

Annual Comprehensive Financial Report

For years ended June 30, 2023 and 2022



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MARIN WATER

Corte Madera, California

**Annual Comprehensive
Financial Report
for the years ended
June 30, 2023, and 2022**

Prepared by Finance Division

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**MARIN MUNICIPAL WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

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INTRODUCTORY SECTION



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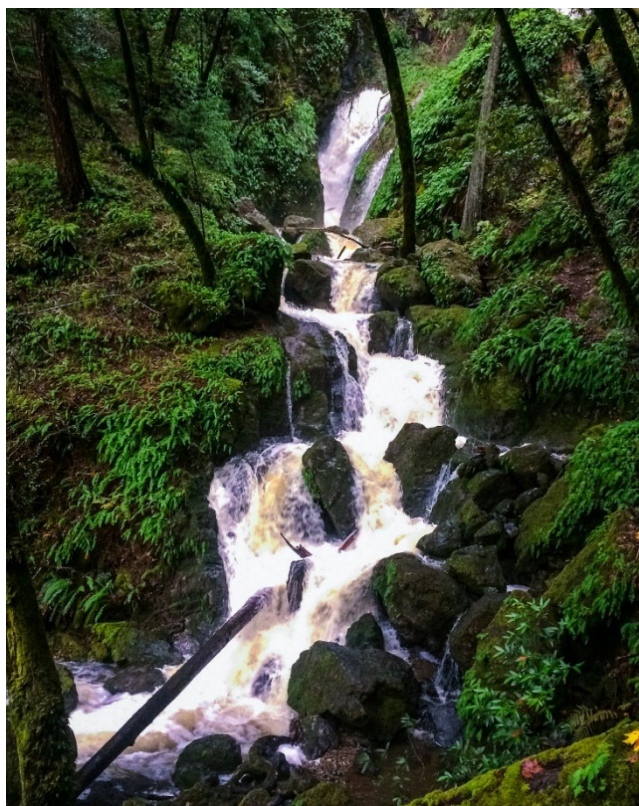
December 15, 2023

Dear Board President and members of the Board of Directors:

Please find this submittal of the Annual Comprehensive Financial Report of the Marin Municipal Water District for the fiscal years ended June 30, 2023, and June 30, 2022, submitted in accordance with California Government Code section 25253. This report 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.

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. This independent auditor concluded there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal years ended June 30, 2023, and June 30, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles. The auditor's report is presented as the first component of the financial section of this report.

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 report is prepared in accordance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board. 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 the information presented in this report.



To provide a reasonable basis for making these representations, District management 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 Generally Accepted Accounting Principles. 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. District management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

Accepted accounting standards require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the discussion and analysis, and should be read in conjunction with it. The District's discussion and analysis can be found immediately following the report of the independent auditor.

PROFILE OF THE DISTRICT

In the late 1800s and early 1900s, a handful of private companies – many of them subsidiaries of real estate developers – were tasked with providing water to the residents of central and southern Marin County.

To ensure a more reliable water supply, the citizens of Marin County came together to create the Marin Municipal Water District. Following a vote of the people, Marin Water received its charter April 25, 1912, making it the first municipal water District in California.

In the years following, the District's customer base expanded through the acquisition of 26 small, private water companies. The construction of the Golden Gate Bridge and the post-World War II population growth in the Bay Area further expanded the population base within the District's service area.

Today, the District provides high-quality drinking water to more than 192,000 people in a 147-square-mile area of south and central Marin County – an area that includes 10 towns and cities, as well as numerous unincorporated areas.



The District is responsible for the stewardship of more than 22,000 acres of watershed land on Mount Tamalpais and in west Marin, areas from which Marin Water sources 75% of its water supply. The Mt. Tam Watershed is a unique natural resource, providing a ready source of fresh water runoff while also supporting more than 400 species of animals, over 1,000 species of plant life, and myriad recreational opportunities for the District's surrounding communities.



More than 1.8 million visitors use the 150 miles of watershed roads and trails each year. District rangers, natural resources specialists and watershed maintenance staff are charged with ensuring a resilient watershed that is capable of supporting critical water infrastructure, while also managing visitor impacts and involving the public in watershed stewardship. Through detailed planning, comprehensive training, and robust vegetation management and forest restoration efforts, Marin Water works year-round to minimize the impacts of potential wildfires and maximize ecological health on our watershed lands – all of which help to protect water quality, our water delivery infrastructure, and the community.

As part of Marin Water's ongoing stewardship, and in accordance with all state and federal guidelines, the District also has responsibility to aquatic species in the streams beneath its reservoirs, and regularly releases water into those streams to sustain downstream fisheries. Coupled with the District's work to restore fish habitat, Marin Water's ongoing commitment to ecological protection has resulted in rebounding populations of endangered Coho Salmon and threatened Steelhead Trout.

As an independent special district, Marin Water operates as a separate local government agency that has no reporting responsibilities to cities within Marin County or the County itself. A five-member Board of Directors governs the District, each elected to represent one of five geographic areas. Directors serve overlapping, four-year terms. The Board appoints the general

manager, treasurer, board secretary and legal counsel, and it elects one of its own members to serve as Board president each year. The general manager is responsible for the District's operations, and is charged with executing programs in accordance with District policies and Board direction.

WATER SYSTEM & TREATMENT FACILITIES

Marin Water maintains seven reservoirs – five in the Mount Tamalpais Watershed and two others in the hills of west Marin County. The oldest, Lake Lagunitas, was built in 1872, before the District was even chartered. The District's only concrete arch dam, at Alpine Lake, was built in 1919 using the bond funding approved by voters who originally agreed to establish the District. Six others were built, and some expanded, in the decades that followed, with the last significant modification to the District's reservoirs coming in 1985.

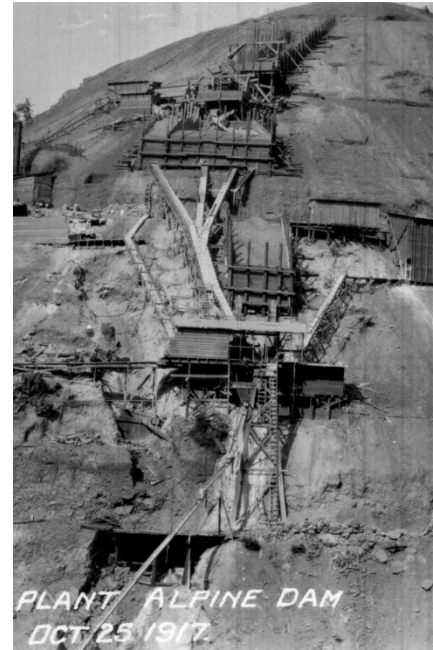
Alpine, Bon Tempe, Kent, Lagunitas, and Phoenix Lake are located on the north slope of Mt. Tam. The other two – Nicasio and Soulajule – are outside the District's service area in western Marin County. Together, these reservoirs are capable of holding 79,566 acre-feet of water – enough for three years' worth of drinking water for the residents in Marin Water's service area.

Measuring water

Water can be measured by the teaspoon, or the gallon. But when it comes to irrigation, or large water treatment and delivery operations, the "acre-foot" is the preferred measurement.

An acre-foot is the amount of water needed to cover one acre in one foot of water. An acre is about the size of a football field, and an acre-foot of water is equal to 325,851 gallons. Marin Water customers used 19,275 acre feet of water in FY 2023.

- **Alpine Lake**
 - Type: arched concrete dam
 - Year built: 1919, raised in 1923 and 1941
 - Storage Capacity: 8,891 acre-feet
- **Bon Tempe Lake**
 - Type: earth-fill dam
 - Year built: 1948
 - Storage Capacity: 4,017 acre-feet
- **Kent Lake**
 - Type: earth-fill dam
 - Year built: 1953, enlarged in 1982
 - Storage Capacity: 32,895 acre-feet
- **Lake Lagunitas**
 - Type: earth-fill dam
 - Year built: 1872
 - Storage Capacity: 350 acre-feet
- **Phoenix Lake**
 - Type: earth-fill dam
 - Year built: 1905, modified in 1968 and 1985
 - Storage Capacity: 411 acre-feet
- **Nicasio Reservoir**
 - Type: earth-fill dam
 - Year built: 1960
 - Storage Capacity: 22,340 acre-feet
- **Soulajule Reservoir**
 - Type: earth-fill dam
 - Year built: 1979
 - Storage Capacity: 10,572 acre-feet



Every day, water from the reservoirs is pumped to one of the District's treatment plants before passing through pump stations, storage tanks and a portion of Marin Water's massive, 908-mile pipeline network en route to one of approximately 62,000 service connections.

The District's three water treatment facilities boast a combined production capacity of 71 million gallons per day. Together, the plants have treated an average of 24,000 acre-feet of water per year during the past five years of operations. That's nearly 7.8 billion gallons of clean drinking water per year, and Marin Water works to ensure that water meets all state and federal standards via a battery of more than 115,000 tests annually.

- **San Geronimo Treatment Plant**
 - Year built: 1961
 - Capacity: 35 million gallons per day
- **Bon Tempe Treatment Plant**
 - Year built: 1959
 - Capacity: 20 million gallons per day
- **Ignacio Pump Station***
 - Year built: 1975
 - Capacity: 16 million gallons per day

** At Ignacio, the potable water purchased from the Sonoma County Water Agency is adjusted to match that of the water in the rest of the system.*



WATER SUPPLY

The District's water supply comes primarily from rainfall runoff captured on the north slope of Mount Tamalpais in the western portion of the coastal range. Today, about 75% of the potable water used by customers comes from the local reservoir system. Constructed in stages over the last 100 years, the District's water system facilities divert about 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 County. 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.



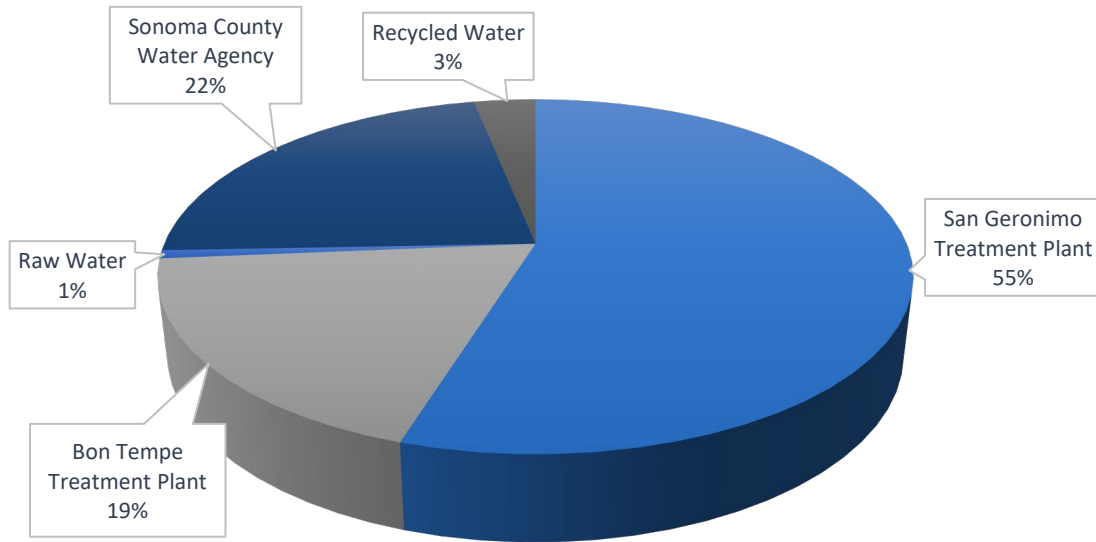
Average annual precipitation varies across the drainage basins above the reservoirs from about 60 inches above Kent Lake to 28 inches on Walker Creek, according to rainfall records maintained by the District since its inception. Average annual net runoff on the watershed lands is more than 75,000 acre-feet. That runoff, however, can vary greatly from year-to-year. For example, the District measured record runoff of 213,000 acre-feet in 1982-83, compared with a low of 3,000 acre-feet in 1976-77.

Since 1976, the District has contracted for imported delivery from the Sonoma County Water Agency. A renewed agreement with SCWA was executed in June 2015; this agreement allows Marin Water to take delivery of up to 14,300 acre-feet of water per year. The contract remains in effect until June 30, 2025, and includes a renewal provision that will extend the agreement through June 30, 2040.

On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District to decommission Marin Water's Las Gallinas Reclamation Plant and pay 62.5% of the cost of the Recycling Water Treatment Facility that the reclamation District completed in 2021. The contract grants Marin Water access to 1.87 million gallons per day of recycled water for the next 30 years.

During the fiscal year 2023, the District produced 21,620 acre-feet of water for its customers, including 4,851 acre-feet of water imported from Sonoma County, which sources its water from the Russian River Watershed.

FY 2023 Water Production Sources



ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located in Marin County, a Northern California community just north of San Francisco that boasts a diversified economic base, including high-tech, financial, service-based, entertainment and industrial businesses. The county’s unemployment rate has steadily declined over the past two years, from a high of 12.1% in April 2020 to a rate of 3.4% in June 2023, according to the State of California Employment Development Department. Among the state’s 58 counties, Marin’s unemployment rate is the third-lowest, and it far outpaces the statewide rate of 4.9% as of June 2023.

Marin County’s per capita personal income increased by 10.6% from 2020 to 2021, reaching \$164,118, the highest in California, according to the U.S. Bureau of Economic Analysis. Housing prices in Marin County further indicate continued economic strength locally. According to Zillow, median single-family home prices within Marin County decreased slightly to \$1.54 million in June 2023, compared to \$1.73 million in June 2022.

Financial Condition

The District's revenues depend largely on water sales, which can be affected by weather, economy, population, drought-related restrictions or other factors that are difficult to predict with certainty.

For the fiscal year ended June 30, 2023, water sales increased by 6.5%, to \$49.2 million from \$46.2 million in the year prior. This increase represents a slight rebound in water demand following the severe drought experienced in the prior year as well as a rate increase that was effective July 2022. The debt coverage ratio for the fiscal year ended June 30, 2023 was 2.9x. The Rate Stabilization Fund maintains a balance of \$1.9 million as of June 30, 2023.

The District does not expect to see a significant increase in water demand in future years, as there is a strong water conservation program in place and minimal growth is expected in the service area.

Thanks to a second consecutive year with significant rainfall in the winter of 2022-23,

Marin Water's reservoir storage levels were at 96.1% as of June 30, 2023, surpassing the District's average for this time of year of 83.3%.



Long-Term Financial Planning

Consistent with Government Finance Officers Association recommendations, the District adopted a five-year strategic plan in 2014, and is in the process of developing its next five-year strategic plan. That plan will confirm Marin Water's mission and goals as a public agency dedicated to safe, high-quality water delivery and service, while also addressing impending challenges and ensuring the District capitalizes on future opportunities for the benefit of its customers. The plan will also outline the specific goals, strategies and objectives the District will pursue, while also establishing a process to measure our progress. The District also is in the process of developing a 10-year financial plan that outlines the District's capital planning priorities.



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, and 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.

Community Engagement – 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.

Risk Management – We will proactively manage risk to minimize our community's exposure to negative operational, environmental, financial and legal outcomes

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.

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 division is controlled within an expenditure category such as materials, supplies, freight and utilities, repairs and maintenance. A division cannot exceed its authorized operating budget within an expenditure category or the total division 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, and more than one funding source for a capital project.

Reallocation of the operating budget for a division among its line-item expenses allows departments to have financial flexibility within the funds management system. Budget adjustments to a division 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 divisions. 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 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

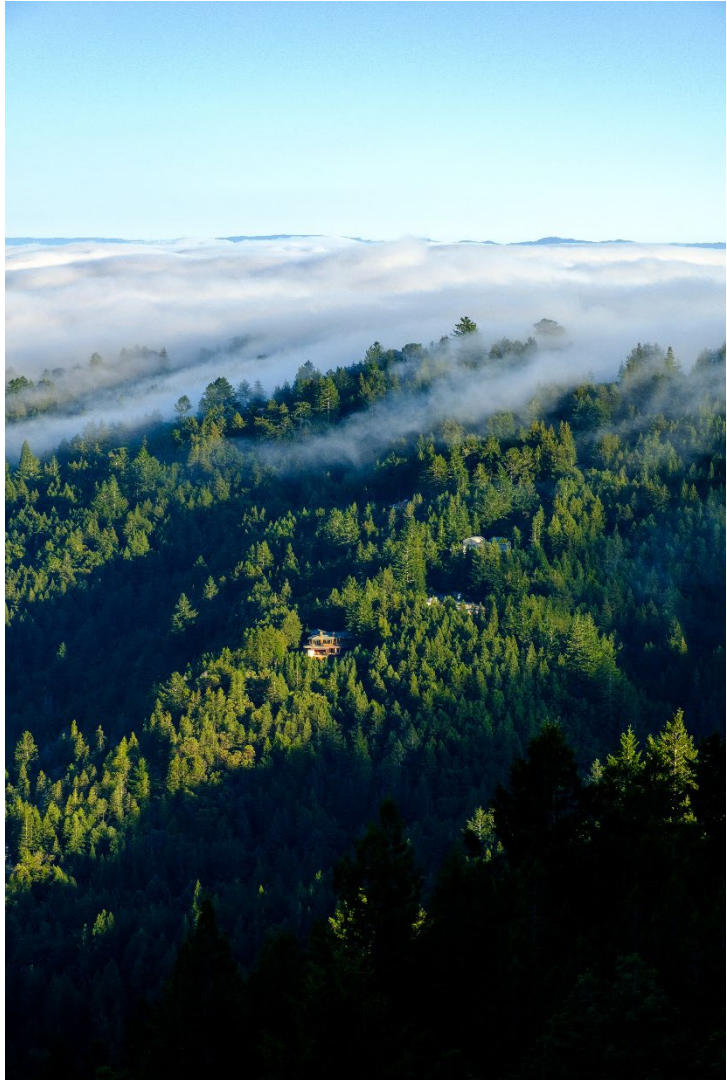
The Installment Sale Agreement from the 2012 Revenue Bond issue allowed the creation of a Rate Stabilization Fund. The District may deposit into the fund gross revenue from one year, which can then be withdrawn and added to the gross revenues in calculating the debt ratio for a future year. The funds 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 up to 180 days after the fiscal year end. Accordingly, the District revised its Policy No. 46 – Reserve Policy on Nov. 21, 2013, to formally establish a Rate Stabilization Fund. The Rate Stabilization Fund balance is \$1.9 million as of the fiscal year ended June 30, 2023.

Pension Reserve Fund

On Oct. 15, 2018, the board approved the creation of a Pension Reserve Fund with an initial transfer of \$2 million to mitigate future pension payment impacts and to lower future unfunded liabilities. The funds may also be used for any other lawful purpose. The Pension Reserve fund balance is \$4.7 million as of June 30, 2023. This Pension Reserve Fund enables the District to offset unexpected fluctuations in the required annual pension contribution. The transfer to Pension Reserve Fund does not affect the debt service coverage ratio.

Debt Management

On June 20, 2017, the Board adopted a Debt Management Policy to ensure that the District maintains a sound debt position while protecting its credit quality and ensuring compliance with California Government Code Section 8855(i) in accordance with SB 1029. The District issues debt to raise money for capital improvements through long- or short-term borrowing, whichever is most cost effective and beneficial for the District and its ratepayers. In order to limit the fixed expenses tied to debt, Marin Water's total outstanding debt may not exceed four times the District's total annual operating expenses. In addition, the District must 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%, but not less than 125%, and to support strong bond credit ratings.



Traditionally, the District has benefited from lower interest costs due to strong ratings, and Marin Water takes all 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. In January 2023, Fitch Ratings reviewed the District's credit rating, and affirmed the current rating of AA.

The District reviews debt issuance with an eye toward balancing capital improvement funding via current revenue and from long-term debt, while taking into account the impact each debt financing has relative to intergenerational benefits.

The Board of Directors or its designee is responsible for determining the appropriate way to offer securities to investors, and the 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, Marin Water will evaluate the efficiency of call provision alternatives.

Debt may include par, discount, premium and capital appreciation bonds, but those 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.

As of July 2023, the district has three revenue bond issues outstanding; the 2016 Refunding Revenue Bonds, the Subordinate Revenue Bonds Series 2017, and the 2022 Refunding Revenue Bonds. As of June 30, 2023 the outstanding principal balances for 2016 Refunding Revenue Bonds, 2017 Series Subordinate Revenue Bonds and 2022 Refunding Revenue Bonds are \$31,380,000, and \$32,815,000 and \$64,210,000 respectively.

Budget

The District adopts biennial budgets and employs long-term planning as the framework for fiscal decisions, taking into account 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 while encouraging 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, divisions are responsible for implementing the budget and monitoring budget performance, responding to unforeseen or emergency circumstances, and participating in long-range financial planning.

The biennial budget for fiscal years 2021-22 and 2022-23 was adopted May 18, 2021, and supports the mission, value, goals and objectives outlined in the District's the strategic plan. The total budget for fiscal year 2021-22 is \$114.8 million, with an operating budget of \$88.7 million and a Capital Improvement Program budget of \$26.1 million. For fiscal year 2022-23, the total budget is \$116.1 million, with an operating budget of \$99.2 million and a Capital Improvement Program budget of \$24.0 million.

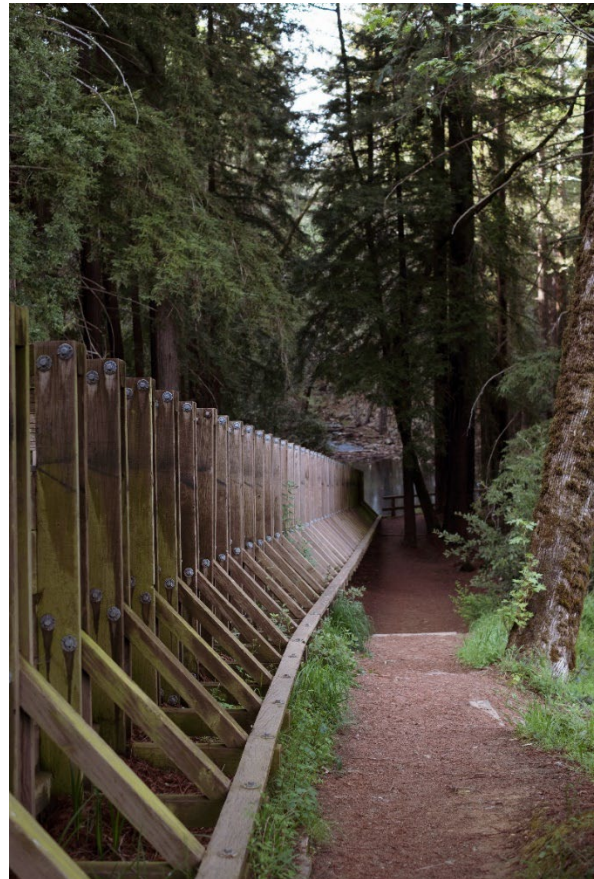
MAJOR INITIATIVES

The District retained Bartle Wells Associates Independent Public Finance Advisors to update the 2019 Cost of Service Analysis and to review the current rate structure and revenue requirements to determine rates that are in line with the policy objectives. The report, “Marin Municipal Water District 2023 Water Rate Study” was designed to ensure that all rates, charges, and fees are reflective of the costs to provide that service. Key goals and objectives of the 2023 COSA were to develop water rates that:

- Recover the costs of providing service, including operating, capital, and debt funding needs;
- Are proportionate, fair and equitable to all customers;
- Are easy to understand and implement;
- Comply with the substantive requirements of the California Constitution, Article 13D, Section 6 (which was adopted by the voters as Proposition 218 in 1996) and the general mandate of Article 10, Section 2 that prohibits the wasteful use of water;
- Support the long-term operational and financial stability of the District.

As part of the Cost of Service Study, Marin Water has determined that the rate increases are necessary to:

- Replace and modernize aging infrastructure;
- Accelerate mitigation work to reduce wildfire risk and enhance forest health restoration efforts on the Mt. Tam Watershed;
- Keep pace with inflation and the rising costs of operating and capital expenses;
- Strengthen water supply resiliency in the face of climate change;
- Replenish reserves to prepare for future emergencies.



Following a public hearing on Tuesday, May 16, 2023, the Marin Water Board of Directors approved a new schedule of changes to customer water rates, fees and charges covering the next four fiscal years. The new rates took effect July 1, 2023. The impact of the increase on individual customer bills varies and is dependent on the size of each customer's meter and the amount of water used in a two-month period. The rate changes include:

- Changes to residential customer rate tiers that will encourage conservation and allows customers greater control of their water bills;
- Conversion of the Watershed Management Fee to a volumetric rate that will help reduce fixed fees for most customers;
- Establishment of drought surcharges, which would go into effect only if water supply drops to critical levels and would help keep Marin Water financially stable in the event of a water shortage.

Severe conditions brought on by the drought in more recent years have intensified the District's focus on strengthening the reliability of its water supply. The District in 2022-23 conducted a Strategic Water Supply Assessment to evaluate the District's current baseline water supply in the context of climate-change-driven droughts and to evaluate the impact of potential future water management alternatives that could improve the District's long term water supply resiliency. This effort ultimately helped the District develop and approve a Strategic Water Supply Roadmap, which combines a mix of short-term water supply strategies with pre-design work to support medium- and longer-term options. The District's Water Supply Roadmap includes five main elements:

- Water conservation and flexible drought measures;
- Improve operability and flexibility of storage facilities;
- Maximize use of Sonoma Water supplies;
- Increase storage;
- Develop new local supplies.

As part of the FY 2023-25 budget process, the Board approved a 5-Year CIP Plan for FY 2024 through FY 2028 anticipates a total investment of approximately \$249 million. This level of investment is an increase of nearly 80 percent compared to the previous 5-year plan. The first two years of expenditures in the five-year CIP comprise the district's two-year CIP Budget and total \$84,432,000, which is a 65 percent increase compared to the prior two-year CIP budget. The increased capital investments reflect the Board's direction to strengthen water supply resiliency, replace and modernize aging infrastructure and accelerate wildfire mitigation efforts on the Mt. Tam Watershed.

**Two-Year CIP Budget
FYs 24 and 25**

Expenditures	FY 2023/24	FY 2024/25	Total
Pipelines	\$12,010,000	\$15,276,000	\$27,286,000
Pump Stations	\$1,385,000	\$4,420,000	\$5,805,000
Storage Tanks	\$5,200,000	\$6,860,000	\$12,060,000
Treatment Plants	\$2,420,000	\$1,620,000	\$4,040,000
Watershed ¹	\$5,390,000	\$5,224,000	\$10,614,000
System Improvements	\$3,826,000	\$6,851,000	\$10,677,000
Water Supply	\$2,750,000	\$9,200,000	\$11,950,000
Grand Total	\$32,981,000	\$49,451,000	\$82,432,000

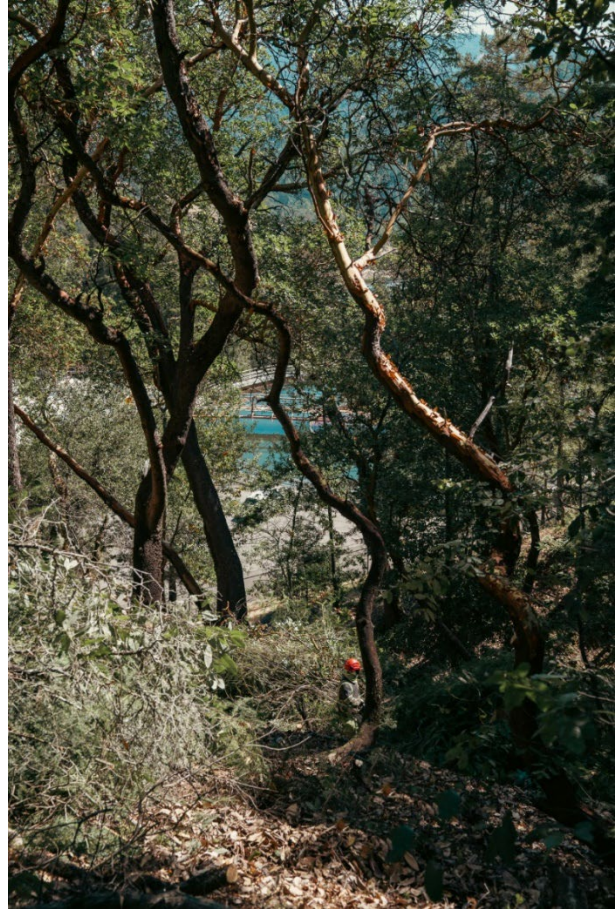
The following is a closer look at the district’s various Capital Improvement Program categories:

Asset Management Program – This program funds the development and implementation of projects outlined in the District’s Condition Assessment Program, ensuring ongoing maintenance and repairs are made in a timely fashion. It also drives the decision-making process behind the capital program, including software solutions and integrations with information technology (IT) infrastructure environments, such as geographic information systems (GIS) and the District’s Enterprise Resource Planning system. The FY 24 and FY 25 budget includes the partial implementation of Enterprise Resource Planning software replacement, which is a multi-year project to replace the software that has been used by the District for over 20 years and will no longer be supported by the vendor.

Pipelines Program – The District has 908 miles of buried water distribution and transmission system piping in service. Replacement of worn and/or undersized pipe is accomplished through the District’s Fire Flow Improvement Program and its Capital Improvement Program. These two programs are budgeted to support the replacement of more than 9 miles of pipeline over FY 24 and FY 25.



Watershed Program – The District owns and manages approximately 22,000 acres of local watershed land. 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 Mount Tamalpais Watershed’s location, topography and ecology combine to provide water capture, filtration, run-off, and storage that are essential to the District’s overall water system. Vegetation management is a key component of this natural capital, as it mitigates the potential for catastrophic fire that could impair water quality or render key Marin Water assets inoperable, threatening the District’s ability to deliver clean, reliable water.



The Natural Capital and Green Infrastructure program acknowledges the importance of investing in natural capital to support ecosystem services and includes \$3.9 million over the next 2-years to address fire and fuels management across our lands. Through a combination of capital, operational and grant funding, the District spends more than \$3.5 million annually on vegetation management as part of its efforts to combat increased wildfire risks and bolster ecological health on its watershed lands.

Treatment Plants Upgrade Program – The three water treatment facilities are an essential element in providing high-quality water for our customers. Maintaining and improving these plants – the Bon Tempe Water Treatment Plant, the San Geronimo Water Treatment Plant and the Ignacio Pump Station – are key District priorities. The District continues to invest in upgrading these vital facilities. Planned projects include replacement of the roof at the San Geronimo Treatment Plant, which was constructed in 1961 and has reached the end of its useful life.

Storage Tanks Replacement and Improvement Program – Marin Water has 130 tanks storing the daily water needs of the customers. They contain about 82 million gallons of water. The age of these tanks, and the materials used to construct them vary greatly, factors that require customized maintenance and capital investment schedules and planning. Most of the District’s tanks are welded steel. However, there are eight riveted steel tanks, each installed before 1930. There are also five remaining redwood tanks, which are prone to leaking and are nearing the end of their useful life, which have been prioritized for replacement by FY 28. The Pine Mountain Tunnel was constructed in 1919 to convey water from Alpine Reservoir to Fairfax and

San Rafael and was converted to a water storage facility in 1971. It remains in use today, but has reached the end of its useful life. A pair of 2-million gallon pre-stressed concrete storage tanks will replace the existing Pine Mountain Tunnel with a modernized design that provides seismic stability, water quality improvements, and low maintenance.




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 grant agreements. The only split-funding project in the 2-Year Capital Improvement Program is the Lagunitas Creek Enhancement Project.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report 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



Bret Uppendahl
Finance Director/Treasurer



BOARD OF DIRECTORS

STANDING COMMITTEES 2023

Operations Committee

Chair: Larry Russell

Vice Chair: Ranjiv Khush

The Operations Committee reviews proposed contracts for capital projects and facilities maintenance, consulting agreements, pipeline extension agreements, variance requests, leasing proposals, disposal of surplus real estate, and any other matters relating to facilities and operations. This committee generally meets on the third Friday of each month at 9:30 a.m.

Watershed Committee

Chair: Matt Samson

Vice Chair: Monty Schmitt

The purpose of the Watershed Committee is to discuss matters concerning the district's watershed and reservoirs such as protection of the fishery, vegetation management, recreational uses, and sources of revenue. This committee meets once a quarter generally on the third Thursday of the month at 1:30 p.m.

Finance & Administration Committee

Chair: Jed Smith

Vice Chair: Monty Schmitt

The purpose of the Finance and Administration Committee is to discuss matters related to the district's finances such as rates, debt, and budget, along with administration items such as the review and update of policies. This committee generally meets monthly on the fourth Thursday of the month at 9:30 a.m.

Communications & Water Efficiency Committee

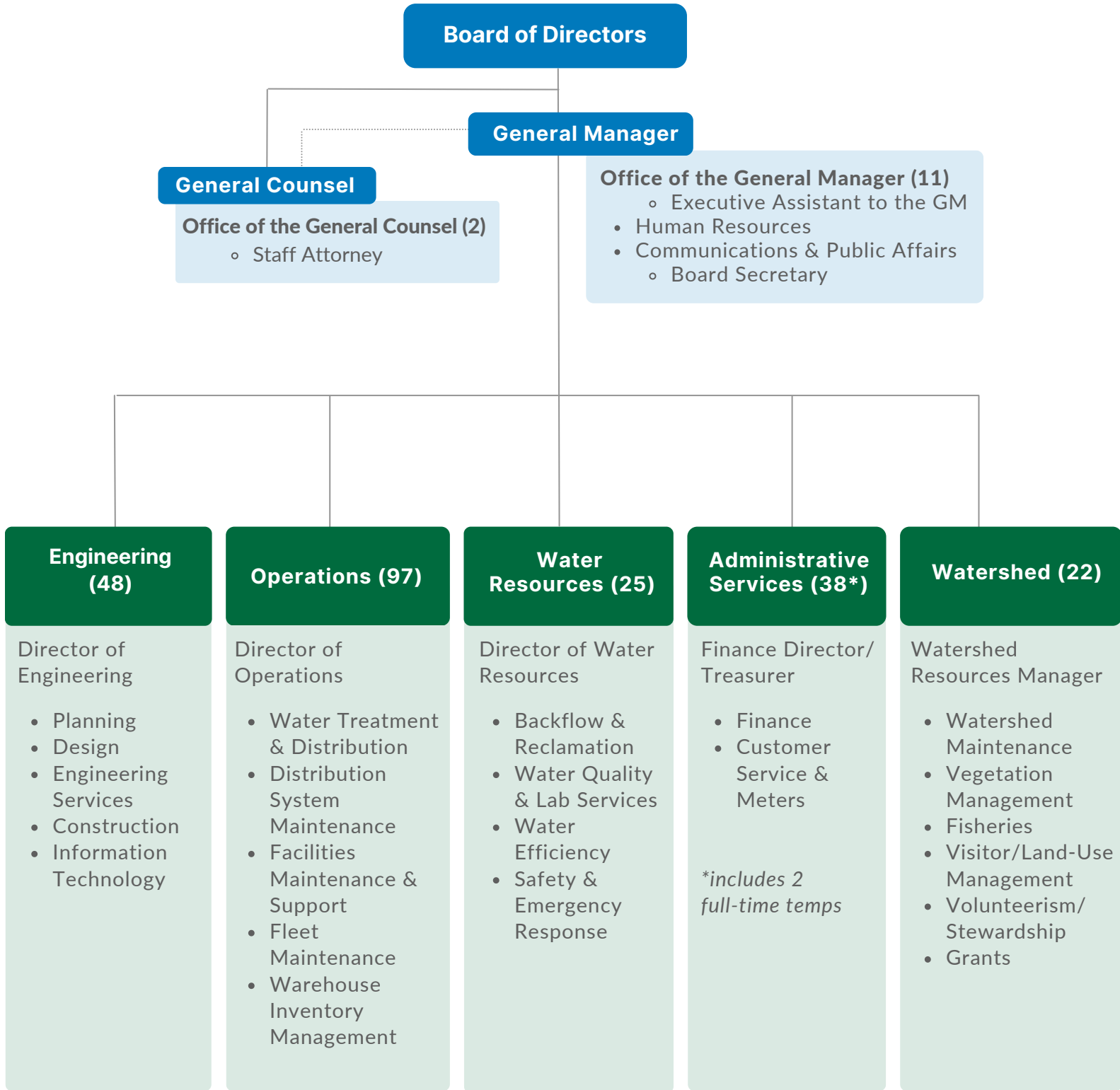
Chair: Ranjiv Khush

Vice Chair: Jed Smith

The purpose of the Communications & Water Efficiency Committee is to discuss all matters related to the district's external communications and public outreach as well as discuss all district matters related to water conservation and water use efficiency programs and activities, including drought planning when necessary. This Committee generally meets quarterly on the third Wednesday of the month at 9:30 a.m.



Team Organization



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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

Opinions

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, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2023, and the respective changes in the financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Mazze & Associates

Pleasant Hill, California
December 15, 2023

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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, 2023 and 2022. 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 (FY) 2023 by \$266.9 million (net position), which increased of \$13.2 million or 5.2% from \$253.7 million, mainly due to increases in total assets and deferred outflows by \$30.9 million. This increase was offset by an increase in liabilities and deferred inflows of resources of \$17.7 million.
- The District experienced significant escalations in the CalPERS pension liability and Other Post Employment Benefit (OPEB) liability which increased by \$35.3 million and \$10.2 million, respectively, due to unfavorable economic market conditions at the time of the actuarial valuation.
- Operating revenues increased by \$6.0 million or 6.6% from \$90.7 million to \$96.7 million primarily due to the 4% increase in water sales rate charges and new connection fee charges from new customers.
- Operating expenses increased by \$8.3 million or 10.0% from \$83.1 million to \$91.4 million primarily due to an increase of \$12.0 million or 22.9% in Other Operating expenses due to increases in personnel costs and cost of paving. These increases were slightly offset by the reduction in Water purchased costs by \$3.7 million due to higher than normal rainfall amounts and reservoir levels.

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.
- *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 56 of this report.

FINANCIAL ANALYSIS

The Statement of Net Position (pages 14) and the Statement of Revenue, Expenses and Changes in Net Position (page 16) 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.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Table 1 - Condensed Statement of Net Position

	FY2023	FY2022	Increase/(Decrease)	
			Amount	%
Assets:				
Current assets	\$ 48,269,517	\$ 46,250,881	\$ 2,018,636	4.36%
Non-current assets	42,136,621	41,781,058	355,563	0.85%
Lease Receivable	15,062,641	10,150,490	4,912,151	48.39%
Capital assets, net	452,824,367	449,992,008	2,832,359	0.63%
Total assets	558,293,146	548,174,437	10,118,709	1.85%
Deferred outflows of resources:	34,667,721	13,893,767	20,773,954	149.52%
Total assets and deferred outflows of resources	592,960,867	562,068,204	30,892,663	5.50%
Liabilities:				
Current liabilities	22,513,523	23,457,218	(943,695)	-4.02%
Non-current liabilities	280,966,531	241,375,083	39,591,448	16.40%
Total liabilities	303,480,054	264,832,301	38,647,753	14.59%
Deferred inflows of resources:	22,575,100	43,538,659	(20,963,559)	-48.15%
Total liabilities and deferred inflows of resources	326,055,154	308,370,960	17,684,194	5.73%
Net position:				
Net Investment in capital assets	305,550,165	296,463,975	9,086,190	3.06%
Restricted	5,237,578	3,461,244	1,776,334	51.32%
Unrestricted	(43,882,030)	(46,227,975)	2,345,945	5.07%
Total net position	\$ 266,905,713	\$ 253,697,244	\$ 13,208,469	5.21%

The District's total assets increased by \$10.1 million to \$558.3 million compared with the prior year of \$548.2 million. Increases in lease receivable of \$4.9 million, capital assets of \$2.8 million and current assets of \$2.0 million were the drivers of the increase in total assets.

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 debt refunding at June 30, 2023 and 2022 were \$1.4 million and \$1.5 million, respectively. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2023 and 2022 were \$26.2 million and \$11.2 million, respectively. The deferred outflows of resources due to the other postemployment benefits (GASB Statement No. 75) at June 30, 2023 and 2022 were \$7.1 million and \$1.2 million respectively.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

For fiscal year ended June 30, 2023, total liabilities reflect an increase of \$38.6 million primarily due to a significant increase of \$39.6 million in Non-current liabilities including an increase in pension liability of \$35.3 million and an increase in OPEB liability of \$10.2 million due to unfavorable market conditions at the time of the actuarial evaluations. In contrast, the District experienced a decrease of \$4.2 million in long term debt primarily from schedule principal payments.

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. Also included in deferred inflows of resources is the future, contract obligated lease revenues from lease agreements where the District is the lessor. The total deferred inflows of resources as of June 30, 2023 and 2022 were \$22.6 million and \$43.5 million, respectively, inflows related to leases were \$16.2 million and \$10.1 million, related to other postemployment benefits (GASB Statement No. 75) were \$5.6 million and \$13.6 million, and related to pensions (GASB Statement No. 68) were \$0.8 million and \$19.9 million, respectively. These changes in deferred inflows are due to the addition of new lease agreement and the effect of unfavorable market conditions at the time of the actuarial evaluations of the pension and OPEB liability.

Total net position increased by \$13.2 million from \$253.7 million to \$266.9 million, mainly due to increases in total assets and deferred outflows by \$30.9 million. This increase was offset by an increase in liabilities and deferred inflows of resources of \$17.7 million

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

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

	FY2023	FY2022	Increase/(Decrease)	
			Amount	%
Operating Revenues:				
Water sales and service charges	\$ 72,006,764	\$ 68,060,107	\$ 3,946,657	5.80%
Connection charges	1,678,395	540,349	1,138,046	210.61%
Capital management fee	17,161,227	16,444,158	717,069	4.36%
Watershed management fee	5,113,736	4,899,012	214,724	4.38%
Other operating revenue	767,548	802,258	(34,710)	-4.33%
Total operating revenue	96,727,670	90,745,884	5,981,786	6.59%
Operating Expenses:				
Electrical power	4,423,181	4,361,668	61,513	1.41%
Water purchased	8,406,309	12,139,318	(3,733,009)	-30.75%
Other operating expenses	64,283,786	52,266,852	12,016,934	22.99%
Depreciation and amortization	14,342,390	14,347,879	(5,489)	-0.04%
Total operating expenses	91,455,666	83,115,717	8,339,949	10.03%
Net operating income (loss)	5,272,004	7,630,167	(2,358,163)	-30.91%
Non-operating revenues (expenses)				
Non-operating revenue, net	5,991,970	7,872,385	(1,880,415)	-23.89%
Less: Interest expense	(5,495,646)	(5,276,537)	219,109	4.15%
Total nonoperating revenue/(expense)	496,324	2,595,848	(2,099,524)	-80.88%
Income (Loss) before capital contributions	5,768,328	10,226,015	(4,457,687)	-43.59%
Capital contributions	7,440,141	6,198,204	1,241,937	20.04%
Change in net position	13,208,469	16,424,219	(3,215,750)	-19.58%
Net Position:				
Beginning of year	253,697,244	237,273,025	16,424,219	6.92%
End of year	\$ 266,905,713	\$ 253,697,244	\$ 13,208,469	5.21%

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 \$5.8 million and capital contributions of \$7.4 million resulted in an overall increase of \$13.2 million in net position for the fiscal year ended June 30, 2023. In fiscal year ended June 30, 2022, income before capital contribution of \$10.2 million and capital contributions of \$6.2 million resulted in an overall increase of \$16.4 million in net position.

Marin Municipal Water District
Management’s Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

For fiscal year ended June 30, 2023, Table 2 indicates that the District’s total operating revenues increased by \$6.0 million or 6.6% to \$96.7 million from \$90.7 million in the prior year. This was due to a \$3.9 million increase in Water Sales and fee charges as a result of 4% increase in water sales rate charges that was effective July 2022. Also Connection charges increased by \$1.1 million from the prior year. Capital Maintenance Fee (CMF) generated \$17.2 million in fiscal year 2023, an increase of \$0.7 million or 4.4%.

Total operating expenses increased by \$8.3 million, or 10.0%, from \$83.1 million to \$94.4 million. The additional expense was primarily driven by an increase of \$12.0 million or 23% in Other Operating expenses due to increases in personnel costs, insurance premiums, and the cost of construction and paving. These increases were slightly offset by the reduction in Water purchased costs by \$3.7 million as the District only purchased 5,300 AF of water from Sonoma County Water Agency in FY 2023 compared to 8,896 AF in FY 2022 due to higher than normal rainfall amounts and reservoir levels in FY 2023.

Table 3 - Capital Assets, Net of Accumulated Depreciation

	FY2023	FY2022	Increase/(Decrease)	
			Amount	%
Plant, buildings and equipment, net	\$ 368,376,041	\$ 376,545,597	\$ (8,169,556)	-2.17%
Land	19,612,537	19,204,676	407,861	2.12%
Construction in progress	53,467,890	42,395,496	11,072,394	26.12%
North Marin Water Right, net (AEEP)	2,338,822	2,476,400	(137,578)	-5.56%
Sonoma County Water Rights, net	4,002,314	4,131,423	(129,109)	-3.13%
Recycled Water Rights, net (LGVSD)	5,026,763	5,238,416	(211,653)	-4.04%
Total	\$ 452,824,367	\$ 449,992,008	\$ 2,832,359	0.63%

As of June 30, 2023, the District’s capital assets, net of accumulated depreciation totaled \$452.8 million, which is an increase of \$2.8 million or 0.6% over the capital asset balance of \$450.0 million at June 30, 2022. The increase in capital assets was primarily due to increased activities in Construction in progress by \$11.1 million to \$53.5 million. Plant, buildings and equipment decreased by \$8.2 million from the prior fiscal year, primarily due to a \$12.8 million increase in accumulated depreciation which was offset by a \$5.0 million increase in transmissions and distributions lines and the water treatment plant. 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 34 of the financial statements.

Table 4 - Long-Term Debt

	FY2023	FY2022	Increase/(Decrease)	
			Amount	%
2012 Water Revenue Bonds	-	2,205,000	(2,205,000)	-100.00%
2016 Water Refunding Bonds	31,380,000	31,380,000	-	0.00%
2017 Water Revenue Bonds	32,815,000	33,500,000	(685,000)	-2.04%
2022 Water Refunding Bonds	64,210,000	66,535,000	(2,325,000)	-3.49%
Clean Renewable Energy Bonds (CREBs) Aqueduct Energy Efficiency Project (AEEP)	122,250	244,500	(122,250)	-50.00%
LGVSD-Recycled Water Buy-in	1,620,204	1,777,296	(157,092)	-8.84%
	4,153,058	4,398,076	(245,018)	-5.57%
Unamortized costs, net	14,403,320	15,002,301	(598,981)	-3.99%
	\$ 148,703,832	\$ 155,042,173	\$ (6,338,341)	-4.09%

As of June 30, 2023 the District had total long-term debt outstanding of \$148.7 million, a decrease of \$6.3 million from 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. During fiscal year 2023, the District made the final payment on the 2012 Water Revenue Bonds which were refunded into the 2022 Water Refunding Bonds; therefore the District has no further debt obligation for the 2012 Water Revenue Bonds. Additional information on the District's long-term debt is provided in Note 6 starting on page 36 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, 2023 and 2022 were 291% and 291% respectively.

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) 945-1197.

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BASIC FINANCIAL STATEMENTS

Marin Municipal Water District
Statement of Net Position
Enterprise Fund
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and investments	\$24,234,125	\$27,365,294
Receivables:		
Customer - billed (net of allowances for doubtful account of \$2,644,968 and \$1,719,680 in 2023 and 2022, respectively)	7,073,073	6,796,276
Customer - unbilled	7,744,606	7,472,557
Interest and other	2,167,652	796,121
Employee computer loans receivable	11,700	3,306
Materials and supplies	4,004,414	3,612,286
Prepaid expenses	3,033,947	205,041
Total current assets	48,269,517	46,250,881
Noncurrent assets:		
Restricted cash and investments	19,314,589	16,678,803
Designated cash and investments	20,686,605	22,909,360
Deposits and advances cash and investments	2,135,427	2,192,895
Total restricted cash and investments	42,136,621	41,781,058
Leases receivable	15,062,641	10,150,490
Capital Assets:		
Land and land rights	19,612,537	19,204,676
Depreciable assets	669,842,935	664,805,605
Construction in progress	53,467,890	42,395,496
Total capital assets	742,923,362	726,405,777
Less accumulated depreciation	290,098,995	276,413,769
Total capital assets, net of accumulated depreciation	452,824,367	449,992,008
Total noncurrent assets	510,023,629	501,923,556
Total assets	558,293,146	548,174,437
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	1,429,630	1,514,140
Deferred outflow of resources-pension actuarial	15,129,747	800,753
Deferred outflow of resources-OPEB actuarial	3,408,596	-
Deferred employer OPEB contributions	3,657,583	1,193,130
Deferred employer pension contributions	11,042,165	10,385,744
Total deferred outflows of resources	34,667,721	13,893,767

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District
Statement of Net Position
Enterprise Fund, Continued
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	7,317,303	6,363,791
Accrued payroll and payroll expenses	1,812,170	1,384,585
Compensated absences	3,871,825	3,146,304
Customer and other deposits	338,106	277,920
Long-term debt - due within one year	3,445,746	5,582,268
Accrued interest payable	1,552,312	1,616,293
Agency deposits payables	503,248	497,071
Customer advances for construction	1,791,040	3,126,486
Claims payable	1,881,773	1,462,500
Total current liabilities	<u>22,513,523</u>	<u>23,457,218</u>
Long-term liabilities:		
Claims payable- due in more than one year	7,145,670	7,062,525
Compensated absences- due in more than one year	390,021	2,202,243
Long-term debt - due in more than one year	145,258,086	149,459,905
Net OPEB liability	17,399,877	7,228,281
Net pension liability	110,772,877	75,422,129
Total long term liabilities	<u>280,966,531</u>	<u>241,375,083</u>
Total liabilities	<u>303,480,054</u>	<u>264,832,301</u>
DEFERRED INFLOWS OF RESOURCES		
Leases related amounts	16,234,824	10,079,212
OPEB related amounts	5,554,180	13,570,541
Pension related amounts	786,096	19,888,906
Total deferred inflows of resources	<u>22,575,100</u>	<u>43,538,659</u>
NET POSITION		
Net investment in capital assets	305,550,165	296,463,975
Restricted for fire flow parcel fee program	5,237,578	3,461,244
Unrestricted	(43,882,030)	(46,227,975)
Total net position	<u>\$266,905,713</u>	<u>253,697,244</u>

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, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Water sales and service charges	\$72,006,764	\$68,060,107
Connection charges	1,678,395	540,349
Capital Maintenance Fee	17,161,227	16,444,158
Watershed Management Fee	5,113,736	4,899,012
Other operating revenue	767,548	802,258
Total operating revenues	96,727,670	90,745,884
OPERATING EXPENSES		
Water Purchases	8,406,309	12,139,318
Watershed Maintenance	6,506,909	6,995,749
Water Treatment	12,897,893	11,089,440
Pumping	3,538,544	3,489,334
Transmission and distribution	23,762,349	24,485,389
Customer service and meter operation	4,769,165	3,020,064
Water Conservation	2,006,668	3,697,128
Administrative and general	15,225,436	3,851,416
Depreciation and amortization (Note 5)	14,342,393	14,347,879
Total operating expenses	91,455,666	83,115,717
Operating income (loss)	5,272,004	7,630,167
NONOPERATING REVENUES (EXPENSES)		
Federal, state and other grants	2,378,290	2,826,980
Investment income (loss)	(131,843)	2,964,732
Interest income	1,486,059	317,362
Other income (Note 10)	2,220,430	1,749,619
Interest & other expense	(5,495,646)	(5,276,537)
Gain (loss) from retirement of capital assets (Note 10)	39,034	13,692
Total nonoperating revenues (expenses), net	496,324	2,595,848
Total income (loss) before capital contributions	5,768,328	10,226,015
Fire flow parcel fee (Note 10)	4,525,628	4,525,100
Contributions in aid of construction (Note 10)	2,914,513	1,673,104
Total capital contributions	7,440,141	6,198,204
Net income	13,208,469	16,424,219
NET POSITION:		
Beginning of year	253,697,244	237,273,025
End of year	\$266,905,713	\$253,697,244

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$93,647,617	\$89,743,836
Other operating revenue	767,548	802,258
Cash payments to employees	(45,891,765)	(42,888,600)
Rent and watershed permits and other income	2,220,430	1,749,619
Cash payments to suppliers for goods and services	(32,819,799)	(42,277,604)
Net cash provided by operating activities	<u>17,924,031</u>	<u>7,129,509</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state and other grant revenues	2,378,290	2,826,980
Net cash provided by noncapital financing activities	<u>2,378,290</u>	<u>2,826,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(6,338,341)	(76,742,442)
Interest paid on long-term debt	(5,495,646)	(5,276,537)
Net proceeds from debt issues	-	67,505,000
Acquisition and construction of capital assets	(17,255,854)	(29,518,074)
Proceeds from sale of capital assets	(39,034)	(13,692)
Increase (decrease) in customer advances for construction	(1,335,446)	235,120
Proceeds from fire flow parcel fee	4,525,628	4,525,100
Cash Contributions in aid of construction	2,914,513	1,673,104
Net cash provided (used) by capital and related financing activities	<u>(23,024,180)</u>	<u>(37,612,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	(1,407,963)	(673,171)
Interest received on investments	1,354,216	3,282,094
Net cash provided by investing activities	<u>(53,747)</u>	<u>2,608,923</u>
Net change in cash and cash equivalents	<u>(2,775,606)</u>	<u>(25,047,009)</u>
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>69,146,352</u>	<u>94,193,361</u>
End of year	<u>\$66,370,746</u>	<u>\$69,146,352</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$5,272,004	\$7,630,167
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,342,393	14,347,879
Rent and watershed permits and other income	2,220,430	1,749,619
(Increase) decrease in assets :		
Receivables, net	(1,920,377)	1,317,797
Materials and supplies	(392,128)	(1,517,587)
Prepaid expenses		
Deferred outflow of resources-actuarial	(17,737,590)	3,111,520
Deferred employer OPEB contributions	(2,464,453)	4,222,163
Deferred employer pension contributions	(656,421)	(744,559)
Increase (decrease) in liabilities:		
Accounts payable	953,512	(3,665,229)
Accrued payroll and payroll expenses	(659,116)	(726,555)
Claims payable	502,418	(3,947,143)
Customer deposits	60,186	(34,130)
Net Pension Liabilities	35,350,748	(27,303,829)
Net OPEB Liabilities	10,171,596	(15,938,342)
Deferred inflows of resources - OPEB	(8,016,361)	8,854,664
Deferred inflows of resources - pension	(19,102,810)	19,773,074
Net cash provided by operating activities	<u>17,924,031</u>	<u>7,129,509</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Unrestricted	24,241,125	27,372,294
Restricted	19,314,589	16,678,803
Designated	20,686,605	22,909,360
Deposits and advances	2,135,427	2,192,895
Total cash and investments	<u>66,377,746</u>	<u>69,153,352</u>
Less investments with original maturities in excess of three months	<u>(7,000)</u>	<u>(7,000)</u>
Cash and Cash Equivalent	<u><u>66,370,746</u></u>	<u><u>\$69,146,352</u></u>

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, 2023 AND 2022**

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 November 2016, the 2016 Refunding Revenue bonds, the 2017 Revenue Bonds in August 2017 and the 2022 Refunded Revenue Bonds in April 2022. The Financing Authority does not issue separate financial statements. See Note 6 for additional information.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

The District's policy sets a lease amortization threshold based on 5% of the District's total annual revenue for lease contracts to be recorded under the GASB 87. Any lease with a present value at inception less than 5% of the District's total annual revenue will be deemed immaterial in relation to the financial statements as a whole and, thereby excluded from an amortization schedule.

Each year, the District will set the discount rate at LAIF's Pooled Money Investment Account's Average Annual Yield for the most recent fiscal year. The inflation rate will be set at 3% and will be evaluated annually to determine if this is a reasonable assumption. The annual evaluation process will incorporate projections from the State of California Finance Department's inflation forecast and the Philadelphia Federal Reserve's Survey of Professional Forecasters. Changes to the inflation rate will be in increments of 25 basis points.

Lessor – The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources.

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

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

See the additional lease disclosures at Note 14.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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, 2022 from which the summarized information was derived.

Q. Reclassification

For the year ended June 30, 2023, 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 2022 presentation.

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
Bankers' Acceptances	180 days	AAA	40%
California Local Agency Investment	N/A	N/A	\$75 million per 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, 2023 AND 2022**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

	2023	2022
	Business-Type Activities	Business-Type Activities
Cash in banks	\$2,211,920	\$1,622,674
Corporate Bond - In Default	1,500	4,000
Money Market	701,041	678,095
Cash & Cash Equivalent- Bond Funds:		
2012 Water Revenue Bond	-	2,251,993
2016 Water Revenue Bond	741,000	740,993
2017 Water Revenue Bond	1,507,875	1,490,000
2022 Water Revenue Bond	-	3,719
Overnight Investment - Cash Sweep	3	3
Local Agency Investment Fund	61,207,407	62,354,875
Total	\$66,370,746	\$69,146,352
Cash and investments, unrestricted	\$24,234,125	\$27,365,294
Cash and investments, restricted	19,314,589	16,678,803
Cash and investments, designated	20,686,605	22,909,360
Cash and investments, deposits and advances	2,135,427	2,192,895
Total	\$66,370,746	\$69,146,352

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 deposit 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, 2023 and 2022 was \$2,211,920 and \$1,622,674, respectively. The bank balance of deposits as of June 30, 2023 and 2022 was \$4,123,235 and \$3,575,908, 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, 2023 and 2022. 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.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2023 and 2022, the District’s pooled cash and investments had the following maturities:

2023		
Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$61,207,407	\$61,207,407
Money Market Fund	701,041	701,041
Corporate Bond - In Default	1,500	1,500
Held with Trustee:		
Money Market Funds	2,248,875	2,248,875
Overnight Investment - Cash Sweep	3	3
Total Investments	\$64,158,826	\$64,158,826

2022		
Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$62,354,875	\$62,354,875
Money Market Fund	678,095	678,095
Corporate Bond - In Default	4,000	4,000
Held with Trustee:		
Money Market Funds	4,486,705	4,486,705
Overnight Investment - Cash Sweep	3	3
Total Investments	\$67,523,678	\$67,523,678

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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:

2023		
Investment Type	AAA	Total
Money Market	\$701,041	\$701,041
Held with Trustee:		
Money Market Funds	2,248,875	2,248,875
Total	\$701,041	2,949,916
Not Rated:		
California Local Agency Investment Fund		61,207,407
Corporate Bond - In Default		1,500
Held with Trustee:		
Overnight Investment - Cash Sweep		3
Total Investments		\$64,158,826
2022		
Investment Type	AAA	Total
Money Market	\$678,095	\$678,095
Held with Trustee:		
Money Market Funds	4,486,705	4,486,705
Total	\$678,095	5,164,800
Not Rated:		
California Local Agency Investment Fund		62,354,875
Corporate Bond - In Default		4,000
Held with Trustee:		
Overnight Investment - Cash Sweep		3
Total Investments		\$67,523,678

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, 2023, these investments matured in an average of 260 days.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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:

2023		
Investment Type	Level 2	Total
Corporate Bond - In Default	\$1,500	\$1,500
Investments Measured at Amortized Cost:		
Money Market Mutual Funds	\$2,949,916	\$2,949,916
Overnight Investment - Cash Sweep	-	3
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund	-	61,207,407
Total Investments		<u>\$64,158,826</u>
2022		
Investment Type	Level 2	Total
Corporate Bond - In Default	\$4,000	\$4,000
Investments Measured at Amortized Cost:		
Money Market Mutual Funds	\$ 5,164,800	5,164,800
Overnight Investment - Cash Sweep	-	3
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund	-	62,354,875
Total Investments		<u>\$67,523,678</u>

Corporate Bond totaling \$1,500 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, 2023 AND 2022**

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

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

	2023	2022
Restricted cash and investments:		
Refunding Revenue Bonds and 2017 Water Revenue Bond:		
Principal and interest fund	\$7,317,814	\$5,519,315
Reserve fund	-	1,008,347
Project fund	1,507,878	1,490,003
Agency deposits	503,248	451,824
Pension reserve fund	4,748,071	4,748,071
Fire Flow Parcel Fee Program	5,237,578	3,461,243
Total restricted cash and investments	19,314,589	16,678,803
Designated cash and investment:		
Capital projects	5,962,605	10,779,360
Rate stabilization	1,942,000	1,942,000
Liability claims	12,782,000	10,188,000
Total designed cash and investment	20,686,605	22,909,360
Deposits and advances	2,135,427	2,192,895
Total restricted and designated cash and investments	\$42,136,621	41,781,058

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 maximum amount each employee may borrow is \$2,000. As of June 30, the remaining amount of loans outstanding is \$11,700 and \$3,306 for the fiscal years ending June 30, 2023 and 2022, respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 5 – CAPITAL ASSETS

Capital Assets balances and activity are summarized below as of June 30, 2023 and 2022:

	Balance at June 30, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets not being depreciated:					
Land and land rights	\$19,204,676	\$ -	\$ -	\$ 407,861	\$19,612,537
Construction in progress	42,395,496	16,836,357	-	(5,763,963)	53,467,890
Total capital assets not being depreciated	61,600,172	16,836,357	-	(5,356,102)	73,080,427
Capital assets being depreciated:					
Water Rights	16,298,734	-	-	-	16,298,734
Buildings	26,153,018	-	-	-	26,153,018
Dams and reservoirs	117,969,615	-	-	44,371	118,013,986
Pumping plants	42,546,794	-	-	39,634	42,586,428
Water treatment plants	43,832,437	-	-	1,327,167	45,159,604
Transmission and distribution	372,592,048	-	(200,851)	3,944,930	376,336,127
Vehicles	8,550,432	283,904	(396,448)	-	8,437,888
Equipment	36,862,527	135,593	(140,970)	-	36,857,150
Total capital assets being depreciated	664,805,605	419,497	(738,269)	5,356,102	669,842,935
Less accumulated depreciation for:					
Water Rights	4,452,496	478,339	-	-	4,930,835
Buildings	16,789,098	791,012	-	-	17,580,110
Dams and reservoirs	46,809,447	1,976,197	-	-	48,785,644
Pumping plants	26,534,095	1,326,284	-	-	27,860,379
Water treatment plants	29,722,222	1,433,333	-	-	31,155,555
Transmission and distribution	119,709,232	5,508,284	(135,105)	-	125,082,411
Vehicles	7,120,340	430,710	(396,448)	-	7,154,602
Equipment	25,276,839	2,398,234	(125,614)	-	27,549,459
Total accumulated depreciation	276,413,769	14,342,393	(657,167)	-	290,098,995
Net depreciable assets	388,391,836	(13,922,896)	(81,102)	5,356,102	379,743,940
Total capital assets, net	\$449,992,008	\$2,913,461	(\$81,102)	-	\$452,824,367

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets not being depreciated:					
Land and land rights	\$18,750,702	\$ -	\$ -	\$453,974	\$19,204,676
Construction in progress	42,854,665	28,359,423	-	(28,818,592)	42,395,496
Total capital assets not being depreciated	61,605,367	28,359,423	-	(28,364,618)	61,600,172
Capital assets being depreciated:					
Water Rights	16,298,734	-	-	-	16,298,734
Buildings	26,061,904	-	-	91,114	26,153,018
Dams and reservoirs	116,835,082	-	-	1,134,533	117,969,615
Pumping plants	40,307,556	-	-	2,239,238	42,546,794
Water treatment plants	39,601,987	-	-	4,230,450	43,832,437
Transmission and distribution	352,012,372	-	(89,607)	20,669,283	372,592,048
Vehicles	8,289,146	281,951	(20,665)	-	8,550,432
Equipment	36,282,620	876,700	(296,793)	-	36,862,527
Total capital assets being depreciated	635,689,401	1,158,651	(407,065)	28,364,618	664,805,605
Less accumulated depreciation for:					
Water Rights	3,974,157	478,339	-	-	4,452,496
Buildings	15,986,250	802,848	-	-	16,789,098
Dams and reservoirs	44,838,052	1,971,395	-	-	46,809,447
Pumping plants	25,267,840	1,266,255	-	-	26,534,095
Water treatment plants	28,373,158	1,349,064	-	-	29,722,222
Transmission and distribution	114,421,539	5,345,659	(57,966)	-	119,709,232
Vehicles	6,694,928	446,077	(20,665)	-	7,120,340
Equipment	22,885,388	2,688,242	(296,791)	-	25,276,839
Total accumulated depreciation	262,441,312	14,347,879	(375,422)	-	276,413,769
Net depreciable assets	373,248,089	(13,189,228)	(31,643)	28,364,618	\$388,391,836
Total capital assets, net	\$434,853,456	\$15,170,195	(\$31,643)	-	\$449,992,008

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.

During the year ended June 30, 2023, the District renewed the agreement which will expire on June 30, 2025. The District has rights to up to 14,300 acre-feet each year with a take or pay of 5,000 per fiscal year.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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, ending on June 2041.

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, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
2012 Water Revenue Bonds, 2.00% - 5.00%, Due 7/1/2052	\$85,000,000	\$2,205,000	-	\$2,205,000	-	-
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	33,500,000	-	685,000	32,815,000	\$720,000
Original bond premium/discount, net	-	15,002,301	-	598,981	14,403,320	-
2022 Water Refunding Revenue Bonds, 3.00% - 5.00%, Due 6/15/2052	-	66,535,000	-	2,325,000	64,210,000	2,400,000
Aqueduct Energy Efficiency Project 0.00% , Due 7/1/2032	4,080,000	1,777,296	-	157,092	1,620,204	-
<i>Direct borrowing:</i>						
Clean Renewable Energy Bonds 0.00% - 0.00%, Due 9/30/2023	1,956,000	244,500	-	122,250	122,250	122,250
LGVSD - Recycled Water Buy-in 4.00%, Due 7/1/2042	6,349,595	4,398,076	-	245,018	4,153,058	203,496
Total Long-Term Debt		<u>155,042,173</u>		<u>\$6,338,341</u>	<u>148,703,832</u>	<u>\$3,445,746</u>
Less:						
Amount Due within one year		<u>5,582,268</u>			<u>3,445,746</u>	
Total Long-Term Debt, net		<u>\$149,459,905</u>			<u>\$145,258,086</u>	

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 6 – LONG-TERM DEBT(Continued)

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. On April 4, 2022, proceeds from the 2022 Water Revenue Refunding Bonds (described below), were used to refund \$72,210,000 of the 2012 Water Revenue Bonds. The debt was fully paid off as of June 30, 2023.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2024	-	\$1,481,975	\$1,481,975
2025	-	1,481,975	1,481,975
2026	-	1,481,975	1,481,975
2027	-	1,481,975	1,481,975
2028	-	1,481,975	1,481,975
2029-2033	\$7,055,000	6,892,499	13,947,499
2034-2038	14,175,000	4,107,014	18,282,014
2039-2041	10,150,000	768,925	10,918,925
Total payments due	<u>\$31,380,000</u>	<u>\$19,178,313</u>	<u>\$50,558,313</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
2024	\$720,000	\$1,557,750	\$2,277,750
2025	755,000	1,520,875	2,275,875
2026	790,000	1,482,250	2,272,250
2027	830,000	1,441,750	2,271,750
2028	870,000	1,399,250	2,269,250
2029-2033	4,985,000	6,366,250	11,351,250
2034-2038	6,160,000	5,167,375	11,327,375
2039-2043	7,780,000	3,491,250	11,271,250
2044-2048	9,925,000	1,234,750	11,159,750
Total payments due	<u>\$32,815,000</u>	<u>\$23,661,500</u>	<u>\$56,476,500</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 6 – LONG-TERM DEBT(Continued)

2022 Refunding Revenue Bonds

On April 4, 2022, the District issued \$67,505,000 with an original issue premium of \$6,720,593 in Refunding Revenue Bonds, Series 2022 to refund, on an current basis \$72,210,210 of the Marin Municipal Water District Financing Authority Water Revenue Bonds, Series 2012, which are outstanding in the principal amount of \$74,415,000. The bonds mature through July 1, 2052, and bear interest at the rate of 3% to 5%. The Series 2022 Bonds are special obligations of the District and are payable solely from and secured by net revenues of the Water System. Principal payments are payable annually on July 15. Interest payments are payable semi-annually on December 15 and July 15. The refunding resulted in a net present value savings to the District in debt services in the amount of \$10,586,595 and an economic gain in the amount of \$16,687,370.

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 2016 Revenue Refunded Bonds, 2017 Revenue Refunded Bonds and 2022 Refunding Revenue 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 \$217,819,213 payable through June 2052. For the fiscal year ended June 30, 2023 principal and interest paid, and total net revenues of Water Systems received, were \$11,072,406 and \$19,614,397, respectively. For the fiscal year ended June 30, 2022 principal and interest paid, and total net revenues of Water Systems received, were \$9,332,015 and \$21,978,046 respectively.

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2024	\$2,400,000	\$2,665,950	\$5,065,950
2025	2,495,000	2,569,950	5,064,950
2026	2,590,000	2,470,150	5,060,150
2027	2,705,000	2,366,550	5,071,550
2028	2,840,000	2,231,300	5,071,300
2029-2033	4,660,000	9,729,500	14,389,500
2034-2038	2,530,000	9,109,600	11,639,600
2039-2043	10,055,000	8,289,600	18,344,600
2044-2048	17,365,000	5,452,400	22,817,400
2049-2052	16,570,000	1,689,400	18,259,400
Total payments due	<u>\$64,210,000</u>	<u>\$46,574,400</u>	<u>\$110,784,400</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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
2024	-	-	-
2025	\$161,355	\$43,965	\$205,320
2026	165,734	39,586	205,320
2027	170,231	35,089	205,320
2028	174,850	30,470	205,320
2029-2033	948,034	78,552	1,026,586
Total payments due	<u>\$1,620,204</u>	<u>\$227,662</u>	<u>\$1,847,866</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
2024	\$122,250	\$122,250
Total payments due	<u>\$122,250</u>	<u>\$122,250</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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
2024	\$203,496	\$160,552	\$364,048
2025	211,807	152,640	364,447
2026	219,709	144,403	364,112
2027	228,252	135,860	364,112
2028	237,444	126,981	364,425
2029-2033	1,124,691	507,995	1,632,686
2034-2038	1,000,012	306,307	1,306,319
2039-2042	927,647	94,578	1,022,225
Total payments due	<u>\$4,153,058</u>	<u>\$1,629,316</u>	<u>\$5,782,374</u>

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.

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

	FY 22-23 Miscellaneous	FY 21-22 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	7.44%	7.500%
Required employer contribution rates	10.05%	10.21%
Required unfunded liability payment	\$8,882,969	\$8,108,313

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, 2023 and June 30, 2022 were \$8,882,969 and \$8,108,313 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:

	2023 Miscellaneous	2022 Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	370	362
Inactive employees entitled to but not yet receiving benefits	121	121
Active employees	225	226
Total	716	709

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions – The total pension liabilities as of the June 30, 2021 measurement date were determined using the following actuarial assumptions:

	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Salary increase	Varies by Entry Age and Service(1)	Varies by Entry Age and Service(1)
Investment Rate of Return	6.90% (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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter	The lesser of Contract COLA or 2.50% 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 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 6.90%. 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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

Asset Class (a)	2023			2022		
	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity-cap-weighted	30.0%	4.54%	4.54%	50.0%	4.80%	5.98%
Global Equity-Non-cap-weighted	12.0%	3.84%	3.84%	28.0%	1.00%	2.62%
Private Equity	13.0%	7.28%	7.28%	0.0%	0.77%	1.81%
Treasury	5.0%	0.27%	0.27%	8.0%	6.30%	7.23%
Mortgage-backed security	5.0%	0.50%	0.50%	13.0%	3.75%	4.93%
Investment grade Corporates	10.0%	1.56%	1.56%			
High Yield	5.0%	2.27%	2.27%			
Emerging Market debt	5.0%	2.48%	2.48%			
Private debt	5.0%	3.57%	3.57%			
Real Assets	15.0%	3.21%	3.21%			
Leverage	-5.0%	-0.59%	-0.59%	1.0%	0.00%	-0.92%
Total	100%			100%		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.3% used for this period.

(c) An expected inflation of 2.3% used for this period.

C. Changes in the Net Pension Liability

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

	2023		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	\$285,400,727	\$209,978,598	\$75,422,129
Changes in the year:			
Service cost	4,783,193		4,783,193
Interest on the total pension liability	19,782,768		19,782,768
Differences between actual and expected experience	(1,127,877)		(1,127,877)
Changes in assumptions	8,180,976		8,180,976
Changes in benefit terms			
Contribution - employer		10,384,746	(10,384,746)
Contribution - employees		1,873,348	(1,873,348)
Net investment income		(15,858,978)	15,858,978
Net Plan to Plan Resource Movement			
Administrative expenses		(130,804)	130,804
Benefit payments, including refunds of employee contributions	(16,277,258)	(16,277,258)	
Other Miscellaneous Income/(Expense)			
Net changes	15,341,802	(20,008,946)	35,350,748
Balance at June 30, 2022 (Measurement Date)	\$300,742,529	\$189,969,652	\$110,772,877

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

	2022		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 (Measurement Date)	<u>\$277,059,472</u>	<u>\$174,333,514</u>	<u>\$102,725,958</u>
Changes in the year:			
Service cost	4,186,680	-	4,186,680
Interest on the total pension liability	19,414,937	-	19,414,937
Differences between actual and expected experience	29,900	-	29,900
Changes in assumptions	-	-	
Changes in benefit terms	-	-	
Contribution - employer	-	9,641,532	(9,641,532)
Contribution - employees	-	1,882,680	(1,882,680)
Net investment income	-	39,585,283	(39,585,283)
Net Plan to Plan Resource Movement	-	-	
Administrative expenses	-	-	
Benefit payments, including refunds of employee contributions	(15,290,262)	(15,290,262)	
Other Miscellaneous Income/(Expense)	-	(174,149)	174,149
Net changes	<u>8,341,255</u>	<u>35,645,084</u>	<u>(27,303,829)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$285,400,727</u>	<u>\$209,978,598</u>	<u>\$75,422,129</u>

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 22-23 Miscellaneous	FY 21-22 Miscellaneous
1% Decrease	5.90%	6.15%
Net Pension Liability	\$148,090,389	\$109,900,361
Current Discount Rate	6.90%	7.15%
Net Pension Liability	\$110,772,877	\$75,422,129
1% Increase	7.90%	8.15%
Net Pension Liability	\$79,671,073	\$46,575,347

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023 and 2022 the District recognized pension expense of \$12,303,690 and \$4,640,610 respectively, for the total miscellaneous plan. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30:

<i>Miscellaneous Plan:</i>	FY 22-23		FY 21-22	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$11,042,165	-	\$10,385,744	-
Differences between actual and expected experience	92,408	(786,096)	800,753	-
Changes in assumptions	5,701,892	-	-	-
Net differences between projected and actual earnings on plan investments	9,335,447	-	-	(\$19,888,906)
Total	<u>\$26,171,912</u>	<u>(\$786,096)</u>	<u>\$11,186,497</u>	<u>(\$19,888,906)</u>

\$11,042,165 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	FY 22-23 Deferred Outflows/(Inflows) of Resources	Year Ended June 30	FY 21-22 Deferred Outflows/(Inflows) of Resources
	Miscellaneous		Miscellaneous
2023	\$3,663,561	2022	(\$4,362,009)
2024	3,417,209	2023	(4,512,242)
2025	1,224,382	2024	(4,758,594)
2026	6,038,499	2025	(5,455,308)
Total	<u>\$14,343,651</u>		<u>(\$19,088,153)</u>

E. Payable to Pension Plans

As of June 30, 2023, and 2022, the District reported a payable of \$114,207 and \$0 for the outstanding amount of contributions to the pension plans required for the years ended June 30, 2023 and 2022 respectively.

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, 2023 AND 2022**

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, 2023 and 2022, respectively, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	2023	2022
Active employees	216	231
Inactive employees or beneficiaries currently receiving benefit payments	290	262
Inactive employees entitled to but not yet receiving benefit payments	21	21
Total	527	514

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, 2022, the District's contribution rate for medical coverage was up to \$1,015.81 and \$2,031.62 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, 2023 AND 2022**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

D. Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50% annually
Salary Increases	2.75% per year
Investment Rate of Return	6.25%
Mortality Rate	CalPERS 2000-2019 Experience Study
Healthcare Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% 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	49%	4.56%
Fixed Income	23%	1.56%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REITs	20%	4.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.25%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 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, 2023 AND 2022**

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2022 (June 30, 2021 Measurement Date)	\$53,691,649	\$46,463,368	\$7,228,281
Changes Recognized for the Measurement Period:			
Service Cost	1,672,869	-	1,672,869
Interest on the total OPEB liability	3,359,646	-	3,359,646
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	1,193,130	(1,193,130)
Net investment income	-	(6,313,499)	6,313,499
Administrative expenses	-	(18,712)	18,712
Benefit payments	(3,220,340)	(3,220,340)	-
Net changes	1,812,175	(8,359,421)	10,171,596
Balance at June 30, 2023 (June 30, 2022 Measurement Date)	<u>\$55,503,824</u>	<u>\$38,103,947</u>	<u>\$17,399,877</u>

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 (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
5.25%	6.25%	7.25%
<u>\$23,856,627</u>	<u>\$17,399,877</u>	<u>\$11,989,880</u>

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
<u>\$10,889,610</u>	<u>\$17,399,877</u>	<u>\$25,318,663</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 and 2022, the District recognized OPEB expense of (\$60,231) and (\$1,626,718), respectively. At June 30, 2022, 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	\$3,657,583	-
Differences between actual and expected experience	-	\$4,841,083
Changes of assumptions	-	713,097
Net differences between projected and actual earnings on plan investments	3,408,596	-
Total	\$7,066,179	\$5,554,180

The \$7,066,179 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, 2024. 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
2024	(\$2,135,448)
2025	(784,800)
2026	(830,489)
2027	1,605,153
Total	(\$2,145,584)

NOTE 10 – OTHER INCOME/ CAPITAL CONTRIBUTIONS

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

	2023	2022
Rents and royalties	\$2,220,430	\$1,749,619
Net gain (loss) on sale of assets	39,034	13,692
Total other income and gain (loss) on sale of assets	\$2,259,464	\$1,763,311
Capital contributions:		
Fire flow parcel fee	4,525,628	\$4,525,100
Contributions in aid of construction	2,914,513	1,673,104
Total capital contributions	\$7,440,141	\$6,198,204

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Capital Budget

The District's fiscal year ended 2023 and 2022 capital budget is approximately \$23.9 million and \$26.1 million respectively of which approximately \$750,000 and \$370,000 is anticipated to be reimbursed to the District by contractors, users and grants.

Legal Matters

The District is a defendant in a number of lawsuits and claims pending as of June 30, 2023. Based on correspondence with the District's legal counsel, it is the opinion of District management that unfavorable outcomes in these matters are unlikely or that the settlement of such pending cases and claims would not have a material adverse effect on the District's financial position as the potential liabilities are nominal or sufficient reserves have been earmarked for them. Accordingly, such provisions have 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.

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.

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

	2022	2021
Total assets & deferred outflows of resources	\$60,504,094	\$56,184,863
Total liabilities	33,521,914	31,372,301
Total net position	26,982,180	24,812,562
Total operating revenues	2,391,490	2,093,591
Total operating expenses	3,214,925	3,013,905
Total non-operating revenues & expenses	2,993,053	5,955,215
Increase/ (decrease) in net position	\$2,169,618	\$5,034,901

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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 \$500,000, not to exceed \$5,000,000 on a per occurrence basis. In addition, the District carries \$10,000,000 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 retained limit of liability per occurrence of \$1,500,000.

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:

	2023		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$7,384,235	\$1,140,790	\$8,525,025
Current year claims and changes in estimate	1,435,881	1,664,865	3,100,746
Claims payments	(305,737)	(2,292,591)	(2,598,328)
Balance at the end of year	<u>\$8,514,379</u>	<u>\$513,064</u>	<u>\$9,027,443</u>
Due within one year	<u>\$847,000</u>	<u>\$1,034,773</u>	<u>\$1,881,773</u>
	2022		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$6,261,557	\$6,210,611	\$12,472,168
Current year claims and changes in estimate	1,426,306	(4,572,803)	(3,146,497)
Claims payments	(303,628)	(497,018)	(800,646)
Balance at the end of year	<u>\$7,384,235</u>	<u>\$1,140,790</u>	<u>\$8,525,025</u>
Due within one year	<u>\$847,000</u>	<u>\$615,500</u>	<u>\$1,462,500</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 and 2022 resulted from the following:

	2023	2022
Beginning Balance	\$5,348,547	\$6,244,930
Additions	3,243,814	3,547,033
Payments	(4,330,515)	(4,443,416)
Ending Balance	\$4,261,846	\$5,348,547
Current Portion	\$3,871,825	\$3,146,304

NOTE 14 – LEASE RECEIVABLE

The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District recognized a \$1,314,063 in lease revenue and \$54,454 in interest revenue during the current year related to these leases.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 14 – LEASE RECEIVABLE (Continued)

A summary of lease activities for the fiscal year ended June 30, 2023, are as follows:

Lessee	Original Lease Date	Expiration Date Including Options	Monthly revenue as June 30, 2023	Lease Receivable balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
GS Commercial Management Inc	12/1/1980	11/31/2047	\$32,629	\$9,795,996	\$9,681,348
EIP Holding	8/31/2022	8/31/2032	72,043	5,266,645	6,553,476
Total			<u>\$104,672</u>	<u>\$15,062,641</u>	<u>\$16,234,824</u>

Changes in the District’s lease receivable during the year consists of the following.

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2023
Leases Receivable				
Land Lease	\$10,150,490	\$7,149,247	\$2,237,096	\$15,062,641
Total leases receivable	<u>\$10,150,490</u>	<u>\$7,149,247</u>	<u>\$2,237,096</u>	<u>\$15,062,641</u>

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	June 30, 2020	June 30, 2021	June 30, 2022
Total Pension Liability									
Service Cost	\$3,643,451	\$3,820,110	\$3,787,617	\$4,182,187	\$4,139,805	\$4,139,447	\$4,109,768	\$4,186,680	\$4,783,193
Interest	14,880,788	15,696,251	16,408,014	16,876,879	17,386,830	18,179,208	18,839,167	19,414,937	19,782,768
Differences between expected and actual experience	-	2,035,700	599,096	(343,525)	621,197	3,223,248	1,299,133	29,900	(1,127,877)
Changes in assumptions	-	(3,613,804)	-	13,193,854	(1,853,303)	-	-	-	8,180,976
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)	(14,638,875)	(15,290,262)	(16,277,258)
Net change in total pension liability	8,329,249	7,602,842	9,539,886	21,790,577	7,066,166	11,435,290	9,609,193	8,341,255	15,341,802
Total pension liability - beginning	201,686,269	210,015,518	217,618,360	227,158,246	248,948,823	256,014,989	267,450,279	277,059,472	285,400,727
Total pension liability - ending (a)	\$210,015,518	\$217,618,360	\$227,158,246	\$248,948,823	\$256,014,989	\$267,450,279	\$277,059,472	\$285,400,727	\$300,742,529
Plan fiduciary net position									
Contributions - employer	\$4,633,745	\$5,315,722	\$5,636,822	\$5,992,966	\$6,623,291	\$7,629,171	\$8,724,104	\$9,641,532	\$10,384,746
Contributions - employee	1,909,494	1,835,178	1,854,172	1,847,909	1,763,930	1,806,979	1,826,135	1,882,680	1,873,348
Net investment income (1)	22,211,386	3,338,982	807,045	16,103,055	13,294,839	10,756,100	8,517,653	39,585,283	(15,858,978)
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)	(14,638,875)	(15,290,262)	(16,277,258)
Plan to Plan Resource Movement	-	-	-	-	(382)	-	-	-	-
Administrative Expense	-	(166,443)	(90,116)	(213,813)	(243,759)	(117,159)	(239,862)	(174,149)	(130,804)
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	4,189,155	35,645,084	(20,008,946)
Plan fiduciary net position - beginning	129,316,806	147,876,441	147,864,465	144,817,547	156,428,846	164,175,499	170,144,359	174,333,514	209,978,598
Plan fiduciary net position - ending (b)	\$147,876,441	\$147,864,465	\$144,817,547	\$156,428,846	\$164,175,499	\$170,144,359	\$174,333,514	\$209,978,598	\$189,969,652
Net pension liability - ending (a)-(b)	\$62,139,077	\$69,753,895	\$82,340,699	\$92,519,977	\$91,839,490	\$97,305,920	\$102,725,958	\$75,422,129	\$110,772,877
Plan fiduciary net position as a percentage of the total pension liability	70.41%	67.95%	63.75%	62.84%	64.13%	63.62%	62.92%	73.57%	63.17%
Covered payroll	\$20,899,731	\$22,791,661	\$23,093,818	\$23,117,501	\$24,500,232	\$23,591,969	\$23,991,638	\$24,743,973	\$25,633,401
Net pension liability as percentage of covered payroll	297.32%	306.05%	356.55%	400.22%	374.85%	412.45%	428.17%	304.81%	432.14%

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	2021	2022	2023
Actuarially determined contribution	\$5,315,722	\$5,725,637	\$5,991,703	\$6,623,291	\$7,629,171	\$8,724,104	\$9,641,185	\$10,385,744	\$11,042,165
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)	(9,641,185)	(10,385,744)	(11,042,165)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$22,791,661</u>	<u>\$23,093,818</u>	<u>\$23,117,501</u>	<u>\$24,500,232</u>	<u>\$23,591,969</u>	<u>\$23,991,638</u>	<u>\$24,743,973</u>	<u>\$25,633,401</u>	<u>\$24,745,621</u>
Contributions as a percentage of covered payroll	23.32%	24.79%	25.92%	27.03%	32.34%	36.36%	38.96%	40.52%	44.62%
Notes to Schedule:									
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry age								
Amortization method	For details, see June 30, 2019 Funding Valuation Report.								
Remaining amortization period	For details, see June 30, 2019 Funding Valuation Report.								
Asset valuation method	Fair Value of Assets. For details, see June 30, 2019 Funding Valuation Report.								
Inflation	2.75% for 2015 to 2019, 2.875% for 2020, 2.625% for 2021 and 2.50% for 2022 to 2023.								
Salary increases	Varies by Entry Age and Service								
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020 and 2021 and 7% for 2022 to 2023 pension plan investment expense, including inflation.								
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.								
Mortality	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% 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	2020	2021	2022
Total OPEB Liability						
Service Cost	\$1,589,000	\$1,637,000	\$1,686,110	\$1,543,163	\$1,589,458	\$1,672,869
Interest	3,770,000	3,942,000	4,115,381	3,760,874	3,901,459	3,359,646
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(6,428,502)	-	(5,613,637)	-
Changes of assumptions	-	-	(1,329,877)	-	(692,672)	-
Benefit payments	<u>(2,735,000)</u>	<u>(2,956,000)</u>	<u>(3,175,000)</u>	<u>(3,129,284)</u>	<u>(3,405,824)</u>	<u>(3,220,340)</u>
Net change in total OPEB liability	2,624,000	2,623,000	(5,131,888)	2,174,753	(4,221,216)	1,812,175
Total OPEB liability - beginning	55,623,000	58,247,000	60,870,000	55,738,112	57,912,865	53,691,649
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>	<u><u>\$57,912,865</u></u>	<u><u>\$53,691,649</u></u>	<u><u>\$55,503,824</u></u>
Plan fiduciary net position						
Contributions - employer	\$4,135,000	\$4,766,000	\$4,965,000	\$5,095,199	\$5,415,293	\$1,193,130
Contributions - employee	-	-	-	-	-	-
Net investment income	2,242,000	1,955,000	1,843,597	1,193,002	9,727,542	(6,313,499)
Administrative expense	(11,000)	(45,000)	(12,152)	(22,710)	(19,885)	(18,712)
Benefit payments	<u>(2,735,000)</u>	<u>(2,956,000)</u>	<u>(3,175,000)</u>	<u>(3,129,284)</u>	<u>(3,405,824)</u>	<u>(3,220,340)</u>
Net change in plan fiduciary net position	3,631,000	3,720,000	3,621,445	3,136,207	11,717,126	(8,359,421)
Plan fiduciary net position - beginning	20,638,000	24,269,000	27,988,590	31,610,035	34,746,242	46,463,368
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>	<u><u>\$34,746,242</u></u>	<u><u>\$46,463,368</u></u>	<u><u>\$38,103,947</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>	<u><u>\$23,166,623</u></u>	<u><u>\$7,228,281</u></u>	<u><u>\$17,399,877</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	41.67%	45.98%	56.71%	60.00%	86.54%	68.65%
Covered payroll	<u><u>\$26,020,000</u></u>	<u><u>\$25,366,000</u></u>	<u><u>\$26,298,000</u></u>	<u><u>\$26,865,090</u></u>	<u><u>\$27,509,497</u></u>	<u><u>\$28,289,251</u></u>
Net OPEB liability as a percentage of covered payroll	<u><u>130.58%</u></u>	<u><u>129.63%</u></u>	<u><u>91.75%</u></u>	<u><u>86.23%</u></u>	<u><u>26.28%</u></u>	<u><u>61.51%</u></u>

Notes to schedule:

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

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

Fiscal Year Ended June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$4,246,000	\$4,384,000	\$4,557,000	\$4,697,000	\$3,644,000	\$3,755,000
Contributions in relation to the ADC actuarially determined contribution	<u>4,754,000</u>	<u>4,965,000</u>	<u>5,095,199</u>	<u>5,415,293</u>	<u>1,193,130</u>	<u>3,657,583</u>
Contribution deficiency (excess)	<u>(\$508,000)</u>	<u>(\$581,000)</u>	<u>(\$538,199)</u>	<u>(\$718,293)</u>	<u>\$2,450,870</u>	<u>\$97,417</u>
Covered payroll	<u>\$25,366,000</u>	<u>\$26,298,000</u>	<u>\$26,865,090</u>	<u>\$27,509,497</u>	<u>\$28,289,251</u>	<u>\$27,294,272</u>
Contributions as a percentage of Covered payroll	18.74%	18.88%	18.97%	19.69%	4.22%	13.40%
Notes to Schedule						
Valuation date:	6/30/2017	6/30/2017	6/30/2019	6/30/2020	6/30/2021	6/30/2022

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Investment gains/losses spread over 5-year rolling period
Inflation	2.75%
Discount Rate	6.75%
Payroll Growth	2.75%
Retirement Age	The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015.
Healthcare Trend Rate	Non-Medicare - 7.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.1% for 2022, decreasing to an ultimate rate
Mortality	Mortality projected fully generational with Scale MP- 2019.

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

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STATISTICAL SECTION



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**Marin Municipal Water District
Annual Financial Report Comprehensive
Fiscal Year Ended June 30, 2023**

Statistical Section

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUES:										
Water sales and service charges	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241	\$ 81,632,469	\$ 68,060,107	\$ 72,006,764
Connection charges	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182	912,312	540,349	1,678,395
Capital Maintenance Fee (7)							14,301,460	15,509,355	16,444,158	17,161,227
Watershed Management Fee (1)			1,244,800	3,884,640	4,259,747	4,350,066	4,545,973	4,572,006	4,899,012	5,113,736
Other operating revenue	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561	923,221	807,338	808,396	802,258	767,548
Total operating revenues	67,734,729	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	97,271,194	103,434,538	90,745,884	96,727,670
OPERATING EXPENSES:										
Water Purchases	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211	10,260,284	12,139,318	8,406,309
Watershed Maintenance	4,632,367	4,865,715	4,993,983	5,628,215	6,089,694	6,167,936	4,905,934	5,949,405	6,995,749	6,506,909
Water treatment	7,877,579	7,958,876	8,234,855	8,833,395	9,871,182	10,551,829	11,693,750	11,136,667	11,089,440	12,897,893
Pumping	2,955,530	2,742,815	2,828,355	2,273,533	3,257,344	3,051,386	3,707,450	4,031,063	3,489,334	3,538,544
Transmission and distribution	15,342,857	16,719,105	17,524,368	19,508,203	21,103,668	22,501,682	25,876,763	24,185,190	24,485,389	23,762,349
Customer service and meter operation	2,734,368	2,581,382	2,719,372	3,359,021	3,906,115	3,888,932	4,378,528	5,783,583	3,020,064	4,769,165
Water Conservation	2,601,119	2,799,527	2,725,551	2,608,531	2,660,654	2,470,477	1,907,387	2,209,236	3,697,128	2,006,668
Administrative and general	10,838,586	9,849,746	9,334,828	10,713,742	12,659,776	12,530,404	17,403,359	15,996,241	3,851,416	15,225,436
Depreciation and amortization	11,324,138	10,776,549	11,032,196	11,348,227	11,665,632	12,108,529	12,256,812	12,960,365	14,347,879	14,342,393
Total operating expenses	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194	92,512,034	83,115,717	91,455,666
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811	280,632	2,826,980	2,378,290
Investment income (loss)	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461	(323,701)	2,964,732	(131,843)
Interest income	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318	409,770	317,362	1,486,059
Other income	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)	1,716,440	1,763,311	2,239,464
Interest expense	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)	(6,516,310)	(5,276,537)	(5,495,646)
Total nonoperating revenues (expenses), net	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)	(4,433,169)	2,595,848	496,324
Capital contributions	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311	5,356,385	6,198,204	7,440,141
Increase in Net Positions	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283	\$ 11,845,720	\$ 16,424,219	\$ 13,208,469
% Water rate increase	(3)	-	(5) & 4%	-	(6)	(7)	(8)	(9)	(10)	(11)
Number of Employees (4)	242	235	232	228	228	229	225	226	218	213

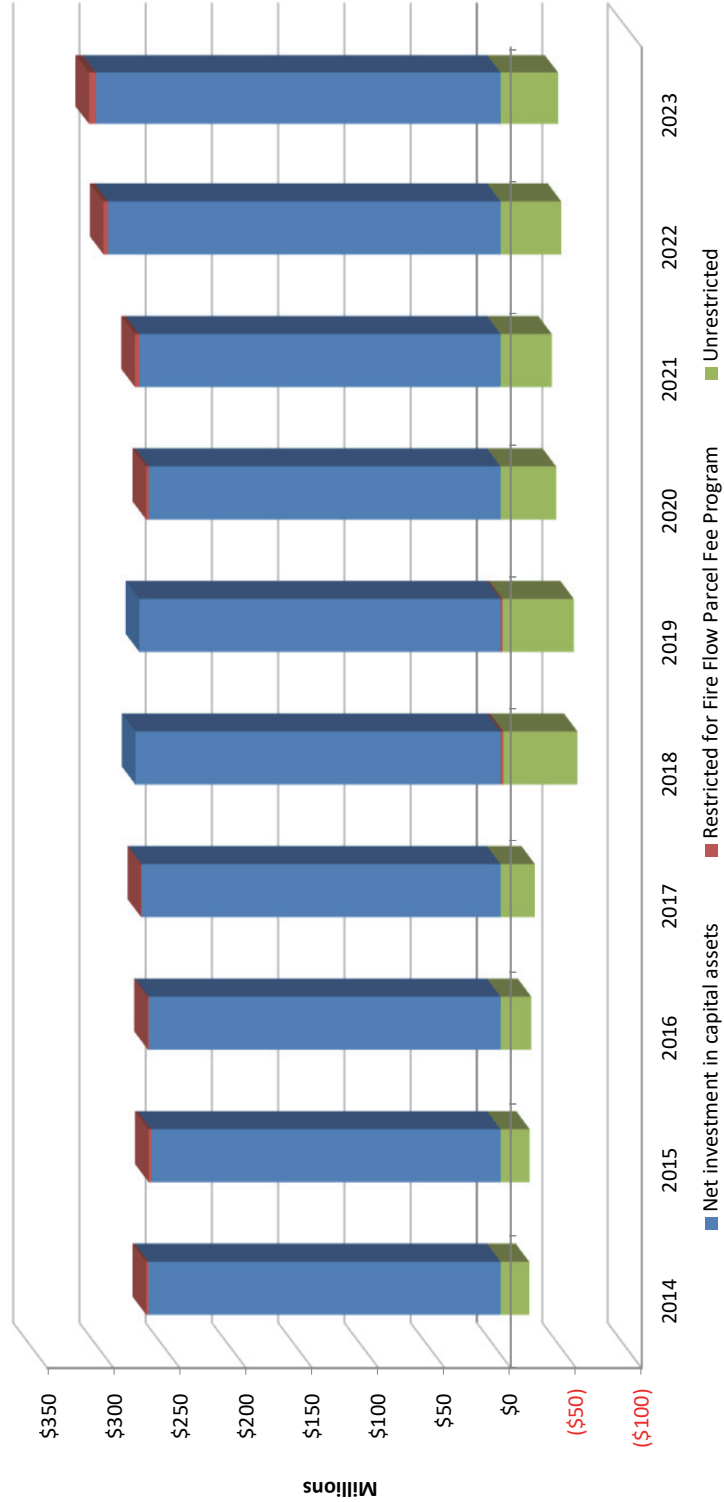
- (1) New Watershed Management Fee and new rate structure effective on January 1, 2016
- (2) Implemented GASB 68 requirement for pension liability in FY 2015
- (3) Total combined 10% rate increases on July 5, 2009 and March 1, 2010
- (4) The number represents filled positions only
- (5) Effective January 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
- (9) 4% rate increase on April 9, 2021
- (10) 4% rate increase on July 5, 2021
- (11) 4% rate increase on July 1, 2022

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUES:										
Water sales and service charges	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241	\$ 81,632,469	\$ 68,060,107	\$ 72,006,764
Connection charges	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182	912,312	540,349	1,678,395
Capital Maintenance Fee			1,244,800	3,884,640	4,259,747	4,350,066	14,301,460	15,509,355	16,444,158	17,161,227
Watershed Management Fee		1,154,210	1,050,151	1,038,399	1,233,561	923,221	4,545,973	4,572,006	4,899,012	5,113,736
Other operating revenue	1,351,687	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	807,338	808,396	802,258	767,548
Total operating revenues	67,734,729	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194	92,512,034	83,115,717	91,455,666
OPERATING EXPENSES:										
Personnel services	33,237,254	34,245,965	34,685,884	39,090,743	43,326,422	44,934,887	47,801,027	45,609,155	34,136,736	42,777,368
Materials and supplies	2,331,826	2,173,853	1,976,319	2,029,965	2,313,215	2,114,574	2,414,033	2,362,137	2,259,353	2,733,594
Operations	4,006,611	4,238,295	4,392,449	4,167,867	5,330,599	6,191,352	5,620,809	7,152,677	8,447,101	10,667,659
Water conservation rebate program	132,019	237,563	332,052	248,029	119,185	120,394	173,107	452,232	1,704,614	363,238
Electrical power	3,397,161	3,152,661	3,250,983	2,841,917	4,071,680	3,814,233	4,634,313	5,038,827	4,361,668	4,423,181
Water purchased	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,212	10,260,284	12,139,318	8,406,309
Insurance, including claims	1,310,545	1,141,719	1,849,921	1,761,928	1,495,198	1,253,329	5,755,792	3,848,921	1,007,302	3,481,520
General and administrative	2,566,990	2,327,110	1,873,705	2,784,191	2,892,134	2,733,877	3,474,089	4,827,436	4,711,746	4,260,404
Depreciation and amortization	11,324,138	10,776,549	11,032,195	11,348,227	11,665,632	12,108,529	12,256,812	12,960,365	14,347,879	14,342,393
Total operating expenses	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194	92,512,034	83,115,717	91,455,666
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811	280,632	2,826,980	2,378,290
Investment income (loss)	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461	(323,701)	2,964,732	(131,843)
Interest income	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318	409,770	317,362	1,486,059
Other income	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)	1,716,440	1,763,311	2,259,464
Interest expense	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)	(6,516,310)	(5,276,537)	(5,495,646)
Total nonoperating revenues (expenses), net	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)	(4,433,169)	2,595,848	496,324
Capital contributions	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311	5,356,385	6,198,204	7,440,141
Increase in Net Positions	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283	\$ 11,845,720	\$ 16,424,219	\$ 13,208,469

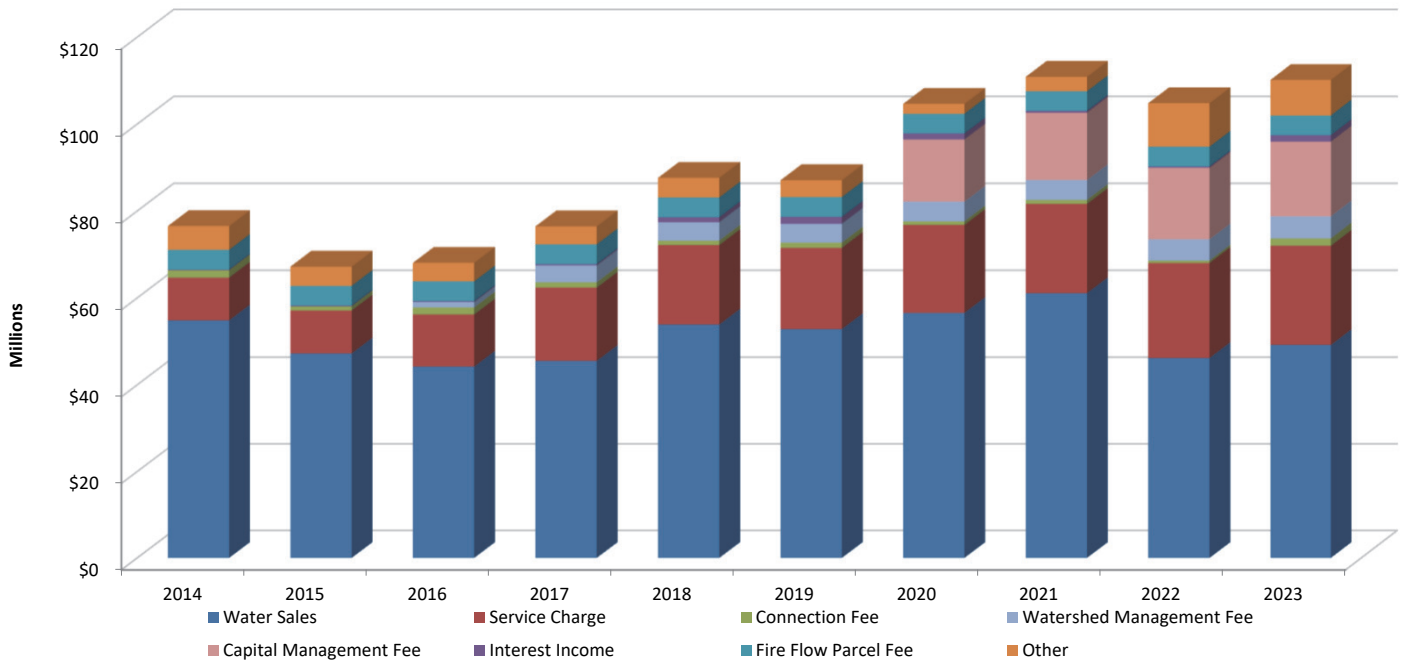
**Marin Municipal Water District
TEN YEAR SUMMARY OF NET POSITION
Year ended June 30,**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NET POSITION:										
Net investment in capital assets	\$ 265,964,474	\$ 263,879,193	\$ 265,735,569	\$ 271,082,963	\$ 275,806,106	\$ 272,816,752	\$ 265,731,745	\$ 273,097,879	\$ 296,463,975	\$ 305,550,165
Restricted for Fire Flow Parcel Fee Program	1,736,460	1,939,529	656,839	426,571	(1,973,265)	(1,363,318)	2,021,206	3,139,821	3,461,244	5,237,578
Unrestricted	(21,740,132)	(22,133,082)	(23,333,804)	(26,124,229)	(56,721,202)	(54,570,412)	(42,325,646)	(38,964,675)	(46,227,975)	(43,882,030)
TOTAL NET POSITION	\$ 245,960,802	\$ 243,685,640	\$ 243,058,604	\$ 245,385,305	\$ 217,111,639	\$ 216,883,022	\$ 225,427,305	\$ 237,273,025	\$ 253,697,244	\$ 266,905,713



**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
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
2021	110,874,064	61,099,872	20,532,597	912,312	4,572,006	15,509,355	409,770	4,504,313	3,333,839
2022	104,816,473	46,192,851	21,867,256	540,349	4,899,012	16,444,158	317,362	4,525,100	10,030,385
2023	110,159,781	49,177,676	22,829,089	1,678,395	5,113,736	17,161,227	1,486,059	4,525,628	8,187,971



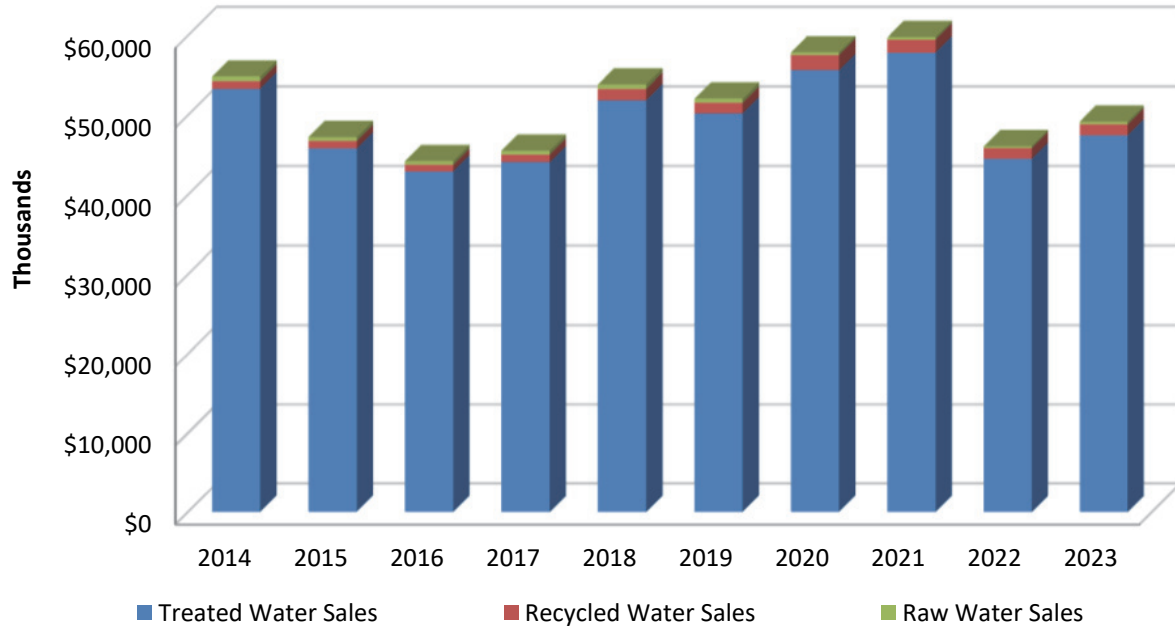
MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS
 Year ended June 30,

Effective Date	FY2014	FY2015	FY2016		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	5/1/2012	5/1/2012	1/1/2016	5/1/2016	5/1/2016	7/1/2017	7/1/2017	7/1/2019	4/9/2021*	7/5/2021*	7/1/2022*
Single-Family Residential											
Tier 1	\$ 3.74	\$ 3.74	\$ 3.81	\$ 3.96	\$ 3.96	\$ 4.07	\$ 4.07	\$ 4.19	\$ 4.36	\$ 4.54	\$ 4.73
Tier 2	7.48	7.48	6.40	6.66	6.66	7.13	7.13	7.26	7.55	7.87	8.19
Tier 3	14.97	14.97	10.96	11.40	11.4	12.07	12.07	12.25	12.74	13.25	13.78
Tier 4	22.45	22.45	18.85	19.60	19.6	19.45	19.45	19.68	20.47	21.29	22.15
Duplex Residential											
Tier 1	3.74	3.74	3.81	3.95	3.95	4.10	4.10	4.22	4.39	4.57	4.76
Tier 2	7.48	7.48	6.52	6.77	6.77	7.24	7.24	7.38	7.68	7.99	8.31
Tier 3	14.97	14.97	10.69	11.11	11.11	12.02	12.02	12.19	12.68	13.19	13.72
Tier 4	22.45	22.45	18.17	18.89	18.89	18.90	18.90	19.13	19.90	20.70	21.53
Multi-Unit Residential											
Tier 1	3.74	3.74	3.83	3.93	3.93	4.16	4.16	4.27	4.44	4.63	4.82
Tier 2	7.48	7.48	6.33	6.50	6.5	7.07	7.07	7.20	7.49	7.79	8.11
Tier 3	14.97	14.97	10.43	10.71	10.71	11.25	11.25	11.41	11.87	12.35	12.85
Tier 4	22.45	22.45	17.88	18.36	18.36	18.94	18.94	19.16	19.93	20.73	21.56
Business, Institutional and Irrigation											
Tier 1	3.74	3.74	3.65	3.80	3.8	3.98	3.98	4.09	4.25	4.44	4.62
Tier 2	7.48	7.48	9.37	9.75	9.75	10.82	10.82	10.99	11.43	11.89	12.37
Tier 3	14.97	14.97	14.41	14.98	14.98	16.26	16.26	16.46	17.12	17.81	18.53
Single-Family Irrigation											
Tier 1			5.19	5.19	5.19	5.14	5.14	5.27	5.48	5.71	5.94
Tier 2			6.82	6.82	6.82	6.15	6.15	6.29	6.54	6.82	7.10
Tier 3			10.88	10.88	10.88	10.76	10.76	10.94	11.38	11.84	12.32
Raw Water											
Tier 1	3.40	3.40	3.65	3.80	3.8	4.23	4.23	3.82	3.97	4.14	4.31
Tier 2	6.81	6.81	6.45	6.70	6.7	4.23	4.23	3.82	3.97	4.14	4.31
Tier 3	13.61	13.61	14.62	15.21	15.21	4.23	4.23	3.82	3.97	4.14	4.31
Recycled Water											
Tier 1	2.57	2.57	2.65	2.76	2.76	3.17	3.17	3.17	3.30	3.55	3.70
Tier 2	5.13	5.13	7.27	7.56	7.56	10.05	10.05	10.20	10.61	11.04	11.49
Tier 3	10.26	10.26	15.17	15.78	15.78	18.73	18.73	18.94	19.70	20.49	21.35
Bimonthly Service Charges by meter size											
5/8"	21.53	21.53	32.55	33.85	33.85	36.79	36.79	39.66	41.25	42.90	44.62
3/4"	23.81	23.81	41.25	42.90	42.9	46.62	46.62	50.74	52.77	54.89	57.09
1"	32.88	32.88	58.60	60.95	60.95	66.28	66.28	72.89	75.81	78.85	82.01
1.5"	55.66	55.66	101.95	106.05	106.05	115.43	115.43	128.27	133.40	138.75	144.30
2"	82.85	82.85	154.00	160.20	160.2	174.41	174.41	194.72	202.51	210.62	219.05
3"	155.51	155.51	318.85	331.70	331.7	361.18	361.18	405.17	421.38	438.24	455.77
4"	214.69	214.69	561.75	584.40	584.4	636.42	636.42	715.30	743.91	773.68	804.63
6"	463.76	463.76	1,229.70	1,279.30	1279.3	1,393.33	1,393.33	1,568.15	1,630.88	1,696.12	1,763.97
8"	917.90	917.90	2,097.20	2,181.80	2181.8	2,376.33	2,376.33	2,675.75	2,782.78	2,894.10	3,009.87
10"	1,372.04	1,372.04	3,311.70	3,445.30	3445.3	3,752.53	3,752.53	4,226.39	4,395.45	4,571.27	4,754.13
Bimonthly Watershed Management Fee											
5/8"			8.45	8.80	8.8	9.78	9.78	10.29	10.70	11.14	11.59
3/4"			10.15	10.55	10.55	11.69	11.69	12.30	12.79	13.32	13.86
1"			13.45	14.00	14	15.50	15.50	16.30	16.95	17.64	18.35
1.5"			21.80	22.65	22.65	25.02	25.02	26.31	27.36	28.47	29.61
2"			31.80	33.05	33.05	36.45	36.45	38.32	39.85	41.46	43.12
3"			63.50	66.00	66	72.65	72.65	76.36	79.41	82.60	85.91
4"			110.15	114.60	114.6	125.99	125.99	132.42	137.72	143.23	148.96
6"			238.55	248.10	248.1	272.67	272.67	286.57	298.03	309.97	322.37
8"			405.30	421.50	421.5	463.17	463.17	486.77	506.24	526.50	547.56
10"			638.75	664.30	664.3	729.87	729.87	767.05	797.73	829.65	862.84
Capital Management Fee											
5/8"								27.25	28.34	29.25	30.42
3/4"								40.87	42.50	43.86	45.61
1"								68.12	70.84	73.11	76.03
1.5"								136.24	141.69	146.22	152.07
2"								217.99	226.71	233.96	243.32
3"								476.85	495.92	511.79	532.26
4"								858.34	892.67	921.24	958.26
6"								1,907.42	1,983.72	2,047.20	2,129.09
8"								3,269.86	3,400.65	3,509.47	3,649.85
10"								5,177.29	5,384.38	5,556.68	5,778.95

* 4% rate increase on 4/9/2021, 7/5/2021 and 7/1/2022

**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	Total
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
2021	57,848	1,646*	285	59,779
2022	44,520	1,367	213	46,100
2023	47,459	1,408	310	49,177



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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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 Mill Valley	City of San Rafael	City of Mill Valley
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	City of San Rafael	County of Marin	City of San Rafael
County of Marin	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	College of Marin
Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Marin General Hospital	County of Marin
Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Meadow Club	Meadow Club	Mcinnis Park Golf	Marin General Hospital	Mcinnis Park Golf	Department of Corrections
Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	National Park Service	Marin General Hospital	Meadow Club	Meadow Club	Meadow Club	Meadow Club
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	National Park Service	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	San Geronimo Golf Course	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	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 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	San Rafael School District	Tamalpais Union HS District	Tamalpais Union HS District	Tamalpais Union HS District	Tamalpais Union HS District	Tamalpais Union HS District	Tamalpais Union HS District

Note: Top ten customers are listed in alphabetical order

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Parcel fee	\$ 4,524,178	\$ 4,511,604	\$ 4,511,652	\$ 4,523,545	\$ 4,518,478	\$ 4,526,384	\$ 4,520,242	\$ 4,504,313	\$ 4,525,100	\$ 4,525,628
Interest income	3,799	5,327	3,327	2,871	380	(53,314)	(9,896)	11,340	6,986	111,482
	<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>	<u>4,515,653</u>	<u>4,532,086</u>	<u>4,637,110</u>
Expenses										
Personnel	1,244,252	1,205,830	1,461,144	1,118,720	981,018	615,233	229,302	643,789	882,352	491,608
Materials and supplies	622,091	628,747	513,669	615,591	947,442	338,550	37,968	519,594	463,728	547,463
General and administrative	2,269	4,099	6,861	3,098	3,118	1,248	-	2,082	4,538	661
Operations	107,205	43,521	107,233	79,072	90,512	73,723	24,589	75,615	46,114	42,357
Construction contracts	3,248,806	2,379,061	3,571,453	2,846,854	4,859,953	2,790,673	830,161	2,126,407	2,799,431	1,714,988
Professional fees	50,361	52,605	172,708	93,350	36,650	43,696	3,804	29,550	7,514	63,699
	<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>	<u>\$ 3,397,037</u>	<u>\$ 4,203,677</u>	<u>\$ 2,860,776</u>

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 Water Plan.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating and other revenue										
Water sales, connection charges and other operating revenue	\$ 70,456,844	\$ 61,279,514	\$ 62,268,556	\$ 70,640,738	\$ 80,903,878	\$ 79,572,164	\$ 95,543,899	\$ 105,431,610	\$ 95,336,175	\$ 101,365,424
Operating expense										
Source of supply	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211	10,260,284	12,139,318	8,406,309
Other operating expense (1)	46,982,406	47,517,166	48,361,312	52,924,640	59,548,433	61,162,646	69,873,171	69,291,384	56,628,520	68,706,964
Total operating expense	54,420,146	54,237,270	54,093,422	58,851,561	66,352,036	68,129,330	77,186,382	79,551,668	68,767,838	77,113,273
Interest income on operating funds	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318	409,770	317,362	1,486,059
Net operating income	16,183,753	7,213,637	8,404,450	12,111,169	15,696,914	13,041,110	19,741,835	26,289,712	26,885,699	25,738,210
Transfer (to)/from Rate Stabilization Fund	(4,900,000)	1,400,000	200,000	(2,300,000)	(1,400,000)	-	-	-	(2)	-
Net income available for bonded debt service	\$ 11,283,753	\$ 8,613,637	\$ 8,604,445	\$ 9,811,169	\$ 14,296,914	\$ 13,041,110	\$ 19,741,835	\$ 26,289,712	\$ 26,885,699	\$ 25,738,210
Actual annual bonded debt service	\$ 7,422,090	\$ 6,755,140	\$ 6,878,665	\$ 6,483,680	\$ 9,385,045	\$ 9,390,653	\$ 9,382,553	\$ 9,386,043	\$ 9,244,706	\$ 8,838,425
Coverage factor	1.52	1.28	1.25	1.51	1.52	1.39	2.10	2.80	2.91	2.91

(1) Excludes depreciation, amortization, and interest expense

(2) FY 2022, Rate Stabilization fund transfer of \$7,458,000 was for Capital Project Improvements; not included in ratio.

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

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2004 Certificates of Participation (1) 2.5% - 5.25%	\$ 2,935	\$ 1,915	\$ 845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturity: Fiscal Year 2030										
Capital Lease Obligation	-	-	-	-	-	-	-	-	-	-
Maturity: Fiscal Year 2010										
Clean Renewable Energy Bonds	1,223	1,100	978	856	734	611	489	367	245	122
Maturity: Fiscal Year 2023										
2010 Water Revenue Bonds (2)	31,850	31,850	31,850	-	-	-	-	-	-	-
2.5% - 5.25%										
Maturity: Fiscal Year 2030										
2012 Water Revenue Bonds (4)	85,000	84,680	84,350	84,350	82,490	80,580	78,590	76,545	2,205	-
2.5% - 5.25%										
Maturity: Fiscal Year 2030										
Original Bond Premium/discount, net**	9,611	9,290	8,968	11,260	16,865	16,283	15,701	15,119	15,002	14,403
Aqueduct Energy Efficiency Project (AEEP)	3,600	3,355	2,865	2,620	2,375	2,365	2,224	2,079	1,777	1,620
Maturity: Fiscal Year 2032										
2016 Water Revenue Refunding Bonds	-	-	-	31,380	31,380	31,380	31,380	31,380	31,380	31,380
3.375%-5.00%										
Maturity: Fiscal Year 2040										
Las Gallinas Valley Sanitary District-Recycled Water Buy-In	-	-	-	5,671	5,427	5,252	4,913	4,640	4,398	4,153
4%										
Maturity: Fiscal Year 2042										
2017 Subordinate Revenue Bonds	-	-	-	-	36,120	35,385	34,775	34,150	33,500	32,815
2.00%-5.00%										
Maturity: Fiscal Year 2047										
2022 Refunding Revenue Bonds (4)	-	-	-	-	-	-	-	-	66,535	64,210
3.00%-5.00%										
Maturity: Fiscal Year 2052										
Total	\$ 134,219	\$ 132,190	\$ 129,856	\$ 136,137	\$ 175,391	\$ 171,856	\$ 168,072	\$ 164,280	\$ 155,042	\$ 148,703
Percentage of Personal Income (3)	\$ 0.52%	\$ 0.46%	\$ 0.43%	\$ 0.42%	\$ 0.50%	\$ 0.47%	\$ 0.45%	\$ 0.38%	\$ 0.38%	\$ 0.38%
Per Capita (3)	\$ 515	\$ 506	\$ 498	\$ 522	\$ 675	\$ 664	\$ 653	\$ 631	\$ 631	\$ 631

(1) 2004 Certificates of Participation were partially refunded by the 2012 Water Revenue Bonds
(2) 2010 Water Revenue Bonds were fully refunded by the 2016 Water Revenue Refunding Bonds
(3) See the Demographic Statistics Schedule for personal income and population data used to calculate the ratios
(4) 2012 Water Revenue Bonds were partially refunded by the 2022 Refunding Revenue Bonds

**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)
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	257,332	37,461,199,000	145,575	10.10%
2021	260,206	42,704,366,000	164,118	5.10%
2022	Unavailable	Unavailable	Unavailable	2.70%
2023	Unavailable	Unavailable	Unavailable	3.40%

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**

Calendar year	2022			2013		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment	
County of Marin	3,236	2.52%	County of Marin	2,037	1.51%	
Marin Health Medical Center	1,757	1.37%	Kaiser Permanente Medical Center	1,756	1.30%	
San Quentin State Prison	1,578	1.23%	San Quentin State Prison	1,690	1.25%	
Kaiser Permanente Medical Center	902	0.70%	Marin General Hospital	1,300	0.96%	
Marin Community College District	873	0.68%	Autodesk, Inc.	1,000	0.74%	
City of San Rafael	690	0.54%	BioMarin Pharmaceutical	850	0.63%	
Marin Community Clinics	550	0.43%	Novato Unified School District	805	0.60%	
City of Mill Valley	392	0.31%	Fireman's Fund Insurance Co.	750	0.55%	
Novato Community Hospital	329	0.26%	Lucasfilm Ltd.	400	0.30%	
City of Novato	318	0.25%	Macy's	380	0.28%	
	<u>10,625</u>	<u>8.27%</u>		<u>10,968</u>	<u>8.11%</u>	
Total County Employment		<u>128,400</u>	Total County Employment		<u>135,200</u>	

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Manager Division	24	23	19	21	20	2 (2)	10 (3)	31 (4)	31 (4)	32
Legal Service Division	2	2	1	1	1	2	2	2	2	2
Administrative Service Division	37	34	33	35 (1)	35	53 (2)	45 (3)	45	41	33
Human Resources Division	7	7	7	7	7	5	N/A (3)	N/A	N/A	N/A
Environmental & Engineering Service Division	92	92	92	86	92	92	88	41	43	40
Facilities & Watershed Division	80	77	80	78 (1)	73	75	80	N/A	N/A	N/A
Operations Division								107 (4)	101 (4)	106
	242	235	232	228	228	229	225	226	218	213

- (1) Safety moved from Administrative Services Division to Facilities & Watershed Division in FY 2017.
- (2) Public Information, Water Conservation and IT Departments moved from General Manager Division to Administrative Services Division in FY 2019.
- (3) Human Resource Department moved to General Manager Division and Public Communication Department moved from Administrative Services Division to General Manager Division in FY 2020.
- (4) Watershed Department moved to General Manager Division, Facilities Department moved to Operations Division, Water System, Water Quality Lab, Water Treatment, Backflow Departments moved from Engineering Division to Operations Division in FY 2021.

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

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Rights	\$ 13,273,601	\$ 13,273,601	\$ 13,273,601	\$ 19,623,196	\$ 19,623,196	\$ 16,755,852	\$ 16,298,734	\$ 16,298,734	\$ 16,298,734	\$ 16,298,734
Land	11,128,405	11,129,340	11,465,962	11,539,660	12,675,559	13,536,978	13,638,944	18,750,702	19,204,676	19,612,537
Buildings	21,999,810	23,184,242	23,435,207	23,435,207	23,437,365	24,446,991	24,464,041	26,061,904	26,153,018	26,153,018
Dams and reservoirs	98,099,616	108,899,065	110,266,491	111,878,050	114,482,162	115,118,366	115,119,565	116,835,082	117,969,615	118,013,986
Pumping plants	32,430,877	32,938,312	33,424,128	33,789,710	33,793,514	39,855,409	40,134,643	40,307,556	42,546,794	42,586,428
Water treatment plants	42,937,155	46,490,317	46,916,968	46,997,576	47,028,515	47,756,388	38,503,048	39,601,987	43,832,437	45,159,604
Transmission and distribution lines	279,241,492	296,140,918	302,385,765	316,617,744	320,953,556	335,058,642	339,588,434	352,012,372	372,592,048	376,336,127
Vehicles	7,123,916	7,515,628	7,755,984	8,114,715	8,176,287	8,446,342	8,396,096	8,289,146	8,550,432	8,437,888
Equipment	21,217,373	21,154,243	21,675,862	22,292,032	23,356,824	24,863,812	25,255,415	36,282,620	36,862,527	36,857,150
Construction in Progress	25,942,572	16,393,442	27,133,846	34,538,754	51,212,783	44,138,334	54,243,727	42,854,665	42,395,496	53,467,890
Total Plant-In-Service	553,394,817	577,119,108	597,733,814	628,826,644	654,739,761	669,977,114	675,642,647	697,294,768	726,405,777	742,923,362
Less Accumulated Depreciation	(195,074,858)	(204,401,491)	(214,197,589)	(225,082,786)	(235,908,831)	(245,204,814)	(250,499,901)	(262,441,312)	(276,413,769)	(290,098,995)
Net Utility Plant	\$ 358,319,959	\$ 372,717,617	\$ 383,536,225	\$ 403,743,858	\$ 418,830,930	\$ 424,772,300	\$ 425,142,746	\$ 434,853,456	\$ 449,992,008	\$ 452,824,367

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

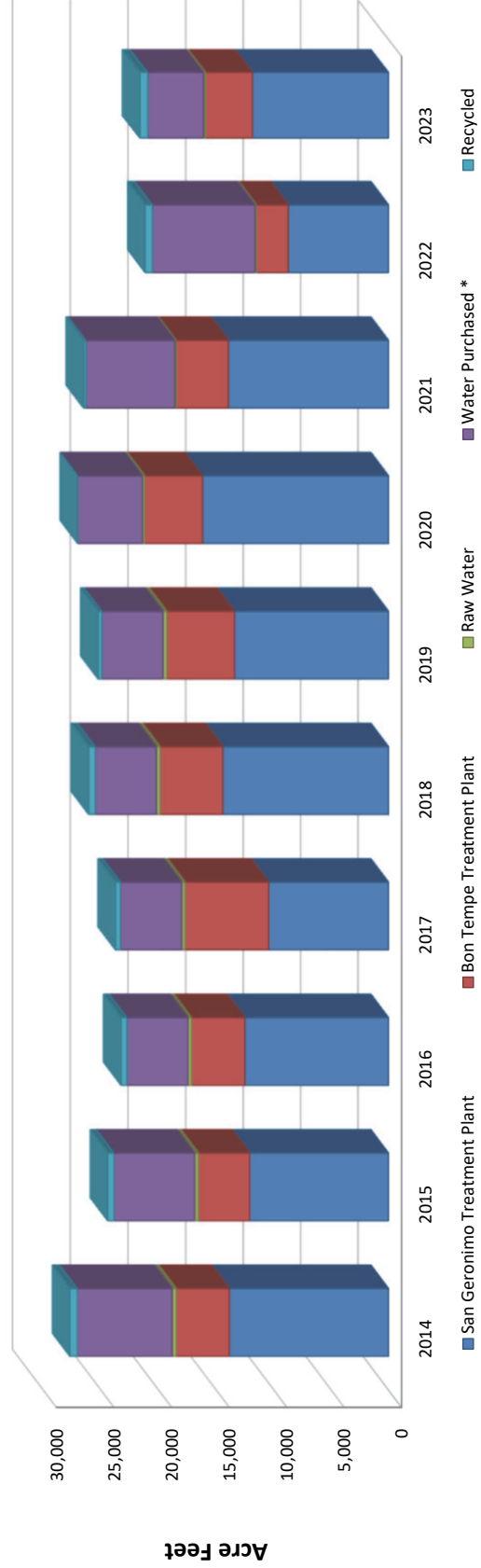
Fiscal Year	San Geronimo Treatment Plant	Bon Tempe Treatment Plant	Raw Water	Water Purchased *	Recycled	TOTAL (Acre Foot)	CHANGE	PERCENT	POPULATION**	Gallons per capita per day
2014	13,872	4,602	338	8,236	642	27,689	(370)	-1.3%	187,500	131.8
2015	12,101	4,446	317	7,000	543	24,407	(3,281)	-11.9%	188,200	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(1)	27,010	1,766	7.0%	195,880	123.1
2021	13,945	4,528	108	7,723	200	26,504	(506)	-1.9%	193,937	122.0
2022	8,755	2,767	117	8,896	629	21,164	(5,340)	-20.1%	195,271	96.8
2023	11,859	4,066	163	4,851	681	21,620	456	2.2%	196,605	98.2
Total:	127,541	48,630	2,441	63,529	4,544	246,684				
10-YEAR AVERAGE (2014-23)	12,754	4,863	244	6,353	454	24,668				

* Purchased water from Sonoma County Water Agency

** Population data source Urban Water Management Plan. Numbers after 2020 are projections.

(1) The District stopped operating the recycling water treatment plant in October 2018. Customers who have separate recycle water meters were provided with the regular potable water during FY2020. From FY 2021 on recycled water is provided under an agreement to purchase recycled water from Las Gallinas Valley Sanitary District.

Production by Water Supply Sources

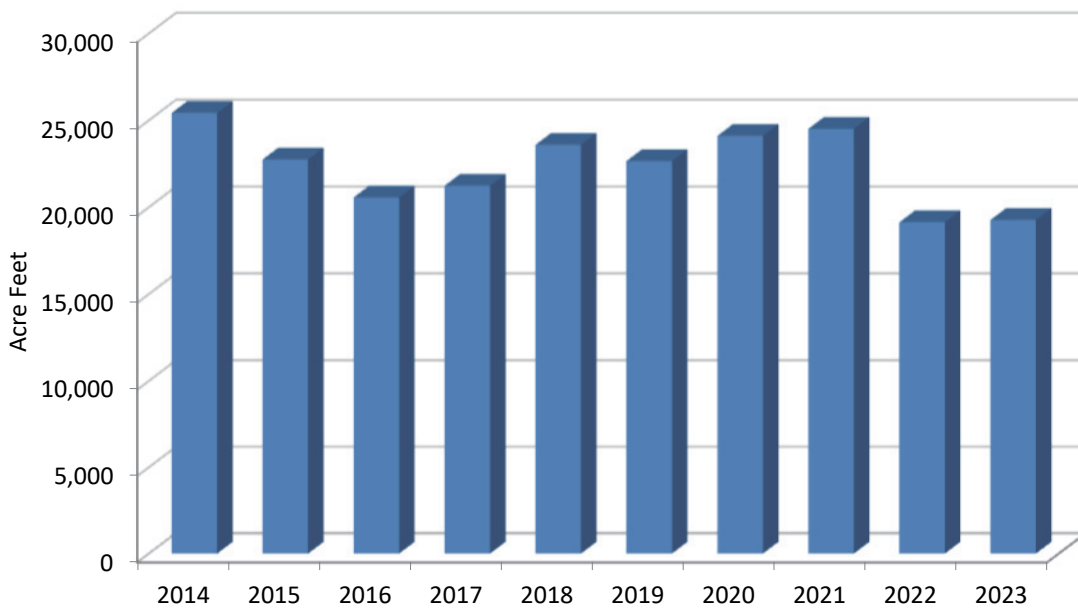


**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER DEMAND
Year ended June 30,**

Fiscal Year	Total Water Demand (AF)*	Million Gallons Per Day (MGD)
2014	25,422	22.70
2015	22,744	20.30
2016	20,558	18.35
2017	21,233	18.96
2018	23,589	21.06
2019	22,655	20.23
2020	24,104	21.52
2021	24,511	21.88
2022	19,129	17.08
2023	19,259	17.19

* Includes billed metered consumption for all customer classes for treated, recycled, and raw water.

Water Demand



MARIN MUNICIPAL WATER DISTRICT
MISCELLANEOUS STATISTICS
Year ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service Area										
Square miles	147	147	147	147	147	147	147	147	147	147
Population	187,500	187,500	189,400	190,300	190,800	191,300	195,880	193,937	195,271	196,605
Water Supply										
Watershed lands (acres)	21,600	21,600	21,600	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	61,400	61,400	61,400	61,400	61,400	61,400	61,400	61,400	61,400	61,400
In millions of gallons	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Average Water imported from Russian River over 10 years (acre feet)	7,000	7,000	6,200	6,500	6,200	6,000	5,900	6,200	6,500	6,350
Operational yield (acre feet) **	28,500	28,500	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Water Use										
Service connections (active)	61,675	61,675	61,800	61,800	61,900	61,900	61,900	61,900	62,000	62,000
Residential	55,402	55,402	55,600	55,700	55,800	55,700	55,800	55,800	56,000	56,000
Other	6,273	6,273	6,200	6,100	6,100	6,200	6,100	6,100	6,000	6,000
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 treated water use over 10 years in acre feet	27,560	27,560	25,730	25,600	25,200	24,900	25,100	25,200	24,600	24,000
In millions of gallons	8,980	8,980	8,380	8,341	8,200	8,100	8,200	8,200	8,015	7,820
Facilities										
Miles of pipeline	888	887	886	887	887	883	883	883	883	883
Number of storage tanks	125	125	125	125	125	124	124	124	128	121
Total tank storage capacity (millions of gallons)	82	82	82	82	82	82	82	82	80	80
Number of pump stations	95	95	94	94	94	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	71	71	71	71	71	71	71	71
Average daily treatment plant production (millions of gallons)	25	25	25	21	21	21	22	22	22	21
Recycled Water Facilities										
Miles of pipeline	24	24	24	24	24	24	24	24	25	25
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	3	3	3	3	3	3	3	3
Number of recycled water treatment plants	1	1	1	1	1	0	0	0	0	0
Maximum daily treatment plant capacity (millions of gallons)	2	2	2	2	2	0	0	0	0	0

* Population data source: Urban Water Management Plan. Numbers after 2020 are projections.
** Amount of water that can be supplied in all but the driest years.