of buried water distribution pipelines. Replacement of worn and/or undersized pipe is accomplished through the District's Fireflow Improvement Program and its Capital Improvement Program. These two programs support annual replacement of approximately 5 to 7 miles of pipe.

AWARDS AND ACKNOWLEDGEMENTS

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Marin Municipal Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the fifth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR has been accomplished through the dedicated and professional team efforts of the staff of the Finance Department along with the district's other departments, and guidance from the audit firm of Maze and Associates. We also would like to recognize the commitment of the Board of Directors for their continued support and providing policy direction in pursuit of excellence in all realms of professional endeavors.

Respectfully submitted,



Ben Horenstein
General Manager



Chuck McBride
Finance Director/Treasurer

BOARD COMMITTEES AND OTHER ASSIGNMENTS FOR 2020

STANDING BOARD COMMITTEES

DISTRICT OPERATIONS

Larry Russell, Chair

WATERSHED

Larry Bragman, Chair

FINANCE

Cynthia Koehler, Chair

Jack Gibson, Vice-Chair

COMMUNICATIONS

Cynthia Koehler, Chair

Jack Gibson, Vice Chair

STAFF LIAISON

Mike Ban

Crystal Yezman

Charles McBride

Jeanne Mariani-Belding

OTHER ASSIGNMENTS

Technical Advisory Committee - Lagunitas Creek

Larry Bragman

Cynthia Koehler, Alternate

Gregory Andrew

North Bay Watershed Association

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

Sonoma County Water Agency, Water Advisory Committee (WAC)

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

North Bay Water Reuse Authority

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

Las Gallinas Recycled Water Ad Hoc Committee

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

ACWA Federal Affairs Committee

Cynthia Koehler

Ben Horenstein



Board of Directors

Bennett Horenstein
General Manager

Office of the General Counsel
2

Office of the General Manager
12
General Manager 1
Executive Assistant to the GM 1
Human Resources 5
Communications & Public Affairs 4
Board Secretary 1

Environment & Engineering Services 38
Division Manager 1
Sr. Admin Assistant 1
Principal Engineer 1
Engineering 5
Construction Mgmt 8
Engineering Support Services 18
Planning 4

Operations Division 57
Operations Director 1
Sr Engineer II 1
Superintendent of Ops 1
Water Sys Ops 7
Mechanical & Electrical 10
Sys Control & Corrosion 8
Backflow & Reclamation 3
Water Quality Lab 8
Water Treatment 16
Safety & Emergency Response 2

Administrative Services Division 45
Finance Director 1
Finance 12
Customer Service & Meters 23
Information Technology 9

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Presented to

**Marin Municipal Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marin Municipal Water District
Corte Madera, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Marin Municipal Water District (District), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the 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 opinion.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2020, and the respective changes in the financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the table of contents 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 generally accepted auditing standards 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis are not required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maze + Associates

Pleasant Hill, California
January 26, 2021

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

This section of the Marin Municipal Water District's (District) comprehensive annual financial report presents an analysis of the District's financial performance during the years ended June 30, 2020 and 2019. This information is presented in conjunction with the audited basic financial statements, which follow this section. We encourage all readers of the District's financial statements to consider the financial information presented in this section in conjunction with the accompanying financial statements, notes, analyses, and additional information furnished in our letter of transmittal at the opening of this report.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2020 by \$225.4 million (net position), which increased by \$8.5 million or 3.9 percent from \$216.8 million, mainly due to increases in total assets by \$14.6, and net deferred inflows of resources by \$6.3 million. The increases were offset by decreases in net deferred outflows of resources by \$1.4 million, and total liabilities by \$1.7 million.
- The District continued to make steady progress on paying off the corpus of outstanding long term debt with \$3.8 million of principal paid in the year with the majority going towards the 2012 Water Revenue Bonds. While the CalPERS net pension liability was increased by \$5.5 million, Other Post Employment Benefit (OPEB) liability was favorably reduced by \$8.8 million.
- Operating revenues increased by \$19.3 million or 24.7% from \$78.0 million to \$97.3 million primarily due to the implementation of a new fixed fee, "Capital Maintenance Fee" based on meter sizes and a 4% rate increase, which became effective on July 1, 2019.
- Operating expenses increased by \$9.2 million or 11.5% from \$80.2 million to \$89.4 million due to increases in administrative and general expenses, utility and supply costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of Management's Discussion and Analysis and the basic financial statements, including a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows and notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements. The financial statements offer key, high-level financial information about the District's activities.

- *Statement of Net Position:* This statement presents information on all of the District's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- *Statement of Revenue, Expenses and Changes in Net Position:* This statement presents information on the District's current fiscal year's revenue and expense. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

- *Statement of Cash Flows:* This statement provides relevant information about the District's cash receipts and cash payments segregated among operating, capital and related financing, and investing activities.
- *Notes to the Basic Financial Statements:* These notes provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.
- *Other Information:* In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and statistical information. Supplementary and statistical information can be found beginning on page 53 of this report.

FINANCIAL ANALYSIS

The Statement of Net Position (pages 10-11) and the Statement of Revenue, Expenses and Changes in Net Position (page 12) provide an indication of the District's financial standing and also indicate whether the financial condition of the District improved during the last fiscal year. Over time, increases in the District's net position is a positive indicator of financial health. Additionally, one needs to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Table 1 - Condensed Statement of Net Position

	FY2020	FY2019	Increase/(Decrease)	
			Amount	%
Assets:				
Current assets	\$ 49,711,320	\$ 43,086,556	\$ 6,624,764	15.38%
Non-current assets	55,875,258	48,291,060	7,584,198	15.71%
Capital assets, net	425,142,746	424,772,300	370,446	0.09%
Total assets	530,729,324	516,149,916	14,579,408	2.82%
Deferred outflows of resources:	19,884,551	21,255,212	(1,370,661)	-6.45%
Total assets and deferred outflows of resources	\$ 550,613,875	\$ 537,405,128	\$ 13,208,747	2.46%
Liabilities:				
Current liabilities	\$ 20,144,930	\$ 19,558,535	\$ 586,395	3.00%
Non-current liabilities	296,598,182	298,869,604	(2,271,422)	-0.76%
Total liabilities	316,743,112	318,428,139	(1,685,027)	-0.53%
Deferred inflows of resources:	8,443,458	2,093,967	6,349,491	303.23%
Total liabilities and deferred inflows of resources	\$ 325,186,570	\$ 320,522,106	\$ 4,664,464	1.46%
Net position:				
Net Investment in capital assets	\$ 265,731,745	\$ 272,816,752	\$ (7,085,007)	-2.60%
Restricted	2,021,206	(1,363,318)	3,384,524	-248.26%
Unrestricted	(42,325,646)	(54,570,412)	12,244,766	-22.44%
Total net position	\$ 225,427,305	\$ 216,883,022	\$ 8,544,283	3.94%

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

The District's total assets increased by \$14.6 million to \$530.7 million compared with the prior year of \$516.1 due to increases in current asset by \$6.6 million, in non-current asset by \$7.6 million and in capital asset by \$0.4 million. It is mainly due to increases in cash and investments by \$11.2 million, and water customer receivables and other receivables by \$2.0 million. Prepaid expenses, supplies and net capital assets were also increased by \$1.4 million.

Deferred outflows of resources is the amount of the unamortized deferred charge on debt refunding and the effect of pension and OPEB accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to unamortized deferred charge on refunding at June 30, 2020 and 2019 were \$2.8 million and \$3.0 million, respectively. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2020 and 2019 were \$12.0 million and \$13.3 million, respectively. The deferred outflows of resources due to the other postemployment benefits (GASB Statement No. 75) at June 30, 2020 and 2019 were \$5.1 million and \$5.0 million respectively.

For fiscal year ended June 30, 2020, total liabilities reflect a decrease of \$1.7 million due to several factors including a decrease in long term debt from scheduled debt service payments of \$3.8 million, and a reduction of \$8.8 million in OPEB liability, offset by increases in pension liability by \$5.5 million, and in current payables by \$4.6 million and an increase of \$0.8 million in claims and compensated absence payable in non-current liability.

Deferred inflows of resources is the result of pension and OPEB accounting, and is comprised of changes in actuarial assumptions and the difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan, which will be amortized as a component of pension and OPEB expenses. The deferred inflows of resources for June 30, 2020 and 2019 were \$8.4 million and \$2.1 million, respectively.

Total net position increase by \$8.5 million from \$216.9 million to \$225.4 million, due to a combination of increased water revenue contributed by the rate increase and partly contributed by the increased consumption due to COVID-19, and a decrease in total liabilities as a result of principal payments made toward 2012 and 2017 Revenue bonds and a reduction in OPEB liability.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

Table 2 - Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues:				
Water sales and service charges	\$ 76,531,646	\$ 71,541,075	\$ 4,990,571	6.98%
Connection charges	810,182	1,178,784	(368,602)	-31.27%
Capital management fee	14,576,055	-	14,576,055	100.00%
Watershed management fee	4,545,973	4,350,066	195,907	4.50%
Other operating revenue	807,338	923,221	(115,883)	-12.55%
Total operating revenue	97,271,194	77,993,146	19,278,048	24.72%
Operating Expenses:				
Electrical power	4,634,313	3,814,233	820,080	21.50%
Water purchased	7,313,211	6,966,684	346,527	4.97%
Other operating expenses	65,238,858	57,348,415	7,890,443	13.76%
Depreciation and amortization	12,256,812	12,108,527	148,285	1.22%
Total operating expenses	89,443,194	80,237,859	9,205,335	11.47%
Net operating income (loss)	7,828,000	(2,244,713)	10,072,713	-448.73%
Non-operating revenues (expenses)				
Non-operating revenue, net	(20,516)	3,235,058	(3,255,574)	-100.63%
Less: Interest expense	(6,659,512)	(7,080,696)	(421,184)	-5.95%
Total nonoperating revenue/(expense)	(6,680,028)	(3,845,638)	(2,834,390)	73.70%
Income (Loss) before capital contributions	1,147,972	(6,090,351)	7,238,323	-118.85%
Capital contributions	7,396,311	5,861,734	1,534,577	26.18%
Change in net position	8,544,283	(228,617)	8,772,900	-3837.38%
Net Position:				
Beginning of year	216,883,022	217,111,639	(228,617)	-0.11%
End of year	\$ 225,427,305	\$ 216,883,022	\$ 8,544,283	3.94%

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the changes in net position. As the information in Table 2 indicates, income before capital contributions of \$1.1 million and capital contributions of \$7.4 million resulted in an overall increase of \$8.5 million in net position for the fiscal year ended June 30, 2020.

In fiscal year ended June 30, 2019, loss before capital contribution of 6.1 million, offset by capital contributions of \$5.9 million resulted in an overall decrease of \$0.2 million in net position.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

For fiscal year ended June 30, 2020, Table 2 indicates that the District's total operating revenues increased by \$19.3 million or 24.7% to \$97.3 million from \$78.0 million in the prior year. This was due to a \$5.2 million increase in water sales and fee increase as a result of 4% rate increase, which became effective July 1, 2019, and increased water consumption due to COVID-19. In addition, the District approved a new fixed fee, "Capital Maintenance Fee" (CMF) on May 28, 2019, which became effective on July 1, 2019. The new CMF generated \$14.6 million contributing to the increase in operating revenues, which was offset by a decrease in other non-operating revenue by \$0.5 million.

Total operating expenses increased by \$9.2 million or 11.5% from \$80.2 million to \$89.4 million. A combination of increases in water treatment and system operation costs by \$5.5 million, and in administrative and customer service costs by \$5.5 million were offset by reductions in watershed maintenance and water conservation costs by \$1.8 million.

Table 3 - Capital Assets, Net of Accumulated Depreciation

	FY2020	FY2019	Increase/(Decrease)	
			Amount	%
Plant, buildings and equipment, net	\$ 344,457,160	\$ 353,815,737	\$ (9,358,577)	-2.65%
Land	13,638,944	13,536,978	101,966	0.75%
Construction in progress	54,243,726	44,138,330	10,105,396	22.89%
North Marin Water Right, net (AEEP)	2,751,556	2,889,134	(137,578)	-4.76%
Sonoma County Water Rights, net	4,389,638	4,518,746	(129,108)	-2.86%
Recycled Water Rights, net (LGVSD)	5,661,722	5,873,375	(211,653)	-3.60%
Total	<u>\$ 425,142,746</u>	<u>\$ 424,772,300</u>	<u>\$ 370,446</u>	<u>0.09%</u>

As of June 30, 2020, the District's capital assets, net of accumulated depreciation totaled \$425.1 million, which is an increase of \$0.4 million or 0.1% over the capital asset balance of \$424.8 million at June 30, 2019. The increase in capital assets was primarily due to increased activities in construction in progress by \$10.1 million offset by a disposal of Las Gallinas recycling treatment plant, net asset balance of \$3.4 million and net increase of capital asset depreciation over net additions to the capital assets by \$6.3 million. The capital assets includes: land, buildings, improvements, water treatments plants, filter plants, water transmission and distribution mains, water storage facilities, reservoirs, pump stations, water reclamation facilities, machinery, equipment and water rights as shown above in Table 3. Additional information on the District's capital assets is provided in Note 5 starting on page 30 of the financial statements.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

Table 4 - Long-Term Debt

	2020	2019	Increase/(Decrease)	
			Amount	%
2012 Water Revenue Bonds	\$ 78,590,000	\$ 80,580,000	\$ (1,990,000)	-2.47%
2016 Water Refunding Bonds	31,380,000	31,380,000	-	0.00%
2017 Water Revenue Bonds	34,775,000	35,385,000	(610,000)	
Clean Renewable Energy Bonds (CREBs)	489,000	611,250	(122,250)	-20.00%
Aqueduct Energy Efficiency Project (AEEP)	2,224,108	2,365,246	(141,138)	-5.97%
LGVSD-Recycled Water Buy-in	4,913,211	5,252,393	(339,182)	-6.46%
Unamortized costs, net	15,700,955	16,282,761	(581,806)	-3.57%
	<u>\$ 168,072,274</u>	<u>\$ 171,856,650</u>	<u>\$ (3,784,376)</u>	<u>-2.20%</u>

As of June 30, 2020 the District had total long-term debt outstanding of \$168.1 million, net of unamortized costs, a decrease of \$3.8 million over the prior year. Outstanding balance of 2016 Water Refunding Bonds remains the same at \$31.4 million as the first principal payment is scheduled to occur on July 1, 2030. Additional information on the District's long-term debt is provided in Note 6 starting on page 32 of the financial statements.

The District is required by bond covenants to maintain principal, interest and reserve funds for each bond issue outstanding. In addition, the District is required to set rates and charges to yield revenues equal to at least 125% of the current annual debt service requirements of the outstanding revenue bonds. The coverage of annual debt service for the year ended June 30, 2020 and 2019 were 210% and 139% respectively. The coverage of annual debt service was significantly improved mainly due to the implementation of CMF (Capital Maintenance Fee) on July 1, 2019. The District received \$14.6 million for the CMF.

Request for Information

This financial report is designed to provide the District's customers, investors and other interested parties with a general overview of the District's financial operations and condition. Should the reader have any questions regarding the information included in this report or wish to request additional financial information, please submit a request in writing to: The Finance Manager, Marin Municipal Water District, 220 Nellen Avenue, Corte Madera, CA 94925, or telephone (415) 945-1410.

BASIC FINANCIAL STATEMENTS

Marin Municipal Water District
Statement of Net Position
Enterprise Fund
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and investments	\$30,162,068	\$27,359,342
Receivables:		
Customer - billed (net of allowances for doubtful account of \$873,371 and \$408,944 in 2020 and 2019, respectively)	8,795,904	5,594,041
Customer - unbilled	6,058,392	7,375,646
Interest and other	1,641,490	675,039
Employee computer loans receivable	34,094	27,495
Materials and supplies	2,829,359	2,054,993
Prepaid expenses	190,013	
Total current assets	49,711,320	43,086,556
Noncurrent assets:		
Restricted cash and investments	19,384,110	23,431,814
Designated cash and investments	35,443,078	23,020,817
Deposits and advances cash and investments	1,048,070	1,838,429
Total restricted cash and investments	55,875,258	48,291,060
Capital Assets:		
Land and land rights	13,638,944	13,536,978
Depreciable assets	607,759,976	612,301,802
Construction in progress	54,243,727	44,138,334
Total capital assets	675,642,647	669,977,114
Less accumulated depreciation	250,499,901	245,204,814
Total capital assets, net of accumulated depreciation	425,142,746	424,772,300
Long-term portion of Employee computer loans		
Total noncurrent assets	481,018,004	473,063,360
Total assets	530,729,324	516,149,916
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	2,761,176	2,998,314
Deferred outflow of resources-pension actuarial	3,304,072	5,662,727
Deferred employer OPEB contributions	5,095,199	4,965,000
Deferred employer pension contributions	8,724,104	7,629,171
Total deferred outflows of resources	19,884,551	21,255,212

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District
Statement of Net Position
Enterprise Fund, Continued
June 30, 2020 and 2019**

	2020	2019
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	6,157,547	5,416,324
Accrued payroll and payroll expenses	1,321,493	1,168,487
Compensated absences	3,334,255	3,563,447
Customer and other deposits	403,591	404,424
Long-term debt - due within one year	3,210,852	3,202,570
Accrued interest payable	3,379,726	3,418,776
Agency deposits payables	330,112	273,405
Customer advances for construction	1,559,406	1,633,066
Claims payable	447,948	478,036
Total current liabilities	20,144,930	19,558,535
Long-term liabilities:		
Claims payable- due in more than one year	8,882,571	4,376,171
Compensated absences- due in more than one year	1,420,192	1,118,863
Long-term debt - due in more than one year	164,861,422	168,654,080
Net OPEB liability	24,128,077	32,881,000
Net pension liability	97,305,920	91,839,490
Total long term liabilities	296,598,182	298,869,604
Total liabilities	316,743,112	318,428,139
DEFERRED INFLOWS OF RESOURCES		
OPEB related amounts	6,641,217	691,000
Pension related amounts	1,802,241	1,402,967
Total deferred inflows of resources	8,443,458	2,093,967
NET POSITION		
Net investment in capital assets	265,731,745	272,816,752
Restricted for fire flow parcel fee program	2,021,206	(1,363,318)
Unrestricted	(42,325,646)	(54,570,412)
Total net position	\$225,427,305	\$216,883,022

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Water sales and service charges	\$76,806,241	\$71,541,075
Connection charges	810,182	1,178,784
Capital Maintenance Fee	14,301,460	
Watershed Management Fee	4,545,973	4,350,066
Other operating revenue	807,338	923,221
Total operating revenues	97,271,194	77,993,146
OPERATING EXPENSES		
Water Purchases	7,313,211	6,966,684
Watershed Maintenance	4,905,934	6,167,936
Water Treatment	11,693,750	10,551,829
Pumping	3,707,450	3,051,386
Transmission and distribution	25,876,763	22,501,682
Customer service and meter operation	4,378,528	3,888,932
Water Conservation	1,907,387	2,470,477
Administrative and general	17,403,359	12,530,404
Depreciation and amortization (Note 5)	12,256,812	12,108,529
Total operating expenses	89,443,194	80,237,859
Operating income (loss)	7,828,000	(2,244,713)
NONOPERATING REVENUES (EXPENSES)		
Federal, state and other grants	173,811	12,154
Investment income	322,461	57,764
Interest income	1,384,318	1,598,276
Other income (Note 10)	1,629,114	1,608,748
Interest & other expense	(6,659,512)	(7,080,696)
Gain (loss) from sale of capital assets (Note 10)	(3,530,220)	(41,884)
Total nonoperating revenues (expenses), net	(6,680,028)	(3,845,638)
Total income (loss) before capital contributions	1,147,972	(6,090,351)
Fire flow parcel fee (Note 10)	4,520,242	4,526,384
Contributions in aid of construction (Note 10)	2,876,069	1,335,350
Total capital contributions	7,396,311	5,861,734
Net income	8,544,283	(228,617)
NET POSITION:		
Beginning of year	216,883,022	217,111,639
End of year	\$225,427,305	\$216,883,022

See accompanying Notes to Basic Financial Statements.

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Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$92,838,430	\$76,231,813
Other operating revenue	807,338	923,221
Cash payments to employees	(43,379,363)	(41,002,858)
Rent and watershed permits and other income	1,629,114	1,608,748
Cash payments to suppliers for goods and services	<u>(24,168,653)</u>	<u>(24,228,125)</u>
Net cash provided by operating activities	<u>27,726,866</u>	<u>13,532,799</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state and other grant revenues	<u>173,811</u>	<u>12,154</u>
Net cash provided by noncapital financing activities	<u>173,811</u>	<u>12,154</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(3,784,376)	(3,825,058)
Interest paid on long-term debt	(6,659,512)	(7,080,696)
Acquisition and construction of capital assets	(16,188,731)	(18,578,777)
Proceeds from sale of capital assets	3,530,220	41,884
Increase (decrease) in customer advances for construction	(73,660)	(1,164,739)
Proceeds from fire flow parcel fee	4,520,242	4,526,384
Cash Contributions in aid of construction	<u>2,876,069</u>	<u>1,335,350</u>
Net cash provided (used) by capital and related financing activities	<u>(15,779,748)</u>	<u>(24,745,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	(3,423,584)	1,551,160
Interest received on investments	<u>1,706,779</u>	<u>1,656,040</u>
Net cash provided by investing activities	<u>(1,716,805)</u>	<u>3,207,200</u>
Net change in cash and cash equivalents	10,404,124	(7,993,499)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>75,633,202</u>	<u>83,626,701</u>
End of year	<u><u>\$86,037,326</u></u>	<u><u>\$75,633,202</u></u>

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund, Continued
For the Years Ended June 30, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$7,828,000	(\$2,244,713)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,256,812	12,108,529
Rent and watershed permits and other income	1,629,114	1,608,748
(Increase) decrease in assets :		
Receivables, net	(2,851,060)	(350,104)
Materials and supplies	(774,366)	(675,315)
Prepaid expenses		187,307
Deferred outflow of resources-actuarial	2,358,655	5,833,984
Deferred employer OPEB contributions	(130,199)	(211,000)
Deferred employer pension contributions	(1,094,933)	(1,005,880)
Increase (decrease) in liabilities:		
Accounts payable	741,223	(726,651)
Accrued payroll and payroll expenses	225,143	204,146
Claims payable	4,476,312	(270,438)
Customer deposits	(833)	(36,593)
Net Pension Liabilities	5,466,430	(680,487)
Net OPEB Liabilities	(8,752,923)	(1,097,000)
Deferred inflows of resources - OPEB	5,950,217	50,000
Deferred inflows of resources - pension	399,274	838,266
Net cash provided by operating activities	27,726,866	\$13,532,799
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Unrestricted	30,173,268	27,359,342
Restricted	19,384,110	23,431,814
Designated	35,443,078	23,020,817
Deposits and advances	1,048,070	1,838,429
Total cash and investments	86,048,526	75,650,402
Less investments with original maturities in excess of three months	(11,200)	(17,200)
See accompanying Notes to Basic Financial Statements.	\$86,037,326	\$75,633,202
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in fair value of investments	(\$6,000)	(\$47,200)
Capitalized interest		

See accompanying Notes to Basic Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

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**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Marin Municipal Water District (the “District”) was formed on April 25, 1912 as a public district under the provisions of the Municipal Water District Act of 1911 for the purpose of developing a domestic water supply for the central and southwestern areas of Marin County. The District is governed by a five-member Board of Directors who are elected for four-year alternating terms.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. *Reporting Entity*

Generally accepted accounting principles of the United States of America require that these financial statements present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit and is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

The MMWD Financing Corporation ("Financing Corporation") is a blended component unit that is a separate government entity that was created in 2004. It is reported as if it is part of the primary government as the District Board of Directors, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the District. The purpose of the Financing Corporation is to issue debt, acquire certain property pursuant to an installment agreement with the District and defease certain outstanding debt. The Financing Corporation does not issue separate financial statements. See Note 6 for additional information.

In April 2010, the District formed the Marin Municipal Financing Authority (Financing Authority), a joint powers authority, with the California Municipal Financing Authority. The Authority is also reported as if it is part of the primary government as the District’s Board of Directors, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the District. The purpose of the Financing Authority is to issue debt to acquire certain property pursuant to an installment agreement with the District. The Financing Authority issued in May 2012, the 2012 Series A, Water Revenue Bonds, the 2016 Refunding Revenue bonds in November 2016 and the 2017 Revenue Bonds in August 2017. The Financing Authority does not issue separate financial statements. See Note 6 for additional information.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus

The District accounts for its activities as a proprietary fund. The financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method all assets, deferred outflows and inflows of resources, and liabilities associated with operations are included on the balance sheet, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. The District applies all applicable GASB pronouncements currently in effect.

The intent of the District is to establish water usage rates sufficient to provide for payment of general operations and maintenance expenses as well as required debt service. When both restricted and unrestricted resources are available for use, restricted resources are generally assumed to have been used first.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues derived from water sales and water related activities; operating expenses include all expenses applicable to the furnishing of these services. Nonoperating revenue and expenses include revenue and expenses not associated with the District's normal business of supplying water. Non-operating revenues and expenses include interest income and expense, gain and loss on disposition of property and equipment, grants, and other peripheral activities. Although capital contributions, as well as special and extraordinary items when there are any, are shown separately, technically they are subcategories of non-operating revenues and expenses.

C. Cash, Cash Equivalents and Investments

Investments are stated at fair value based on quoted market prices. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted and designated assets) with original maturities of three months or less to be cash equivalents.

D. Materials and Supplies

Materials and supplies are stated at average cost.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

The cost of purchased and self-constructed additions to utility plant and major replacements of property are capitalized with a capitalization threshold of \$2,000. Cost includes materials, direct labor, transportation, and such indirect items as engineering, supervision, employee fringe benefits, and interest incurred during the construction period. Repairs, maintenance, and minor replacements of property are charged to expense. Contributed assets are capitalized at the developer's cost, which approximates fair value.

Buildings	20-40 years
Dams and reservoirs	100 years
Pumping plant	20-40 years
Water treatment plant	30 years
Transmission and distribution	40-75 years
Vehicles	12 years
Equipment	5-40 years

F. Bond Issuance Costs/Advance Refunding of Long-Term Debt

Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method which does not significantly differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Accounting gains or losses resulting from advance refunding of long-term debt are deferred in accordance with GASB Statement No. 65, *Items previously Reported as Assets and Liabilities*, and are reported as deferred inflows of resources or deferred outflows of resources on the financial statements. Deferred amounts on bond refunding are amortized over the remaining life of the old debt (had it not been refunded) or the life of the new debt, whichever is shorter.

G. Compensated Absences

Unused vacation may be accumulated and paid to a District employee at the time of termination from District employment in accordance with the current collective bargaining agreement. At the time of retirement, an employee will be paid out, in a lump sum, seventy-five percent of their accumulated sick leave balance, not to exceed 750 hours, based upon their current salary. Compensated absences are expensed in the fiscal year incurred.

H. Customer Advances for Construction, Contributions in Aid of Construction and Connection Fees

Customer advances for construction include deposits which are restricted to fund new subdivisions, transmission lines, tank and storage facilities, and other specific assets, along with connection fees. Connection fees are assessed on new connections to recover the past and future capital costs of the District's water system.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upon completion of construction of specific assets, the District will record an amount equal to the actual construction costs of providing service as connection charge revenue and will record the portion relating to the recovery of past and future capital costs, other fees, and advances as contributions in aid of construction. Advances in excess of construction costs are refundable.

I. *Net Position*

In the statements of net position, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

J. *Water Sales Revenue*

Generally, customers are billed as the water meters are read on a bimonthly cyclical basis. Revenues related to water delivered through the fiscal year-end, but unbilled, are accrued.

K. *Use of Estimates*

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management, at the date of the financial statements, to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets, deferred inflows and outflows of resources, and liabilities as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. *Pension*

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 District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position has been determined on the same basis as it is 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.

M. *Deferred Outflows/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 will not be recognized as an outflow of resources (expense/expenditure) until then.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 will not be recognized as an inflow of resources (revenue) until that time.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

O. Summarized Prior Year Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statement for the year ended June 30, 2019 from which the summarized information was derived.

P. New Governmental Accounting Standards Board Statement Pronouncements

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

Q. Reclassification

For the year ended June 30, 2020, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2020 presentation.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS

The District pools its cash and investments for investment purposes. Certain cash and investments are segregated for specific purposes.

Under the provisions of the District’s investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Bankers' Acceptances	180 days	AAA	40%
California Local Agency Investment			\$75 million per
	N/A	N/A	account
Commercial Paper	270 days	A-1	15%
Medium Term Corporate Notes	5 Years	A	30%
Money Market Mutual Funds	N/A	AAA	10%
Negotiable Certificates of Deposit	180 days	AA	20%
Repurchase Agreements	90 days	N/A	10%
Time Certificates of Deposits	180 days	AA	20%
U.S. Treasury Bonds/Notes/Bills	365 Days	N/A	No limit
U.S. Government Agency Obligations	5 years	N/A	No limit

Investments are stated at fair value. Included in investment income (loss) on the accompanying statement of activities and changes in net position is the net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or on securities of comparable maturity, quality, and type as obtained from market makers.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments made by the District are summarized below as of June 30:

	2020	2019
	Business-Type Activities	Business-Type Activities
Cash in banks	\$5,169,270	\$2,895,558
Corporate Bond - In Default	11,200	18,108
Money Market	2,171,171	8,116,496
Cash & Cash Equivalent- Bond Funds:		
2010 Water Revenue Bond	8	8
2012 Water Revenue Bond	4,839,018	4,800,218
2016 Water Revenue Bond	742,362	741,587
2017 Water Revenue Bond	1,459,170	4,452,901
Overnight Investment - Cash Sweep	4,440,927	12,431,308
Local Agency Investment Fund	67,204,200	42,194,218
Total	<u>\$86,037,326</u>	<u>\$75,650,402</u>
Cash and investments, unrestricted	\$30,162,068	\$27,359,342
Cash and investments, restricted	19,384,110	23,431,814
Cash and investments, designated	35,443,078	23,020,817
Cash and investments, deposits and advances	1,048,070	1,838,429
Total	<u>\$86,037,326</u>	<u>\$75,650,402</u>

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a depositor 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 and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The carrying amount of the District's deposits as of June 30, 2020 and 2019 was \$5,169,270 and \$2,895,558, respectively. The bank balance of deposits as of June 30, 2020 and 2019 was \$4,063,549 and \$3,757,361, of which \$250,000 was covered by federal depository insurance. The difference between the carrying amount and the bank balance is primarily due to checks outstanding at June 30, 2020 and 2019. The remaining was uninsured and not collateralized in the District's name. However, as noted above, the financial institutions which hold these deposits are required by state statute to maintain collateral pools against all public deposits they hold.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

As a means to limiting its exposure to fair value losses arising from interest rates, the District's investment policy limits the District's investment portfolio to maturities of five years or less.

Under the District's investment guidelines and state statute, the District is authorized to invest in certificates of deposit, U.S. government securities, the State Local Agency Investment Fund, and other investment pools, money market funds and commercial paper with a bond rating of "A" or better.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2020 and 2019, the District's pooled cash and investments had the following maturities:

2020		
Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$67,204,200	\$67,204,200
Money Market Fund	2,171,171	2,171,171
Corporate Bond - In Default	11,200	11,200
Held with Trustee:		
Money Market Funds	7,040,558	7,040,558
Overnight Investment - Cash Sweep	4,440,927	4,440,927
Total Investments	<u>\$80,868,056</u>	<u>\$80,868,056</u>
2019		
Investment Type	12 Months or less	Total
Corporate Bond - In Default	\$18,108	\$18,108
California Local Agency Investment Fund	42,194,218	42,194,218
Money Market Fund	8,116,496	8,116,496
Held with Trustee:		
Money Market Funds	6,994,714	6,994,714
Overnight Investment - Cash Sweep	12,431,308	12,431,308
Investment Agreement	3,000,000	3,000,000
Total Investments	<u>\$72,754,844</u>	<u>\$72,754,844</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Risk – This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by a nationally recognized credit rating organization. Presented below are the actual ratings, for each investment type as of June 30:

Investment Type	2020 AAA	Total
Money Market	\$2,171,171	\$2,171,171
Held with Trustee:		
Money Market Funds	7,040,558	7,040,558
Total	\$2,171,171	9,211,729
Not Rated:		
California Local Agency Investment Fund		67,204,200
Corporate Bond - In Default		11,200
Held with Trustee:		
Overnight Investment - Cash Sweep		4,440,927
Total Investments		\$80,868,056

Investment Type	2019 AAA	Total
Money Market	\$8,116,496	\$8,116,496
Held with Trustee:		
Money Market Funds	6,994,714	6,994,714
Total	\$8,116,496	15,111,210
Not Rated:		
California Local Agency Investment Fund		42,194,218
Corporate Bond - In Default		18,108
Held with Trustee:		
Overnight Investment - Cash Sweep		12,431,308
Investment Agreement		3,000,000
Total Investments		\$72,754,844

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. As of June 30, 2020, these investments matured in an average of 191 days.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30:

	2020	
Investment Type	Level 2	Total
Corporate Bond - In Default	\$11,200	\$11,200
Investments Measured at Amortized Cost:		
Money Market Mutual Funds	\$2,171,171	\$9,211,729
Overnight Investment - Cash Sweep		4,440,927
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		67,204,200
Total Investments		\$80,868,056

	2019	
Investment Type	Level 2	Total
Corporate Bond - In Default	\$18,108	\$18,108
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		15,111,210
Investment Agreement		3,000,000
Overnight Investment - Cash Sweep		12,431,308
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		42,194,218
Total Investments		\$72,754,844

Corporate Bond totaling \$11,200 classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 3 – RESTRICTED AND DESIGNATED CASH AND INVESTMENTS

The District, because of certain bond covenants and legal requirements, is required to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for their specified purposes. A portion of the District's cash and investments have been internally designated for the acquisition or the construction of specific capital projects, future self-insurance claims, and for rate stabilization. These designations may be removed at the discretion of the Board.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 3 – RESTRICTED AND DESIGNATED CASH AND INVESTMENTS (Continued)

Restricted and designated cash and investments are as follows as of June 30:

	2020	2019
Restricted cash and investments:		
2010 Revenue Bonds, 2012 Revenue Bonds, 2016 Refunding Revenue Bonds and 2017 Water Revenue Bond:		
Principal and interest fund	\$8,124,605	\$4,640,206
Reserve fund	1,008,090	997,312
Project fund	5,900,097	16,884,209
Agency deposits	330,112	273,405
Pension reserve fund	2,000,000	2,000,000
Fire Flow Parcel Fee Program	2,021,206	(1,363,318)
Total restricted cash and investments	19,384,110	23,431,814
Designated cash and investment:		
Capital projects	19,355,078	7,072,817
Rate stabilization	9,400,000	9,400,000
Liability claims	6,688,000	6,548,000
Total designated cash and investment	35,443,078	23,020,817
Deposits and advances	1,048,070	1,838,429
Total restricted and designated cash and investments	\$55,875,258	\$48,291,060

NOTE 4 – LOANS RECEIVABLE

Employee Computer Loans Receivable:

The District provides loans to its employees for the purchase of personal computers. These loans are payable through payroll deductions until the loan is paid off. The interest rate associated with the loan is based of the most current Local Agency Investment Fund (LAIF) rate. The maximum amount each employee may borrow is \$2,000. As of June 30, the remaining amount of loans outstanding is \$34,094 and \$27,495 for the fiscal years ending June 30, 2020 and 2019, respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS

Capital Assets balances and activity are summarized below as of June 30, 2020 and 2019:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land and land rights	\$13,536,977			\$101,967	\$13,638,944
Construction in progress	44,138,334	\$15,691,794		(5,586,401)	54,243,727
Total capital assets not being appreciated	57,675,311	15,691,794		(5,484,434)	67,882,671
Capital assets being depreciated:					
Water Rights	16,755,852		(\$457,118)		16,298,734
Buildings	24,446,991			17,050	24,464,041
Dams and reservoirs	115,118,366			1,199	115,119,565
Pumping plants	39,855,409			279,234	40,134,643
Water treatment plants	47,756,388		(9,498,027)	244,687	38,503,048
Transmission and distribution	335,058,643		(412,473)	4,942,264	339,588,434
Vehicles	8,446,342	105,331	(155,577)		8,396,096
Equipment	24,863,812	391,603			25,255,415
Total capital assets being depreciated	612,301,803	496,934	(10,523,195)	5,484,434	607,759,976
Less accumulated depreciation for:					
Water Rights	3,474,597	478,339	(457,118)		\$3,495,818
Buildings	14,347,269	822,389			15,169,658
Dams and reservoirs	40,570,142	2,171,485			42,741,627
Pumping plants	22,639,902	1,321,767			23,961,669
Water treatment plants	32,214,210	1,170,736	(6,099,480)		27,285,466
Transmission and distribution	104,745,210	4,976,937	(249,550)		109,472,597
Vehicles	6,416,602	457,565	(155,577)		6,718,590
Equipment	20,796,882	857,594			21,654,476
Total accumulated depreciation	245,204,814	12,256,812	(6,961,725)		250,499,901
Net depreciable assets	367,096,989	(11,759,878)	(3,561,470)	\$5,484,434	357,260,075
Total capital assets, net	\$424,772,300	\$3,931,916	(\$3,561,470)		\$425,142,746

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land and land rights	\$12,675,559			\$861,419	\$13,536,978
Construction in progress	51,212,783	\$17,722,853	(\$78)	(24,797,224)	44,138,334
Total capital assets not being appreciated	63,888,342	17,722,853	(78)	(23,935,805)	57,675,312
Capital assets being depreciated:					
Water Rights	19,623,196		(2,867,344)		16,755,852
Buildings	23,437,365		(5,222)	1,014,848	24,446,991
Dams and reservoirs	114,482,162			636,204	115,118,366
Pumping plants	33,793,514			6,061,895	39,855,409
Water treatment plants	47,028,517		(22,664)	750,535	47,756,388
Transmission and distribution	320,953,558		(181,332)	14,286,416	335,058,642
Vehicles	8,176,284	470,923	(200,865)		8,446,342
Equipment	23,356,823	385,001	(63,919)	1,185,907	24,863,812
Total capital assets being depreciated	590,851,419	855,924	(3,341,346)	23,935,805	612,301,802
Less accumulated depreciation for:					
Water Rights	5,481,706	403,120	(2,410,229)		3,474,597
Buildings	13,563,959	788,532	(5,222)		14,347,269
Dams and reservoirs	38,390,837	2,179,305			40,570,142
Pumping plants	21,346,842	1,293,060			22,639,902
Water treatment plants	30,979,056	1,257,818	(22,664)		32,214,210
Transmission and distribution	99,995,089	4,861,889	(111,768)		104,745,210
Vehicles	6,137,799	479,668	(200,865)		6,416,602
Equipment	20,013,543	845,137	(61,798)		20,796,882
Total accumulated depreciation	235,908,831	12,108,529	(2,812,546)		245,204,814
Net depreciable assets	354,942,588	(11,252,605)	(528,800)	\$23,935,805	367,096,988
Total capital assets, net	\$418,830,930	\$6,470,248	(\$528,878)		\$424,772,300

Sonoma County Water Rights

In January 1996, the District revised its agreement with the Sonoma County Water Agency (the "Agency") for the purchase of water during off-peak periods. The revised contract guarantees the District a source of water during drought years. For revisions to the agreement the District has paid \$2,867,344, which has been capitalized, and is being amortized, over the life of the agreement of 18 years on a straight-line basis.

In June 2005, MMWD exercised an option within the agreement to convert 5,000 acre-feet of water from an "as available" basis to a "firm" basis of water supply from Sonoma County Water Agency for a one-time payment of \$6,326,257. This amount is being amortized on a straight-line basis over the remaining term of the agreement of nine years, plus an additional 40 years which is the renewal term at the option of the District, as management believes it is likely the agreement will be renewed.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS (Continued)

Aqueduct Energy Efficiency Project

On February 5, 2015, the district entered into an agreement with the North Marin Water district to pay 51% of the final actual costs, to pay a total of \$3,622,882, of the Aqueduct Energy Efficiency Project which will upsize the North Marin Aqueduct from Kastania Pump Station to Redwood Landfill road. This amount is being amortized on a straight-line basis over the remaining term of the agreement of 26 years and 4 months.

Las Gallinas Valley Sanitary District – Recycled Water Right

On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District for the purchases of recycled water up to 1.87 mgd until 2047. In return, the District has agreed to pay a total of \$6,349,595, which has been capitalized, and is being amortized, over the life of the agreement of 30 years on a straight-line basis.

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Amount due within one year
2012 Water Revenue Bonds, 2.00% - 5.00%, Due 7/1/2052	\$85,000,000	\$80,580,000	\$1,990,000	\$78,590,000	\$2,045,000
2016 Water Refunding Revenue Bonds, 3.25% - 5.00%, Due 7/1/2040	31,380,000	31,380,000		31,380,000	
2017 Series Subordinate Revenue Bonds, 2.00% - 5.00%, Due 7/1/2047	36,120,000	35,385,000	610,000	34,775,000	625,000
Original bond premium/discount, net Aqueduct Energy Efficiency Project 0.00% , Due 7/1/2032	4,080,000	16,282,761 2,365,246	581,806 141,138	15,700,955 2,224,108	144,968
<i>Direct borrowing:</i>					
Clean Renewable Energy Bonds 0.00% - 0.00%, Due 9/30/2023	1,956,000	611,250	122,250	489,000	122,250
LGVSD - Recycled Water Buy-in 4.00%, Due 7/1/2042	6,349,595	5,252,393	339,182	4,913,211	273,634
Total Long-Term Debt		<u>171,856,650</u>	<u>\$3,784,376</u>	<u>168,072,274</u>	<u>\$3,210,852</u>
Less:					
Amount Due within one year		<u>3,202,570</u>		<u>3,210,852</u>	
Total Long-Term Debt, net		<u>\$168,654,080</u>		<u>\$164,861,422</u>	

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

2010 Water Revenues Bonds, Series A

On May 26, 2010, the joint power authority, Marin Municipal Water District Financing Authority issued the 2010 Series A Water Revenues Bonds in the amount of \$32,235,000 to fund the acquisition and construction of additions, betterments, extensions and improvements to the District's municipal water system including, but not limited to: watershed improvement projects, water treatment and water quality projects, water distribution piping and related facility projects, water storage projects and computer and technology system projects. Interest payments are payable semi-annually on January 1 and July 1. The bonds mature through July 1, 2040, and bear interest at the rate of 5%. The Bonds are special limited obligations of the Financing Authority payable from and secured by a pledge of the Net Revenues of Water Systems. The bonds were refunded by refunding Revenue Bonds, Series 2016 on November 1, 2016. The remaining unamortized balance was written off and included in interest expense during the year ended June 30, 2017.

2012 Water Revenues Bonds, Series A

On June 20, 2012, the joint power authority, Marin Municipal Water District Financing Authority issued the 2012 Series A Water Revenues Bonds in the amount of \$85,000,000 to refund the District's outstanding 2002 Water Revenue Bonds and a portion of the 2004 Certificate of Participation. Interest payments are payable semi-annually on January 1 and July 1. The bonds mature through July 1, 2052, and bear interest at the rate of 5%. The bonds are special limited obligations of the Financing Authority payable solely from and secured by a pledge of amounts held in certain funds and accounts under the indenture and the revenues derived from the 2012 installment payments made by the District under the 2012 installment sale agreement. The bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately. The net proceeds of \$38,126,123 from these refunding bonds were transferred to a trustee and placed in an irrevocable trust to redeem 2002 Water Revenue Bonds and a portion of the 2004 Certificate of Participation. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 2002 Revenue Bonds and a portion of the 2004 Certificate of Participation were removed from the balance sheet as of June 30, 2013. The advanced refunding resulted in a difference of \$2,303,279 between the reacquisition price and the net carrying amount of the old debt, that has been deferred and amortized in accordance with GASB Statement No. 23.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$2,045,000	\$3,524,734	\$5,569,734
2022	2,130,000	3,443,790	5,573,790
2023	2,205,000	3,354,334	5,559,334
2024	2,295,000	3,250,102	5,545,102
2025	2,415,000	3,132,353	5,547,353
2026-2030	14,020,000	13,691,815	27,711,815
2031-2035	2,530,000	11,770,664	14,300,664
2036-2040	3,205,000	11,076,250	14,281,250
2041-2045	13,715,000	9,235,750	22,950,750
2046-2050	19,925,000	5,184,894	25,109,894
2051-2053	14,105,000	915,981	15,020,981
Total payments due	<u>\$78,590,000</u>	<u>\$68,580,667</u>	<u>\$147,170,667</u>

2016 Refunding Revenue Bonds

On November 1, 2016, The \$31,380,000 Marin Municipal Water District Financing Authority Refunding Revenue Bonds, Series 2016 were issued by the Marin Municipal Water District Financing Authority to refund, on an advance basis, the Marin Municipal Water District Financing Authority Water Revenue Bonds, Series 2010, which are outstanding in the principal amount of \$31,140,000, issued to finance the acquisition and construction of additions, betterments, extensions and improvements to the District's municipal water system, and pay costs incurred in connection with issuance, sale and delivery of the Bonds. The bonds mature through July 1, 2040, and bear interest at the rate of 5%. Annual principal payments of \$2,235,000 to \$3,545,000 are due on July 1, 2030 through July 1, 2040. Interest on the Bonds will be payable semiannually on each January 1 and July 1. The Bonds are special limited obligations of the Financing Authority payable from and secured by a pledge of the Net Revenues of Water Systems. The bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately. The advanced refunding resulted in a difference of \$1,985,988.04 between the reacquisition price and the net carrying amount of the old debt, that has been deferred and amortized in accordance with GASB Statement No. 23. The refunding resulted in \$6,689,902 aggregate difference in gross debt service (principal and interest) between the refunding debt and the refunded debt, and an economic loss of \$806,702 as the refunding was structured to defer the principal payments to later years.

The District is subject to certain debt covenants, the most restrictive of which requires the setting of rates and charges to yield net revenue equal to at least 125 percent of the current annual debt service requirement of the revenue bonds and other parity debt, as well as the establishment of certain principal, interest and reserve funds. The 2012 Revenues Bonds, 2016 Revenue Refunded Bonds and 2017 Revenue Refunded Bonds are collateralized by a pledge of the District's net revenues of Water Systems, as defined in the Master Indenture. The total principal and interest remaining on the bonds is \$265,485,528 payable through June 2053. For FYE 19/20 principal and interest paid, and total net revenues of Water Systems received, were \$9,351,603 and \$20,053,564, respectively. For FYE 18/19 principal and interest paid, and total net revenues of Water Systems received, were \$9,481,203 and \$13,098,874 respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021		\$1,481,975	\$1,481,975
2022		1,481,975	1,481,975
2023		1,481,975	1,481,975
2024		1,481,975	1,481,975
2025		1,481,975	1,481,975
2026-2030		7,409,875	7,409,875
2031-2035	\$12,360,000	5,950,863	18,310,863
2036-2040	15,475,000	2,765,001	18,240,001
2041-2044	3,545,000	88,625	3,633,625
Total payments due	<u>\$31,380,000</u>	<u>\$23,624,239</u>	<u>\$55,004,239</u>

2017 Subordinate Revenue Bonds

On August 1, 2017, the \$36,120,000 Marin Municipal Water District Financing Authority Subordinate Revenue Bonds, Series 2017 were issued by the Marin Municipal Water District Financing Authority to finance the acquisition and construction of additions, betterments, extensions and improvements to the District’s municipal water system, and pay costs incurred in connection with the issuance, sale and delivery of the Bonds. The bonds mature through July 1, 2047, and bear interest at the rate of 5%. Annual principal payments of \$735,000 to \$2,185,000 are due on July 1, 2018 through July 1, 2047. Interest on the Bonds will be payable semiannually on each January 1 and July 1. The Bonds are special limited obligations of the Financing Authority payable from and secured by a pledge of the Net Revenues of Water Systems. The bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately.

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$625,000	\$1,655,000	\$2,280,000
2022	650,000	1,626,250	2,276,250
2023	685,000	1,592,875	2,277,875
2024	720,000	1,557,750	2,277,750
2025	755,000	1,520,875	2,275,875
2026-2030	4,355,000	7,004,350	11,359,350
2031-2035	5,435,000	5,909,050	11,344,050
2036-2040	6,735,000	4,571,225	11,306,225
2041-2045	8,570,000	2,674,250	11,244,250
2046-2048	6,245,000	424,000	6,669,000
Total payments due	<u>\$34,775,000</u>	<u>\$28,535,625</u>	<u>\$63,310,625</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

Aqueduct Energy Efficiency Project

On February 5, 2015, the district entered into an agreement with the North Marin Water district to pay 51% of the final actual costs, to pay a total of \$3,622,882, of the Aqueduct Energy Efficiency Project which will upsize the North Marin Aqueduct from Kastania Pump Station to Redwood Landfill road. Marin Municipal Water District takes delivery of Agency water through a connection to an Aqueduct in Northern Novato. Part of the Aqueduct is being replaced under the Marin-Sonoma Narrows High Occupancy Vehicle Widening project, a joint project between Caltrans and the Federal Highway Administration. The relocation and replacement of the Aqueduct is called the Aqueduct Energy Efficiency Project, which includes relocation and replacement of 24,000-feet of Aqueduct with a larger diameter pipe. The final costs of the Aqueduct Energy Efficiency Project are to be determined once the Aqueduct Energy Efficiency Project is completed, which is expected to occur in December 2018. Marin Municipal Water District shall make payments in the amount of \$205,320 to the North Marin Water District, each July 1, from 2015 through 2032 as fair compensation for the AEEP capital cost.

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$144,968	\$60,352	\$205,320
2022	148,902	56,418	205,320
2023	152,942	52,378	205,320
2024	157,092	48,228	205,320
2025	161,355	43,965	205,320
2026-2030	874,878	151,722	1,026,600
2031-2033	583,971	31,975	615,946
Total payments due	<u>\$2,224,108</u>	<u>\$445,038</u>	<u>\$2,669,146</u>

Clean Renewable Energy Bonds

On September 29, 2008, the District issued Clean Renewable Energy Bonds (CREBs) for the installation of solar panels on the District's administration building and at its corporate yard. The CREBs were authorized by the Internal Revenue Service and are structured so that bondholders receive a federal income tax credit in lieu of interest. The amount of the tax credit is set by the U.S. Treasury department on a daily basis. The total principal amount of the CREBs issued for both projects was \$1,956,000. The net proceeds of the two issues were \$1,845,030, less original issue discount of \$56,630 and issuance costs of \$54,340. The debt service is paid annually over 15 years in the amount of \$122,250, principal only. The issues mature on September 30, 2023. The installment payments are payable from the net revenue of the District.

The annual debt service requirements are as follows:

For The Year Ending June 30	Principal	Total
2021	\$122,250	\$122,250
2022	122,250	122,250
2023	122,250	122,250
2024	122,250	122,250
Total payments due	<u>\$489,000</u>	<u>\$489,000</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

Las Gallinas Valley Sanitary District (LGVSD) – Water Buy In

On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District (LGVSD) to pay 10.5% of the final actual costs currently estimated at \$4,023,647 of the Recycled Water Treatment Facility (RWTF). LGVSD operates an existing recycled water treatment facility that it was initially constructed in 2011 and currently provides recycled water to the North Marin Water District. The District also reimburse the Las Gallinas Valley Sanitary District for its proportional share of the initial construction costs it incurred in 2011 for the construction of the original Facility (Buy-In). The District’s proportionate share of initial construction costs is determined at \$2,049,595. Marin Municipal Water District shall make payments in the amount of \$26,890 to the LGVSD, each April 1, from 2017 through 2042 as fair compensation for the water treatment facility capital cost.

The annual debt service requirements are as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$273,634	\$189,761	\$463,395
2022	285,532	177,736	463,268
2023	221,297	167,437	388,734
2024	204,252	159,796	364,048
2025	212,592	151,855	364,447
2026-2030	1,184,220	636,799	1,821,019
2031-2035	998,367	419,307	1,417,674
2036-2040	1,051,402	225,866	1,277,268
2041-2043	481,915	29,114	511,029
Total payments due	<u>\$4,913,211</u>	<u>\$2,157,671</u>	<u>\$7,070,882</u>

Authorized but Unissued Debt

On January 29, 2020, the District entered into a forward delivery purchase agreement with Morgan Stanley for the Refunding Revenue Bonds, Series 2022 in the amount of \$67,505,000. Proceeds of the Bonds will be used to refund the outstanding balance of the 2012 Water Revenue Bonds, Series A.

NOTE 7 – EMPLOYEE RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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.

	FY 19-20 Miscellaneous	FY 18-19 Miscellaneous
Benefit formula	2.7% @ 55	2.7% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	7.570%	7.702%
Required employer contribution rates	10.103%	9.524%
Required unfunded liability payment	\$6,241,309	\$7,629,171

Beginning in Fiscal Year 2016 CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the District can elect a lump sum payment option. The District required contributions for the unfunded liability in the miscellaneous plan for the year ended June 30, 2020 were \$6,241,309, respectively, which were made under the lump sum payment option.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of June 30:

	2020 Miscellaneous	2019 Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	343	329
Inactive employees entitled to but not yet receiving benefits	118	112
Active employees	228	228
Total	689	669

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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 both 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 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.

B. Net Pension Liability

The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities as of the June 30, 2019 measurement date were determined using the following actuarial assumptions:

	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary increase	Varies by Entry Age and Service(1)	Varies by Entry Age and Service(1)
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)	Derived using CalPERS Membership Data for all Funds(3)
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018, valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table following reflects the long-term expected real rate of return by asset class.

Asset Class (a)	2020			2019		
	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)	New Strategic Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	100%			100%		

(a) In the CalPERS 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. Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability as of June 30 is as follows:

	2020		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$256,014,989	\$164,175,499	\$91,839,490
Changes in the year:			
Service cost	4,139,447		4,139,447
Interest on the total pension liability	18,179,208		18,179,208
Differences between actual and expected experience	3,223,248		3,223,248
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		7,629,171	(7,629,171)
Contribution - employees		1,806,979	(1,806,979)
Net investment income		10,756,100	(10,756,100)
Net Plan to Plan Resource Movement			
Administrative expenses		(117,159)	117,159
Benefit payments, including refunds of employee contributions	(14,106,613)	(14,106,613)	
Other Miscellaneous Income/(Expense)		382	(382)
Net changes	<u>11,435,290</u>	<u>5,968,860</u>	<u>5,466,430</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$267,450,279</u>	<u>\$170,144,359</u>	<u>\$97,305,920</u>
	2019		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (1)	\$248,948,823	\$156,428,846	\$92,519,977
Changes in the year:			
Service cost	4,139,805		4,139,805
Interest on the total pension liability	17,386,830		17,386,830
Differences between actual and expected experience	621,197		621,197
Changes in assumptions	(1,853,303)		(1,853,303)
Changes in benefit terms			
Contribution - employer		6,623,291	(6,623,291)
Contribution - employee		1,763,930	(1,763,930)
Net investment income		13,294,839	(13,294,839)
Net Plan to Plan Resource Movement		(382)	382
Administrative expenses		(243,759)	243,759
Benefit payments, including refunds of employee contributions	(13,228,363)	(13,228,363)	
Other Miscellaneous Income/(Expense)		(462,903)	462,903
Net changes	<u>7,066,166</u>	<u>7,746,653</u>	<u>(680,487)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$256,014,989</u>	<u>\$164,175,499</u>	<u>\$91,839,490</u>

(1) The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District’s 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:

	FY 19-20 Miscellaneous	FY 18-19 Miscellaneous
1% Decrease	6.15%	6.15%
Net Pension Liability	\$130,152,516	\$123,499,209
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$97,305,920	\$91,839,490
1% Increase	8.15%	8.15%
Net Pension Liability	\$69,865,681	\$65,376,900

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

D. *Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For the year ended June 30, 2020 and 2019, the District recognized pension expense of \$15,853,530 for the total miscellaneous plan, for total pension expense of \$12,615,054. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous Plan:</i>	FY 19-20		FY 18-19	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,724,104		\$7,629,171	
Differences between actual and expected experience	2,479,455	(\$21,469)	464,515	(\$128,821)
Changes in assumptions	824,617	(694,989)	4,947,696	(1,274,146)
Net differences between projected and actual earnings on plan investments		(1,085,783)	250,516	
Total	\$12,028,176	(\$1,802,241)	\$13,291,898	(\$1,402,967)

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

\$8,714,104 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	FY 19-20 Deferred Outflows/(Inflows) of Resources		FY 18-19 Deferred Outflows/(Inflows) of Resources
Year Ended		Year Ended	
June 30	Miscellaneous	June 30	Miscellaneous
2020	\$1,959,608	2019	\$5,635,165
2021	(598,589)	2020	825,183
2022	(16,869)	2021	(1,733,014)
2023	157,681	2022	(467,574)
Total	\$1,501,831		\$4,259,760

E. Payable to Pension Plans

As of June 30, 2020, and 2019, the District reported a payable of \$270,156 and \$227,790 for the outstanding amount of contributions to the pension plans required for the years ended June 30, 2020 and 2019 respectively.

F. Subsequent Event

Subsequent Event - CalPERS Pension Contribution Rates - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the District's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates

NOTE 8 – DEFERRED COMPENSATION PLAN

The District offers its employees a 457 deferred compensation plan which assets are invested by independent third party custodians. The assets are not subject to claims by creditors of the District and are not reflected in the accompanying financial statements.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The District provides retiree medical insurance and dental benefits to eligible retirees and a dependent in accordance with various labor agreements. Medical insurance benefits are provided under the CalPERS health plan while dental benefits are provided by a private insurance carrier. The District provides medical and dental benefits to employees if they retire from the District on or after age 50 (unless disabled), and are eligible for a CalPERS pension. The medical benefits cover the employee and their one dependent from retirement date for life. The employee and their one dependent receive dental coverage from retirement until the employee reaches age 65. Employees are not obligated to contribute unless plan costs exceed the District's maximum contribution. For health insurance, the District pays the cost for the health insurance premium up to the cost for the retiree plus one dependent. Medicare Supplemental insurance coverage is used when a plan participant reaches age 65. For dental coverage, the District pays the entire cost of the dental insurance until the retiree reaches age 65. The retiree at age 65 may elect to continue coverage for themselves plus a dependent at their own cost.

Marin Municipal Water District participates in the California Employer's Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT fund is an agent multiple employer trust that was established by CalPERS and is managed by an appointed governing body not under the control of Marin Municipal Water District. This trust is not considered a component unit of Marin Municipal Water District and has been excluded from these financial statements.

B. Employees Covered

As of the June 30, 2020 and 2019, respectively, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	2020	2019
Active employees	234	206
Inactive employees or beneficiaries currently receiving benefit payments	256	252
Inactive employees entitled to but not yet receiving benefit payments	20	15
Total	510	473

C. Contributions

The contribution requirement of plan members and the District are established and may be amended by agreement between the District and its collective bargaining units. The District must agree to make a defined monthly payment towards the cost of each retiree's medical and dental coverage. The required contribution is based on an amount established by the District annually. Effective January 1, 2020, the District's contribution rate for medical coverage was up to \$868.98 and \$1,737.96 per month for retiree and retiree plus one dependent, respectively. For dental coverage the annual contribution amount is up to \$1,500 and \$3,000 for retiree and retiree plus one dependent, respectively. Actual contributions by the District for each retiree for medical and dental benefits vary depending on medical plan coverage and actual dental costs.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

D. 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 dated June 30, 2019 to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.75%
Inflation	2.75% annually
Salary Increases	3.0% per year
Investment Rate of Return	6.75%
Mortality Rate	CalPERS 1997-2015 Experience Study
Healthcare Trend Rate	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	<u>100%</u>	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions 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 be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019 (June 30, 2018 Measurement Date)	\$60,870,000	\$27,988,590	\$32,881,410
Changes Recognized for the Measurement Period:			
Service Cost	1,686,110		1,686,110
Interest on the total OPEB liability	4,115,381		4,115,381
Changes in benefit terms			
Differences between expected and actual experience	(6,428,502)		(6,428,502)
Changes of assumptions	(1,329,877)		(1,329,877)
Contributions from the employer		4,965,000	(4,965,000)
Net investment income		1,843,597	(1,843,597)
Administrative expenses		(12,152)	12,152
Benefit payments	(3,175,000)	(3,175,000)	
Net changes	(5,131,888)	3,621,445	(8,753,333)
Balance at June 30, 2020 (June 30, 2019 Measurement Date)	\$55,738,112	\$31,610,035	\$24,128,077

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

The following presents 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 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75 %)	Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$31,106,944	\$24,128,077	\$18,358,913

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Trend Rate		
1% Decrease	Current Trend	1% Increase
\$17,814,985	\$24,128,077	\$31,840,458

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$2,161,884 and \$3,719,000, respectively. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$5,095,199	
Differences between actual and expected experience		\$5,168,011
Changes of assumptions		1,069,117
Net differences between projected and actual earnings on plan investments		404,089
Total	\$5,095,199	\$6,641,217

The \$5,095,199 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	(\$1,715,773)
2022	(1,716,773)
2023	(1,553,773)
2024	(1,502,774)
2025	(152,124)
Total	(\$6,641,217)

NOTE 10 – OTHER INCOME/ CAPITAL CONTRIBUTIONS

Other income and capital contributions are comprised of the following for the years ending June 30:

	2020	2019
Rents and royalties	\$1,629,114	\$1,608,748
Net gain (loss) on sale of assets	(3,530,220)	(41,884)
Total other income and gain (loss) on sale of assets	(\$1,901,106)	\$1,566,864
Capital contributions:		
Fire flow parcel fee	\$4,520,242	\$4,526,384
Contributions in aid of construction	2,876,069	1,335,350
Total capital contributions	\$7,396,311	\$5,861,734

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Capital Budget

The District's fiscal year ended 2020 and 2019 capital budget is approximately \$21.6 million and \$22.8 million respectively of which approximately \$1,548,000 and \$1,880,000 is anticipated to be reimbursed to the District by contractors, users and grants.

Commitments

As of June 30, 2020 and 2019, the District had \$2,473,980 and \$3,194,922, respectively, of outstanding construction contracts and purchase orders. This is the amount that the District will be obligated to pay if all contractors and vendors perform per their contract or commitments. The District could substantially reduce the amount of this commitment by notifying contractors to suspend further work and paying for work completed to that point.

Legal Matters

The District is a defendant in a number of lawsuits and claims pending at June 30, 2020. Based on correspondence with the District's legal counsel, it is the opinion of District management that unfavorable outcomes are unlikely and that the settlement of such pending cases would not have a material adverse effect on the District's financial position. Accordingly, no provision for any liability that may result from adjudication has been made in the accompanying financial statements.

Grants

The District participates in several federal and state grant programs. These programs are subject to examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Joint Power Agreement

The District participates in a joint powers agreement through the Marin Emergency Radio Authority ("MERA") under an operating agreement dated February 1, 1999. MERA was created July 1, 1997 by an agreement between certain public agencies in Marin County to provide a public safety radio system, which is owned by MERA, to its members. The members have agreed to assign a portion of their revenues to make annual payments to MERA on a pro rata basis to cover the costs of debt financing and operating the system. The District's annual payments related to the debt financing and to fund operations are recorded as an expense.

The future payments required for the fiscal years ending after June 30, 2020 is \$20,350 due in fiscal year 2021.

Summarized audited financial information for the Marin Emergency Radio Authority are as follows as of June 30:

	2019	2018
Total assets & deferred outflows of resources	\$54,642,920	\$51,598,231
Total liabilities	40,601,171	42,951,510
Total net position	14,048,015	8,646,721
Total operating revenues	1,932,154	1,923,710
Total operating expenses	2,478,076	2,618,147
Total non-operating revenues & expenses	5,947,216	5,465,398
Increase/ (decrease) in net position	5,401,294	4,770,961

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation and general liability. It is the policy of the District not to purchase commercial insurance for risk of losses to which it is exposed for general and auto liability. Instead, District management believes it is more economical to manage this risk internally and set aside assets for claim settlements. However, the District carries excess liability insurance for losses in excess of \$250,000, not to exceed \$10,000,000 on a per occurrence basis. In addition, the District carries \$5,000,000 in the 1st additional excess liability and \$10,000,000 in the 2nd additional excess liability. Settled claims have never exceeded the District's policy limits in any fiscal year.

The District is self-insured for workers' compensation, and has purchased an umbrella policy to cover catastrophic losses. The policy has a self-insured retention of \$750,000 per occurrence with a maximum limit of indemnity per occurrence of \$50,000,000.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 12 – RISK MANAGEMENT (Continued)

Claim liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. These liabilities are the District's best estimate based on available information. Changes in the reported liabilities are as follows for the years ended June 30:

	2020		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$4,722,000	\$132,207	\$4,854,207
Current year claims and changes in estimate	679,235	4,810,707	5,489,942
Claims payments	(213,235)	(800,395)	(1,013,630)
Balance at the end of year	<u>\$5,188,000</u>	<u>\$4,142,519</u>	<u>\$9,330,519</u>
Due within one year	<u>\$305,429</u>	<u>\$142,519</u>	<u>\$447,948</u>
	2019		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$4,888,000	\$236,646	\$5,124,646
Current year claims and changes in estimate	44,808	462,294	507,102
Claims payments	(210,808)	(566,733)	(777,541)
Balance at the end of year	<u>\$4,722,000</u>	<u>\$132,207</u>	<u>\$4,854,207</u>
Due within one year	<u>\$345,829</u>	<u>\$132,207</u>	<u>\$478,036</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 13 – COMPENSATED ABSENCES

The District records a liability to recognize the financial effect of unused vacation and other compensated absences. Changes in the reported liabilities for the years ended June 30, 2020 and 2019 resulted from the following:

	2020	2019
Beginning Balance	\$4,682,310	\$4,872,377
Additions	3,364,853	3,356,559
Payments	(3,292,716)	(3,546,626)
Ending Balance	\$4,754,447	\$4,682,310
Current Portion	\$3,334,255	\$3,563,447

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total Pension Liability						
Service Cost	\$3,643,451	\$3,820,110	\$3,787,617	\$4,182,187	\$4,139,805	\$4,139,447
Interest	14,880,788	15,696,251	16,408,014	16,876,879	17,386,830	18,179,208
Differences between expected and actual experience		2,035,700	599,096	(343,525)	621,197	3,223,248
Changes in assumptions		(3,613,804)		13,193,854	(1,853,303)	
Changes in benefits						
Benefit payments, including refunds of employee contributions	(10,194,990)	(10,335,415)	(11,254,841)	(12,118,818)	(13,228,363)	(14,106,613)
Net change in total pension liability	8,329,249	7,602,842	9,539,886	21,790,577	7,066,166	11,435,290
Total pension liability - beginning	201,686,269	210,015,518	217,618,360	227,158,246	248,948,823	256,014,989
Total pension liability - ending (a)	\$210,015,518	\$217,618,360	\$227,158,246	\$248,948,823	\$256,014,989	\$267,450,279
Plan fiduciary net position						
Contributions - employer	\$4,633,745	\$5,315,722	\$5,636,822	\$5,992,966	\$6,623,291	\$7,629,171
Contributions - employee	1,909,494	1,835,178	1,854,172	1,847,909	1,763,930	1,806,979
Net investment income (1)	22,211,386	3,338,982	807,045	16,103,055	13,294,839	10,756,100
Benefit payments, including refunds of employee contributions	(10,194,990)	(10,335,415)	(11,254,841)	(12,118,818)	(13,228,363)	(14,106,613)
Plan to Plan Resource Movement					(382)	
Administrative Expense		(166,443)	(90,116)	(213,813)	(243,759)	(117,159)
Other Miscellaneous Income/(Expense)					(462,903)	382
Net change in plan fiduciary net position	18,559,635	(11,976)	(3,046,918)	11,611,299	7,746,653	5,968,860
Plan fiduciary net position - beginning	129,316,806	147,876,441	147,864,465	144,817,547	156,428,846	164,175,499
Plan fiduciary net position - ending (b)	\$147,876,441	\$147,864,465	\$144,817,547	\$156,428,846	\$164,175,499	\$170,144,359
Net pension liability - ending (a)-(b)	\$62,139,077	\$69,753,895	\$82,340,699	\$92,519,977	\$91,839,490	\$97,305,920
Plan fiduciary net position as a percentage of the total pension liability	70.41%	67.95%	63.75%	62.84%	64.13%	63.62%
Covered payroll	\$20,899,731	\$22,791,661	\$23,093,818	\$23,117,501	\$24,500,232	\$23,591,969
Net pension liability as percentage of covered payroll	297.32%	306.05%	356.55%	400.22%	374.85%	412.45%

Benefit Changes. The figures above do not include any liability impact that may have resulted from the plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018 and 2019, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction of for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for June 30, 2015 and 2016 measurement dates.

* Fiscal year 2015 was the first year of implementation.

SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$5,315,722	\$5,725,637	\$5,991,703	\$6,623,291	\$7,629,171	\$8,724,104
Contributions in relation to the actuarially determined contributions	(5,315,722)	(5,725,637)	(5,991,703)	(6,623,291)	(7,629,171)	(8,724,104)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$22,791,661	\$23,093,818	\$23,117,501	\$24,500,232	\$23,591,969	\$26,865,090
Contributions as a percentage of covered payroll	23.32%	24.79%	25.92%	27.03%	32.34%	32.47%
Notes to Schedule:						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age					
Amortization method	For details, see June 30, 2016 Funding Valuation Report.					
Remaining amortization period	For details, see June 30, 2016 Funding Valuation Report.					
Asset valuation method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.					
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020.					
Salary increases	Varies by Entry Age and Service					
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, pension plan investment expense, including inflation.					
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.					
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.					

* Fiscal year 2015 was the 1st year of implementation.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN
Last 10 fiscal years*

Measurement Date	2017	2018	2019
Total OPEB Liability			
Service Cost	\$1,589,000	\$1,637,000	\$1,686,110
Interest	3,770,000	3,942,000	4,115,381
Changes in benefit terms			
Differences between expected and actual experience			(6,428,502)
Changes of assumptions			(1,329,877)
Benefit payments	<u>(2,735,000)</u>	<u>(2,956,000)</u>	<u>(3,175,000)</u>
Net change in total OPEB liability	<u>2,624,000</u>	<u>2,623,000</u>	<u>(5,131,888)</u>
Total OPEB liability - beginning	<u>55,623,000</u>	<u>58,247,000</u>	<u>60,870,000</u>
Total OPEB liability - ending (a)	<u><u>\$58,247,000</u></u>	<u><u>\$60,870,000</u></u>	<u><u>\$55,738,112</u></u>
Plan fiduciary net position			
Contributions - employer	\$4,135,000	\$4,766,000	\$4,965,000
Contributions - employee			
Net investment income	2,242,000	1,955,000	1,843,597
Administrative expense	(11,000)	(45,000)	(12,152)
Benefit payments	<u>(2,735,000)</u>	<u>(2,956,000)</u>	<u>(3,175,000)</u>
Net change in plan fiduciary net position	<u>3,631,000</u>	<u>3,720,000</u>	<u>3,621,445</u>
Plan fiduciary net position - beginning	<u>20,638,000</u>	<u>24,269,000</u>	<u>27,988,590</u>
Plan fiduciary net position - ending (b)	<u><u>\$24,269,000</u></u>	<u><u>\$27,989,000</u></u>	<u><u>\$31,610,035</u></u>
 Net OPEB liability - ending (a)-(b)	 <u><u>\$33,978,000</u></u>	 <u><u>\$32,881,000</u></u>	 <u><u>\$24,128,077</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 41.67%	 45.98%	 56.71%
 Covered payroll	 <u><u>\$26,020,000</u></u>	 <u><u>\$25,366,000</u></u>	 <u><u>\$26,298,000</u></u>
 Net OPEB liability as a percentage of covered-employee payroll	 <u><u>130.58%</u></u>	 <u><u>129.63%</u></u>	 <u><u>91.75%</u></u>

Notes to schedule:

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN
 Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$4,246,000	\$4,384,000	\$4,557,000
Contributions in relation to the ADC actuarially determined contribution	<u>4,754,000</u>	<u>4,965,000</u>	<u>5,095,199</u>
Contribution deficiency (excess)	<u>(\$508,000)</u>	<u>(\$581,000)</u>	<u>(\$538,199)</u>
Covered payroll	<u>\$25,366,000</u>	<u>\$26,298,000</u>	<u>\$26,865,090</u>
Contributions as a percentage of covered-employee payroll	18.74%	18.88%	18.97%
Notes to Schedule			
Valuation date:	6/30/2017	6/30/2017	6/30/2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Asset Valuation Method	Investment gains/losses spread over 5-year rolling period	Investment gains/losses spread over 5-year rolling period
Inflation	3.00%	2.75%
Discount Rate	7.25%	6.75%
Payroll Growth	3.25%	3.00%
Retirement Age	The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015.
Healthcare Trend Rate	Non-Medicare - 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years. Medicare- 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years.	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.
Mortality	Mortality projected fully generational with Scale MP-2017.	Mortality projected fully generational with Scale MP-2017.

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

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STATISTICAL SECTION



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**Marin Municipal Water District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

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Marin Municipal Water District
TEN YEAR SUMMARY OF REVENUES, EXPENSES BY FUNCTION AND RATE INCREASES
Year ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Water sales and service charges	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241
Connection charges	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182
Capital Maintenance Fee										14,301,460 ⁽⁷⁾
Watershed Management Fee (1)						1,244,800	3,884,640	4,259,747	4,350,066	4,545,973
Other operating revenue	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561	923,221	807,338
Total operating revenues	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	97,271,194
OPERATING EXPENSES:										
Water Purchases	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211
Watershed Maintenance	3,310,471	3,595,992	4,259,670	4,632,367	4,865,715	4,993,983	5,628,215	6,089,694	6,167,936	4,905,934
Water treatment	7,685,489	7,481,740	7,584,163	7,877,579	7,958,876	8,234,855	8,833,395	9,871,182	10,551,829	11,693,750
Pumping	2,382,117	2,482,649	2,650,674	2,955,530	2,742,815	2,828,355	2,273,533	3,257,344	3,051,386	3,707,450
Transmission and distribution	14,285,488	13,903,544	14,612,947	15,342,857	16,719,105	17,524,368	19,508,203	21,103,668	22,501,682	25,876,763
Customer service and meter operation	2,430,379	2,580,350	2,567,618	2,734,368	2,581,382	2,719,372	3,359,021	3,906,115	3,888,932	4,378,528
Water Conservation	2,323,807	1,936,438	1,832,188	2,601,119	2,799,527	2,725,551	2,608,531	2,660,654	2,470,477	1,907,387
Administrative and general	8,372,959	8,837,654	9,792,493	10,838,586	9,849,746	9,334,828	10,713,742	12,659,776	12,530,404	17,403,359
Depreciation and amortization	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,196	11,348,227	11,665,632	12,108,529	12,256,812
Total operating expenses	56,232,567	57,507,693	59,841,088	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	321,968	736,079	1,113,955	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811
Investment income (loss)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461
Interest income	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318
Other income	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)
Interest expense	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)
Total nonoperating revenues (expenses), net	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)
Capital contributions	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311
Increase in Net Positions	\$ 3,386,718	\$ 5,600,101	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283
% Water rate increase	⁽³⁾ 4.0	6.0	-	-	-	15% & 4% ⁽⁵⁾	-	7.0 ⁽⁶⁾		4.0 ⁽⁸⁾
Number of Employees (4)	241	228	228	242	235	232	228	228	229	225

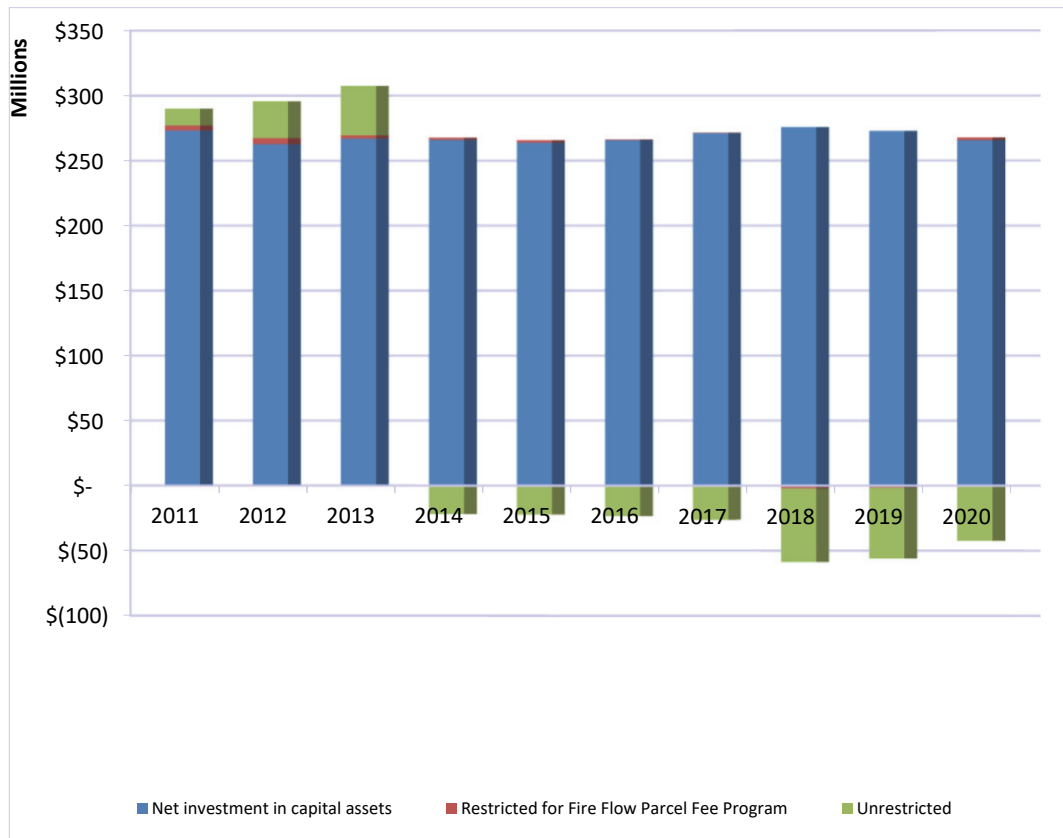
- (1) New Watershed Management Fee and new rate structure effective on January 1, 2016
(2) Implemented GASB 68 requirement for pension liability in FY 2015
(3) Total combined 10% rate increases on July 5, 2009 and March 1, 2010
(4) The number represents filled positions only
(5) Effective January 1, 2016, Watershed Management Fee was introduced resulting in average 15% increase in operating revenue. Additional 4% revenue increase was implemented effective on May 1, 2016.
(6) 7% rate increase on July 1, 2017
(7) Capital Management Fee is added to each meter serving the property
(8) 4% rate increase on July 1, 2019

Marin Municipal Water District
TEN YEAR SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Water sales and service charges	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241
Connection charges	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182
Capital Maintenance Fee										14,301,460
Watershed Management Fee						1,244,800	3,884,640	4,259,747	4,350,066	4,545,973
Other operating revenue	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561	923,221	807,338
Total operating revenues	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	97,271,194
OPERATING EXPENSES:										
Personnel services	30,042,858	29,685,634	31,077,225	33,237,254	34,245,965	34,685,884	39,090,743	43,326,422	44,934,887	47,801,027
Materials and supplies	2,062,044	2,194,427	2,413,999	2,331,826	2,173,853	1,976,319	2,029,965	2,313,215	2,114,574	2,414,033
Operations	2,042,623	2,410,100	3,713,314	4,006,611	4,238,295	4,392,449	4,167,867	5,330,599	6,191,352	5,620,809
Water conservation rebate program	94,634	1,175	425	132,019	237,563	332,052	248,029	119,185	120,394	173,107
Electrical power	2,738,066	2,853,620	3,046,751	3,397,161	3,152,661	3,250,983	2,841,917	4,071,680	3,814,233	4,634,313
Water purchased	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,212
Insurance, including claims	1,896,908	1,760,577	1,053,329	1,310,545	1,141,719	1,849,921	1,761,928	1,495,198	1,253,329	5,755,792
General and administrative	1,913,577	1,912,834	1,994,710	2,566,990	2,327,110	1,873,705	2,784,191	2,892,134	2,733,877	3,474,089
Depreciation and amortization	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,195	11,348,227	11,665,632	12,108,529	12,256,812
Total operating expenses	56,232,567	57,507,693	59,841,088	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	321,968	736,079	1,113,955	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811
Investment income (loss)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461
Interest income	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318
Other income	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)
Interest expense	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)
Total nonoperating revenues (expenses), net	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)
Capital contributions	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311
Increase in Net Positions	\$ 3,386,718	\$ 5,600,101	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283

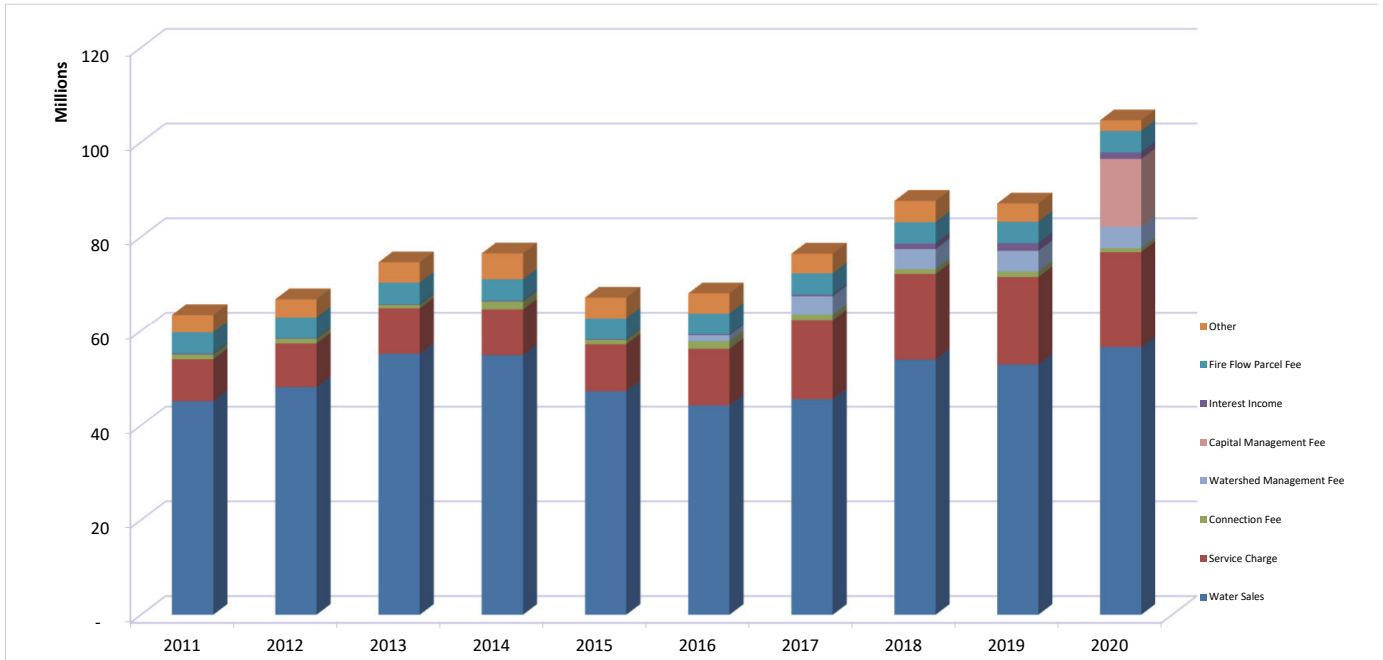
**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF NET POSITION
Year ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NET POSITION:										
Net investment in capital assets	\$ 273,186,687	\$ 262,581,208	\$ 266,939,799	\$ 265,964,474	\$ 263,879,193	\$ 265,735,569	\$ 271,082,963	\$ 275,806,106	\$ 272,816,752	\$ 265,731,745
Restricted for Fire Flow Parcel Fee Program	3,855,977	4,684,736	2,483,468	1,736,460	1,939,529	656,839	426,571	(1,973,265)	(1,363,318)	2,021,206
Unrestricted	13,112,586	28,489,407	38,167,094	(21,740,132)	(22,133,082)	(23,333,804)	(26,124,229)	(56,721,202)	(54,570,412)	(42,325,646)
TOTAL NET POSITION	\$ 290,155,250	\$ 295,755,351	\$ 307,590,361	\$ 245,960,802	\$ 243,685,640	\$ 243,058,604	\$ 245,385,305	\$ 217,111,639	\$ 216,883,022	\$ 225,427,305



**MARIN MUNICIPAL WATER DISTRICT
REVENUE BY SOURCE LAST TEN FISCAL YEARS**

Year Ended June 30,	Total	Water Sales	Service Charge	Connection Charges	Watershed Management Fee	Capital Management Fee	Interest Income	Fire Flow Parcel Fee	Other
2011	\$ 63,506,733	45,101,916	8,867,457	1,009,829			237,886	4,483,662	3,805,983
2012	\$ 66,837,996	48,069,979	9,207,815	1,034,656			124,337	4,523,329	3,877,880
2013	\$ 74,641,897	55,125,168	9,805,521	737,597			132,261	4,540,389	4,300,961
2014	\$ 76,536,722	54,840,298	9,837,195	1,705,549			147,055	4,524,178	5,482,447
2015	\$ 67,203,721	47,239,262	9,878,268	969,356			171,393	4,511,604	4,433,838
2016	\$ 68,077,139	44,206,306	11,996,081	1,603,209	1,244,800		229,316	4,511,652	4,285,775
2017	\$ 76,476,795	45,524,376	16,851,837	1,214,666	3,884,640		321,992	4,523,545	4,155,739
2018	\$ 87,639,692	53,888,079	18,291,565	999,336	4,259,747		1,145,072	4,518,478	4,537,415
2019	\$ 87,089,938	52,832,678	18,708,397	1,178,784	4,350,066		1,598,276	4,526,384	3,895,353
2020	\$ 104,646,989	56,563,572	20,242,669	810,182	4,545,973	14,301,460	1,384,318	4,520,242	2,278,573

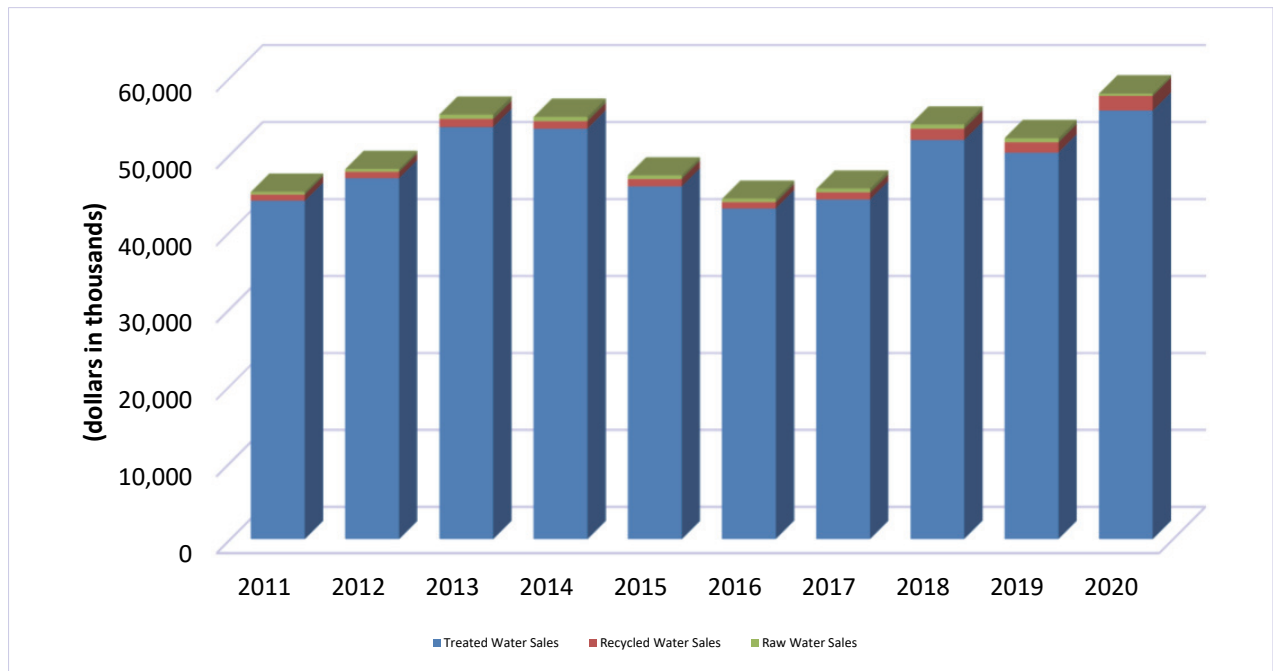


MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS
Year ended June 30,

Effective Date	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016		FY2017	FY2018	FY2019	FY2020
	6/1/2011	5/1/2012	5/1/2012	5/1/2012	5/1/2012	1/1/2016	5/1/2016	5/1/2016	7/1/2017	7/1/2017	7/1/2019
Single-Family Residential											
Tier 1	\$ 3.53	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.81	\$ 3.96	\$ 3.96	\$ 4.07	\$ 4.07	\$ 4.19
Tier 2	7.06	7.48	7.48	7.48	7.48	6.40	6.66	6.66	7.13	7.13	7.26
Tier 3	14.12	14.97	14.97	14.97	14.97	10.96	11.40	11.4	12.07	12.07	32.25
Tier 4	21.18	22.45	22.45	22.45	22.45	18.85	19.60	19.6	19.45	19.45	19.68
Duplex Residential											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.81	3.95	3.95	4.10	4.10	4.22
Tier 2	7.06	7.48	7.48	7.48	7.48	6.52	6.77	6.77	7.24	7.24	7.38
Tier 3	14.12	14.97	14.97	14.97	14.97	10.69	11.11	11.11	12.02	12.02	12.19
Tier 4	21.18	22.45	22.45	22.45	22.45	18.17	18.89	18.89	18.90	18.90	19.13
Multi-Unit Residential											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.83	3.93	3.93	4.16	4.16	4.27
Tier 2	7.06	7.48	7.48	7.48	7.48	6.33	6.50	6.5	7.07	7.07	7.20
Tier 3	14.12	14.97	14.97	14.97	14.97	10.43	10.71	10.71	11.25	11.25	11.41
Tier 4	21.18	22.45	22.45	22.45	22.45	17.88	18.36	18.36	18.94	18.94	19.16
Business, Institutional and Irrigation											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.65	3.80	3.8	3.98	3.98	4.09
Tier 2	7.06	7.48	7.48	7.48	7.48	9.37	9.75	9.75	10.82	10.82	10.99
Tier 3	14.12	14.97	14.97	14.97	14.97	14.41	14.98	14.98	16.26	16.26	16.46
Single-Family Irrigation											
Tier 1						5.19	5.19	5.19	5.14	5.14	5.27
Tier 2						6.82	6.82	6.82	6.15	6.15	6.29
Tier 3						10.88	10.88	10.88	10.76	10.76	10.94
Raw Water											
Tier 1	3.21	3.40	3.40	3.40	3.40	3.65	3.80	3.8	4.23	4.23	3.82
Tier 2	6.42	6.81	6.81	6.81	6.81	6.45	6.70	6.7	4.23	4.23	3.82
Tier 3	12.84	13.61	13.61	13.61	13.61	14.62	15.21	15.21	4.23	4.23	3.82
Recycled Water											
Tier 1	2.42	2.57	2.57	2.57	2.57	2.65	2.76	2.76	3.17	3.17	3.17
Tier 2	4.84	5.13	5.13	5.13	5.13	7.27	7.56	7.56	10.05	10.05	10.20
Tier 3	9.68	10.26	10.26	10.26	10.26	15.17	15.78	15.78	18.73	18.73	18.94
Bimonthly Service Charges by meter size											
5/8"	20.31	21.53	21.53	21.53	21.53	32.55	33.85	33.85	36.79	36.79	39.66
3/4"	22.46	23.81	23.81	23.81	23.81	41.25	42.90	42.9	46.62	46.62	50.74
1"	31.02	32.88	32.88	32.88	32.88	58.60	60.95	60.95	66.28	66.28	72.89
1.5"	52.51	55.66	55.66	55.66	55.66	101.95	106.05	106.05	115.43	115.43	128.27
2"	78.16	82.85	82.85	82.85	82.85	154.00	160.20	160.2	174.41	174.41	194.72
3"	146.71	155.51	155.51	155.51	155.51	318.85	331.70	331.7	361.18	361.18	405.17
4"	202.54	214.69	214.69	214.69	214.69	561.75	584.40	584.4	636.42	636.42	715.30
6"	437.51	463.76	463.76	463.76	463.76	1,229.70	1,279.30	1279.3	1,393.33	1,393.33	1,568.15
8"	865.94	917.90	917.90	917.90	917.90	2,097.20	2,181.80	2181.8	2,376.33	2,376.33	2,675.75
10"	1,294.38	1,372.04	1,372.04	1,372.04	1,372.04	3,311.70	3,445.30	3445.3	3,752.53	3,752.53	4,226.39
Bimonthly Watershed Management Fee											
5/8"						8.45	8.80	8.8	9.78	9.78	10.29
3/4"						10.15	10.55	10.55	11.69	11.69	12.30
1"						13.45	14.00	14	15.50	15.50	16.30
1.5"						21.80	22.65	22.65	25.02	25.02	26.31
2"						31.80	33.05	33.05	36.45	36.45	38.32
3"						63.50	66.00	66	72.65	72.65	76.36
4"						110.15	114.60	114.6	125.99	125.99	132.42
6"						238.55	248.10	248.1	272.67	272.67	286.57
8"						405.30	421.50	421.5	463.17	463.17	486.77
10"						638.75	664.30	664.3	729.87	729.87	767.05
Capital Watershed Management Fee											
5/8"											27.25
3/4"											40.87
1"											68.12
1.5"											136.24
2"											217.99
3"											476.85
4"											858.34
6"											1,907.42
8"											3,269.86
10"											5,177.29

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER SALES BY CATEGORY
 Year ended June 30,
 (dollars in thousands)

Fiscal Year	Treated Water Sales	Recycled Water Sales	Raw Water Sales	Water Sales
2011	43,951	809	342	45,102
2012	46,879	828	363	48,070
2013	53,536	1,056	533	55,125
2014	53,315	980	545	54,840
2015	45,834	935	470	47,239
2016	42,946	824	436	44,206
2017	44,104	941	479	45,524
2018	51,862	1,437	551	53,850
2019	50,209	1,357	509	52,075
2020	55,671	1,903 *	306	57,880



**MARIN MUNICIPAL WATER DISTRICT
LARGEST DISTRIBUTION WATER REVENUE ACCOUNTS
Year ended June 30,**

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City of Mill Valley	City of San Rafael	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley
City of San Rafael	County of Marin	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael
County of Marin	Department of Corrections	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin
Department of Corrections	Marin General Hospital	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections
Mcinnis Park Golf	Mcinnis Park Golf	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Meadow Club	Meadow Club	McInnis Park Golf
Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	National Park Service	Marin General Hospital	Meadow Club
National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	Peacock Gap Holdings LLC	National Park Service	National Park Service
Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	San Geronimo Golf Course	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC
San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Rafael School District	San Rafael School District	San Rafael School District
San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	Tamalpais Union HS District	Tamalpais Union HS District	Tamalpais Union HS District

**MARIN MUNICIPAL WATER DISTRICT
FIRE FLOW PARCEL FEE PROGRAM
Year ended June 30,**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenue										
Parcel fee	\$ 4,483,662	\$ 4,523,329	\$ 4,540,389	\$ 4,524,178	\$ 4,511,604	\$ 4,511,652	\$ 4,523,545	\$ 4,518,478	\$ 4,526,384	\$ 4,520,242
Interest income	18,235	15,067	9,412	3,799	5,327	3,327	2,871	380	(53,314)	(9,896)
	<u>4,501,897</u>	<u>4,538,396</u>	<u>4,549,801</u>	<u>4,527,977</u>	<u>4,516,931</u>	<u>4,514,979</u>	<u>4,526,416</u>	<u>4,518,858</u>	<u>4,473,070</u>	<u>4,510,347</u>
Expenses										
Personnel	1,150,107	1,037,543	1,492,017	1,244,252	1,205,830	1,461,144	1,118,720	981,018	615,233	229,302
Materials and supplies	574,036	468,468	1,100,296	622,091	628,747	513,669	615,591	947,442	338,550	37,968
General and administrative	2,426	3,875	4,083	2,269	4,099	6,861	3,098	3,118	1,248	-
Operations	85,374	85,945	131,484	107,205	43,521	107,233	79,072	90,512	73,723	24,589
Construction contracts	2,753,118	2,056,836	3,974,019	3,248,806	2,379,061	3,571,453	2,846,854	4,859,953	2,790,673	830,161
Professional fees	80,587	56,970	49,169	50,361	52,605	172,708	93,350	36,650	43,696	3,804
	<u>\$ 4,645,648</u>	<u>\$ 3,709,637</u>	<u>\$ 6,751,068</u>	<u>\$ 5,274,984</u>	<u>\$ 4,313,862</u>	<u>\$ 5,833,068</u>	<u>\$ 4,756,685</u>	<u>\$ 6,918,694</u>	<u>\$ 3,863,123</u>	<u>\$ 1,125,823</u>

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Notes: In January 1996, Fire Flow Master Plan was developed and identified a wide range of capital projects needed to improve the water system's fire-fighting capabilities. This program is to assess Municipal Water District's water system, both in flow capacity and seismic stability, and to replace inadequate pipelines with larger pipelines that can carry greater volumes of water and to construct seismic improvements. The Fire Flow Parcel Fee Program is funded by a \$75 per parcel fee charged and collected by the Marin County Tax Collector. The District also contributes to the program in accordance with the requirements of the Fire Flow Mater Plan.

MARIN MUNICIPAL WATER DISTRICT
NET REVENUES AND DEBT SERVICE COVERAGE LAST TEN FISCAL YEARS
Year ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating and other revenue										
Water sales, connection charges and other operating revenue	\$ 58,008,792	\$ 61,745,258	\$ 69,530,426	\$ 70,456,844	\$ 61,279,514	\$ 62,268,556	\$ 70,640,738	\$ 80,903,878	\$ 79,572,164	\$ 95,543,899
Operating expense										
Source of supply	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211
Other operating expense (1)	40,790,710	40,818,367	43,299,753	46,982,406	47,517,166	48,361,312	52,924,640	59,548,433	61,162,646	69,873,171
Total operating expense	45,751,580	46,237,599	48,905,920	54,420,146	54,237,270	54,093,422	58,851,561	66,352,036	68,129,330	77,186,382
Interest income on operating funds	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318
Net operating income	12,495,098	15,631,996	20,756,767	16,183,753	7,213,637	8,404,450	12,111,169	15,696,914	13,041,110	19,741,835
Transfer (to)/from Rate Stabilization Fund	-	-	(2,400,000)	(4,900,000)	1,400,000	200,000	(2,300,000)	(1,400,000)	-	-
Net income available for bonded debt service	\$ 12,495,098	\$ 15,631,996	\$ 18,356,767	\$ 11,283,753	\$ 8,613,637	\$ 8,604,445	\$ 9,811,169	\$ 14,296,914	\$ 13,041,110	\$ 19,741,835
Actual annual bonded debt service	\$ 5,675,363	\$ 5,570,990	\$ 6,585,476	\$ 7,422,090	\$ 6,755,140	\$ 6,878,665	\$ 6,483,680	\$ 9,385,045	\$ 9,390,653	\$ 9,382,553
Coverage factor	2.20	2.81	2.79	1.52	1.28	1.25	1.51	1.52	1.39	2.10

(1) Excludes depreciation, amortization, and interest expense

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF OUTSTANDING DEBT
Year ended June 30,
(dollars in thousands, except per capita)

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2002 Revenue Refunding Bonds (1) 2.5% - 5.00% Maturity: Fiscal Year 2023	17,625	-	-	-	-	-	-	-	-	-
2004 Certificates of Participation (2) 2.5% - 5.25% Maturity: Fiscal Year 2030	28,110	6,760	4,865	2,935	1,915	845	-	-	-	-
Capital Lease Obligation Maturity: Fiscal Year 2010	-	-	-	-	-	-	-	-	-	-
Clean Renewable Energy Bonds Maturity: Fiscal Year 2023	1,589	1,467	1,345	1,223	1,100	978	856	734	611	489
2010 Water Revenue Bonds (3) 2.5% - 5.25% Maturity: Fiscal Year 2030	31,850	31,850	31,850	31,850	31,850	31,850	-	-	-	-
2012 Water Revenue Bonds 2.5% - 5.25% Maturity: Fiscal Year 2030	-	85,000	85,000	85,000	84,680	84,350	84,350	82,490	80,580	78,590
Original Bond Premium/discount, net**	3,636	10,255	9,933	9,611	9,290	8,968	11,260	16,865	16,283	15,701
Aqueduct Energy Efficiency Project (AEEP) Maturity: Fiscal Year 2032	-	-	-	3,600	3,355	2,865	2,620	2,375	2,365	2,224
2016 Water Revenue Refunding Bonds 3.375%-5.00% Maturity: Fiscal Year 2040							31,380	31,380	31,380	31,380
Las Gallinas Valley Sanitary District-Recycled Water Buy-In 4% Maturity: Fiscal Year 2042							5,671	5,427	5,252	4,913
2017 Subordinate Revenue Bonds 2.00%-5.00% Maturity: Fiscal Year 2047								36,120	35,385	34,775
Total	\$ 82,810	\$ 135,332	\$ 132,993	\$ 134,219	\$ 132,190	\$ 129,856	\$ 136,137	\$ 175,391	\$ 171,856	\$ 168,072
Percentage of Personal Income (4)	0.36%	0.57%	0.53%	0.52%	0.46%	0.43%	0.42%	0.50%	0.47%	unavailable
Per Capita (4)	\$ 312	\$ 528	\$ 515	\$ 515	\$ 506	\$ 498	\$ 522	\$ 675	\$ 664	unavailable

- (1) 2002 Revenue Refunding Bonds were fully refunded by the 2012 Water Revenue Bonds
(2) 2004 Certificates of Participation were partially refunded by the 2012 Water Revenue Bonds
(3) 2010 Water Revenue Bonds were fully refunded by the 2016 Water Revenue Refunding Bonds
(4) See the Demographic Statistics Schedule for personal income and population data used to calculate the ratios

**MARIN MUNICIPAL WATER DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS - Marin County
Year ended June 30,**

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income(1)	Unemployment Rate (2)
2011	255,493	22,741,276,000	85,761	7.70%
2012	256,069	23,918,732,000	93,407	6.70%
2013	258,365	25,093,401,000	97,124	5.40%
2014	260,750	25,716,754,000	98,626	4.20%
2015	261,221	28,492,821,000	109,076	3.40%
2016	260,651	30,222,883,000	115,952	3.30%
2017	260,955	32,502,500,000	124,552	2.90%
2018	259,666	34,866,708,000	134,275	2.60%
2019	258,826	36,684,680,000	141,735	2.40%
2020	Unavailable	Unavailable	Unavailable	10.10%

Sources:

(1) US Department of Commerce, Bureau of Economic Analysis-www.bea.gov

(2) Employment Development Department, Labor Market Information-www.labormarketinfo.edd.ca.gov

**MARIN MUNICIPAL WATER DISTRICT
PRINCIPAL EMPLOYERS IN COUNTY OF MARIN
Year ended June 30,**

2020			2011		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	3,102	2.60%	County of Marin	2,135	1.64%
Kaiser Permanente Medical Center	2,014	1.69%	San Quentin State Prison	2,058	1.58%
San Quentin State Prison	1,680	1.41%	Kaiser Permanente Medical Center	1,330	1.02%
Marin Health Medical Center	1,279	1.07%	Safeway Inc.	1,200	0.92%
Marin Community College District	1,020	0.85%	Marin General Hospital	1,090	0.84%
Novato Unified School District	800	0.67%	Fireman's Fund Insurance Co.	950	0.73%
City of San Rafael	727	0.61%	Autodesk, Inc.	928	0.71%
Marin County Office of Education	656	0.55%	Novato Unified School District	832	0.64%
Marin Community Clinics	540	0.45%	BioMarin Pharmaceutical	700	0.54%
City of Mill Valley	466	0.39%	Comcast	619	0.47%
	<u>12,284</u>	<u>10.28%</u>		<u>11,842</u>	<u>9.08%</u>
Total County Employment		<u>119,500</u>	Total County Employment		<u>130,400</u>

Source:

North Bay Business Journal-private sector employers list, California State Active Employees List, Education Data (www.ed-data.org/marin)
County of Marin, Labor Market Information (www.Labormarketinfo.edd.ca.gov)

**MARIN MUNICIPAL WATER DISTRICT
FULL-TIME EMPLOYEES BY FUNCTION
Year ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Manager Division	25	21	22	24	23	19	21	20	2 (3)	10 (4)
Legal Service Division	2	2	2	2	2	1	1	1	2	2
Finance & Administrative Service Division	34 (1)	33	33	37	34	33	35 (2)	35	53 (3)	45 (4)
Human Resources Division	6	6	6	7	7	7	7	7	5	0 (4)
Environmental & Engineering Service Division	94	90	90	92	92	92	86	92	92	88
Facilities & Watershed Division	80 (1)	76	75	80	77	80	78 (2)	73	75	80
	241	228	228	242	235	232	228	228	229	225

Note: The numbers represent filled positions only.

(1) Meter operations moved from Facilities & Watershed Division to Finance Division starting in FY 2011.

(2) Safety moved from Finance & Administrative Service Division to Facilities & Watershed Division in FY 2017.

(3) Public Information, Water Conservation and IT moved from General Manager Division to Finance & Administrative Service Division in FY 2019.

(4) Human Resource moved to General Manager Division and Public Communication moved from Finance to General Manager Division in FY 2020.

Provided by HR - No of filled positions only

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF UTILITY PLANT AND ACCUMULATED DEPRECIATION
Year ended June 30,

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Rights	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 13,273,601	\$ 13,273,601	\$ 13,273,601	\$ 19,623,196	\$ 19,623,196	\$ 16,755,852	\$ 16,298,734
Land	10,594,873	11,264,770	10,800,399	11,128,405	11,129,340	11,465,962	11,539,660	12,675,559	13,536,978	13,638,944
Buildings	20,664,817	21,211,552	21,756,787	21,999,810	23,184,242	23,435,207	23,435,207	23,437,365	24,446,991	24,464,041
Dams and reservoirs	91,135,326	92,173,162	96,928,260	98,099,616	108,899,065	110,266,491	111,878,050	114,482,162	115,118,366	115,119,565
Pumping plants	24,481,281	27,442,607	30,306,613	32,430,877	32,938,312	33,424,128	33,789,710	33,793,514	39,855,409	40,134,643
Water treatment plants	40,129,254	41,875,744	42,601,382	42,937,155	46,490,317	46,916,968	46,997,576	47,028,515	47,756,388	38,503,048
Transmission and distribution lines	244,575,629	253,902,748	266,691,468	279,241,492	296,140,918	302,385,765	316,617,744	320,953,556	335,058,642	339,588,434
Vehicles	6,761,371	6,781,324	7,100,593	7,123,916	7,515,628	7,755,984	8,114,715	8,176,287	8,446,342	8,396,096
Equipment	21,928,113	21,992,937	22,458,489	21,217,373	21,154,243	21,675,862	22,292,032	23,356,824	24,863,812	25,255,415
Construction in Progress	25,039,690	24,437,387	25,879,384	25,942,572	16,393,442	27,133,846	34,538,754	51,212,783	44,138,334	54,243,727
Total Plant-In-Service	494,503,955	510,275,832	533,716,976	553,394,817	577,119,108	597,733,814	628,826,644	654,739,761	669,977,114	675,642,647
Less Accumulated Depreciation	(166,909,603)	(177,236,557)	(187,872,490)	(195,074,858)	(204,401,491)	(214,197,589)	(225,082,786)	(235,908,831)	(245,204,814)	(250,499,901)
Net Utility Plant	\$ 327,594,352	\$ 333,039,275	\$ 345,844,486	\$ 358,319,959	\$ 372,717,617	\$ 383,536,225	\$ 403,743,858	\$ 418,830,930	\$ 424,772,300	\$ 425,142,746

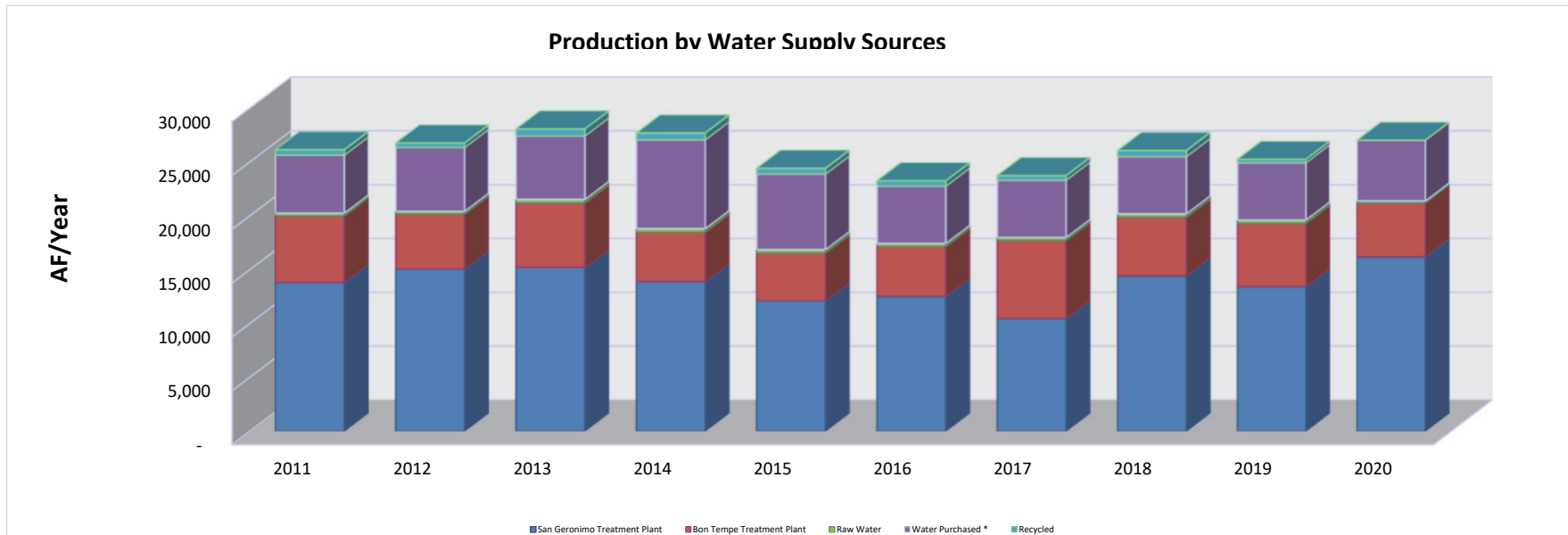
**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER PRODUCTION BY WATER SUPPLY SOURCES
Year ended June 30,**

Fiscal Year	San Geronimo Treatment Plant	Bon Tempe Treatment Plant	Raw Water	Water Purchased *	Recycled	TOTAL (Acre Foot)	CHANGE	PERCENT	POPULATION	Gallons per capita per day
2011	13,799	6,195	253	5,378	508	26,133	146	0.6%	185,500	125.8
2012	15,042	5,122	261	5,907	428	26,759	626	2.4%	186,200	128.3
2013	15,192	5,995	343	5,873	656	28,059	1,300	4.9%	186,900	134.0
2014	13,872	4,602	338	8,236	642	27,689	(370)	-1.3%	187,500	131.8
2015	12,101	4,446	317	7,000	543	24,407	(3,281)	-11.9%	188,200	115.8
2016	12,515	4,639	288	5,300	506	23,248	(1,159)	-4.8%	189,400	109.6
2017	10,454	7,254	289	5,299	441	23,737	489	2.1%	190,300	111.4
2018	14,427	5,449	313	5,299	573	26,061	2,324	9.8%	190,800	121.9
2019	13,420	5,869	327	5,299	329	25,244	(817)	-3.1%	191,300	117.8
2020	16,193	5,010	181	5,626	0 **	27,010	1,766	7.0%	195,880	123.1
Total:	137,015	54,582	2,910	59,216	4,625	258,348				
10-YEAR AVERAGE (2011-20)	13,701	5,458	291	5,922	463	25,835				

* Purchased water from Sonoma County Water Agency

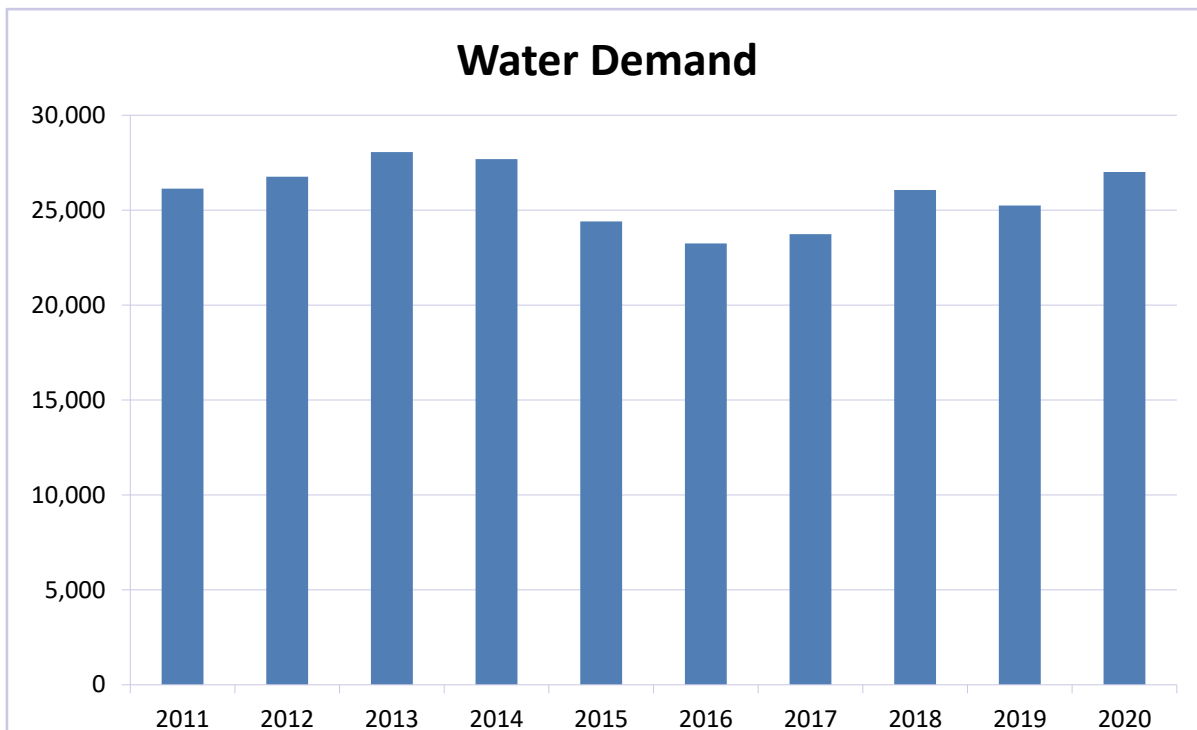
** The District stopped operating the recycling water treatment plant in October 2018. Customers who have separate recycle water meters were provided with the regular pottable water during FY20. The District has an agreement to purchase recycled water from Las Gallinas Valley Sanitary District once their recycling water treatment plant construction is complete in 2021.

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**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER DEMAND
Year ended June 30,**

Fiscal Year	Total Water Supply (AF)	Million Gallons Per Day (MGD)
2011	26,133.37	23.33
2012	26,759.19	23.89
2013	28,059.28	25.05
2014	27,688.94	24.72
2015	24,407.47	21.79
2016	23,248.00	20.75
2017	23,737.00	21.19
2018	26,061.00	23.27
2019	25,244.00	22.54
2020	27,010.00	24.11



**MARIN MUNICIPAL WATER DISTRICT
MISCELLANEOUS STATISTICS
Year ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Service Area</i>										
Square miles	147	147	147	147	147	147	147	147	147	147
Population	185,500	186,200	186,900	187,500	187,500	189,400	190,300	190,800	191,300	195,880
<i>Water Supply</i>										
Watershed lands (acres)	21,250	21,250	21,635	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Number of storage reservoirs	7	7	7	7	7	7	7	7	7	7
Total reservoir storage capacity										
In acre feet	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566
In millions of gallons	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927
Average yearly rainfall in inches at Lagunitas Lake	52	52	52	52	52	52	52	52	52	52
Average yearly runoff, less losses (due to evaporation):										
In acre feet	61,415	61,415	61,400	61,400	61,400	61,400	61,400	61,400	61,400	61,400
In millions of gallons	20,012	20,012	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water imported from Russian River (average annual, acre feet)	7,700	7,700	7,400	7,000	7,000	6,200	6,500	6,200	6,000	5,900
Operational yield (acre feet) *	28,500	28,500	28,500	28,500	28,500	29,000	29,000	29,000	29,000	29,000
<i>Water Use</i>										
Service connections (active)	61,266	61,266	61,391	61,675	61,675	61,800	61,800	61,900	61,900	61,900
Residential	55,769	55,769	55,166	55,402	55,402	55,600	55,700	55,800	55,700	55,800
Other	5,497	5,497	6,225	6,273	6,273	6,200	6,100	6,100	6,200	6,100
Maximum annual use (1987)										
In acre feet	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100
In millions of gallons	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785
Average annual use over 10 years										
In acre feet	29,200	29,200	28,009	27,560	27,560	25,730	25,600	25,200	24,900	25,100
In millions of gallons	9,500	9,500	9,127	8,980	8,980	8,380	8,341	8,200	8,100	8,200
<i>Facilities</i>										
Miles of pipeline	889	889	888	888	887	886	887	887	883	883
Number of storage tanks	124	124	125	125	125	125	125	125	124	124
Total tank storage capacity (millions of gallons)	82	82	82	82	82	82	82	82	82	82
Number of pump stations	90	90	90	95	95	94	94	94	94	94
Number of potable water treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment plant capacity (millions of gallons)	59	59	59	59	59	71	71	71	71	71
Average daily treatment plant production (millions of gallons)	25	25	25	25	25	25	21	21	21	22
<i>Recycled Water Facilities</i>										
Miles of pipeline	24	24	24	24	24	24	24	24	24	24
Number of storage tanks	3	3	3	3	3	3	3	3	3	3
Total tank storage capacity (millions of gallons)	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Number of pump stations	5	5	5	5	5	3	3	3	3	3
Number of recycled water treatment plants	1	1	1	1	1	1	1	1	0	0
Maximum daily treatment plant capacity (millions of gallons)	2	2	2	2	2	2	2	2	0	0

* Amount of water that can be supplied in all but the driest years.