

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2021 and 2020



MARIN WATER

220 Nellen Avenue, Corte Madera, CA 94925

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Corte Madera, California

**Comprehensive Annual
Financial Report
for the years ended
June 30, 2021 and 2020**

Prepared by Finance Division

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**MARIN MUNICIPAL WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

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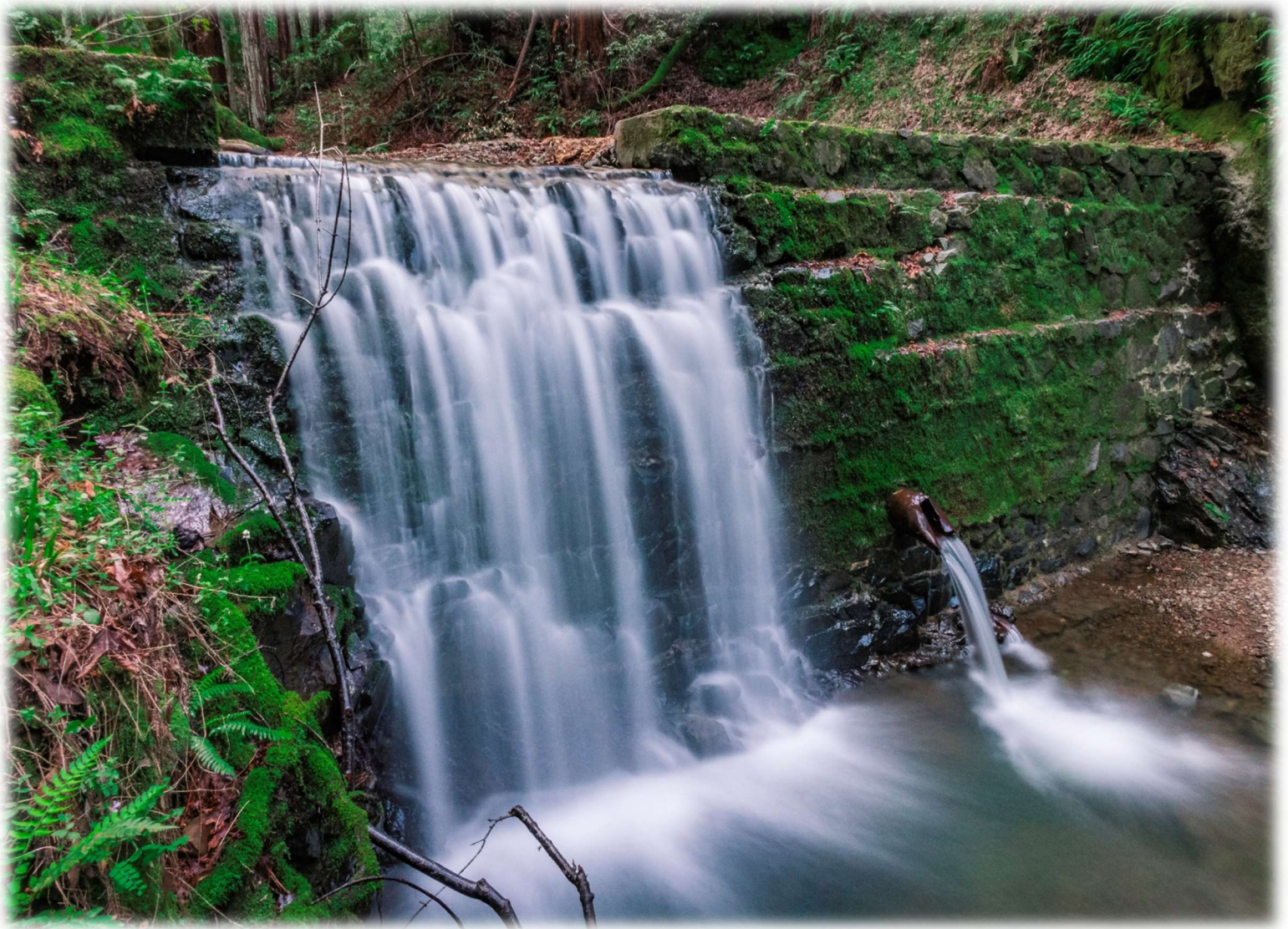
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INTRODUCTORY SECTION



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marinwater.org

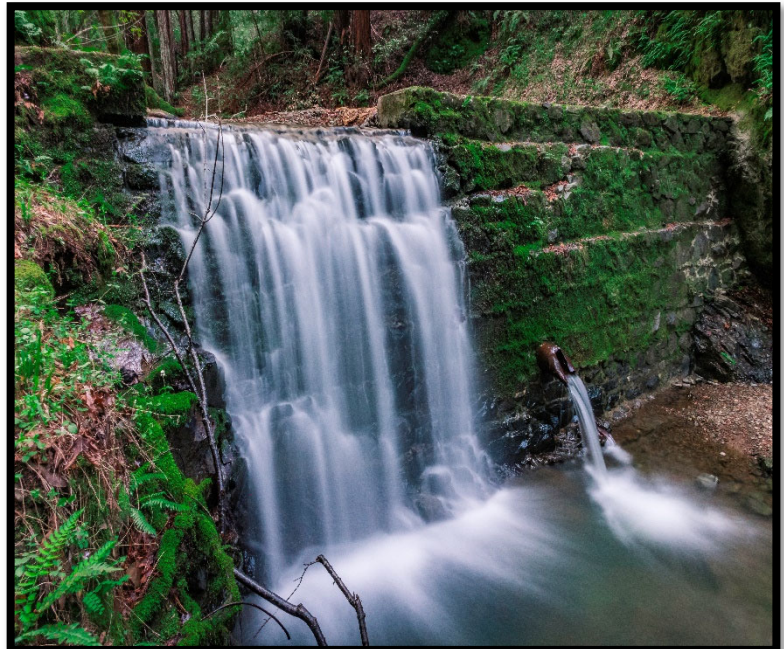
November 4, 2021

Dear Board President and Members of the Board of Directors:

Please find this submittal of the Comprehensive Annual Financial Report (CAFR) of the Marin Municipal Water District (District) for the fiscal years ended June 30, 2021 and June 30, 2020. Since incorporation, the District has submitted an annual audited financial report to the Board of Directors (Board), the public and other interested parties in accordance with California Government Code section 25253. The CAFR provides an overview of the District's finances. Responsibility for the accuracy of this data and the completeness and fairness of the presentation, including all disclosures, rests with the district.

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

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



misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Maze & Associates, a public accounting firm licensed and qualified to perform audits of local governments within the State of California. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal years ended June 30, 2021 and June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the District

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

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



assisting visitors, monitoring plants and animal populations, restoring natural habitats, and maintaining access roads and trails.

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

WATER SYSTEM & TREATMENT FACILITIES

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



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

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

- Alpine Lake was built in 1919 and has an arched concrete dam. The dam was raised in 1923 and 1941 to its present height and a total storage capacity of 8,891 acre-feet.
- Bon Tempe Lake has an earth fill dam and was built in 1948 with a capacity of 4,017 acre-feet.
- Kent Lake has an earth fill dam and was built in 1953. The structure was enlarged in 1982 to accommodate a total capacity of 32,895 acre-feet.
- Lake Lagunitas, the oldest facility, has an earth fill dam built in 1872. Lake Lagunitas still maintains its original capacity of 350 acre-feet.
- Phoenix Lake, has an earth fill dam, was constructed in 1905, and was significantly modified in 1968 and 1985. The last modification reduced the lake's capacity to 411 acre-

feet. It now serves primarily as a scenic resource for the community and is used as a water supply source only in very dry years.

- Nicasio Reservoir has an earth fill dam and was built in 1960, with a capacity of 22,340 acre-feet.
- Soulajule Reservoir is impounded by an earth fill dam built in 1979 with a capacity of 10,572 acre-feet.

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



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

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

years. MMWD stopped the operation of Las Gallinas Reclamation Plant in October 2018.

WATER SUPPLY

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

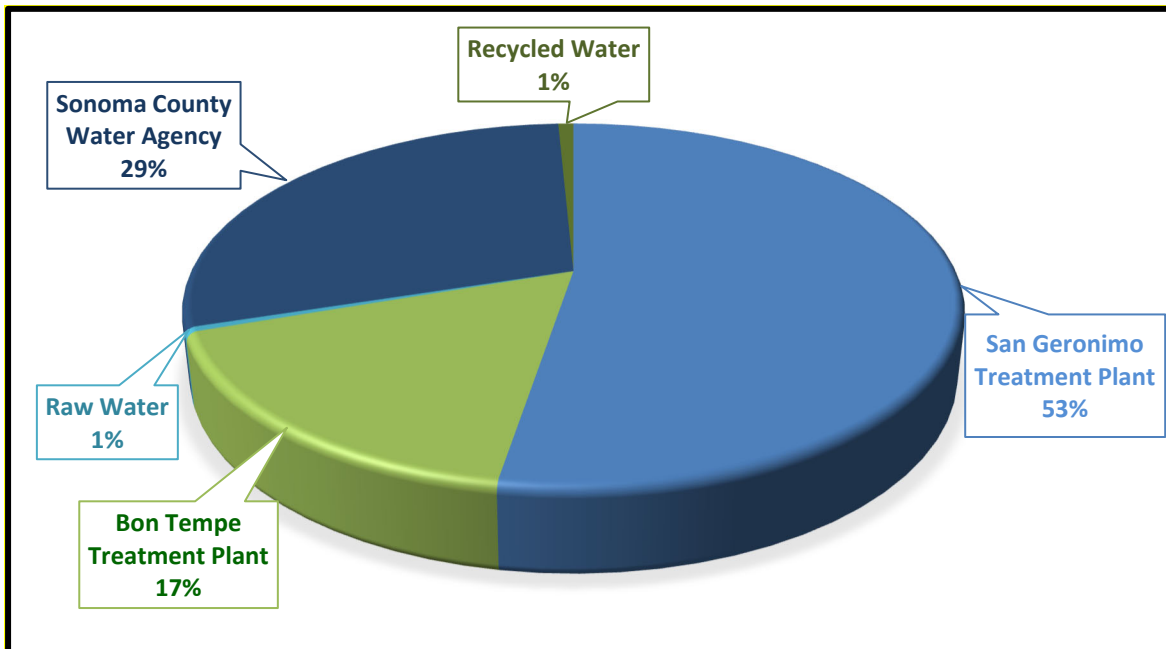
However, year-to-year net runoff figures vary significantly from a high net runoff in 1982/83 of approximately 213,000 acre-feet to a low of approximately 3,000 acre-feet in 1976/77. Today, about 75% of the potable water used by customers comes from the local reservoir system.



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

In addition to the above described local water sources, since 1976 the District has contracted for imported delivery from Sonoma County Water Agency (SCWA). The contract with SCWA allows us to take delivery of up to 14,300 acre-feet of water per year. During the fiscal year 2021, the District produced 26,504 acre-feet of water for its customers, including 7,723 acre-feet of water imported from SCWA.

FY 2021 Water Production Sources



ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located in Marin County with a diversified economic base, which includes high-tech, financial, service-based, entertainment and industrial businesses. According to the State of California Employment Development Department, the County's unemployment rate has steadily declined over the past year from a high of 12.1% in April 2020 to a rate of 4.4% in August 2021, which continues to be lower than the State's rate of 7.5%. Of all 58 California counties, Marin County has the lowest rate of unemployment. This is indicative of the strong local economic activity. Marin County's per capita income realized an annual increase of 4.2 percent from 2018 to 2019, reaching \$141,175, the highest in California. As a comparison, national per capital income reached \$56,490 in 2019. Housing prices in Marin County indicate continued strength. According to Zillow, median single-family home prices within Marin County increased to \$1.73 million in August 2021, compared to \$1.47 million in August 2020.

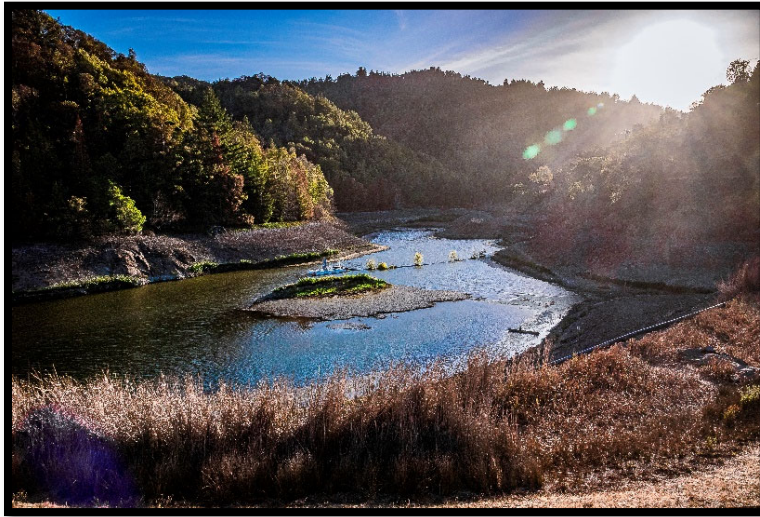


Financial Condition

The District's revenues are dependent upon the demand for water sales, which can be affected by weather, economy, population factors, more stringent drinking water regulations, or problems with the water supply. As of June 2021, the reservoir levels were at 44.25% of capacity from the continued water conservation by customers and the winter rainfall events. Due to the shelter-in-place orders related to COVID and a relatively dry year, the water produced has increased to 26,504 acre-feet in the fiscal year ended June 30, 2021, a slight decrease over the previous fiscal year, which ended with 27,010 acre-feet of gross water sales. 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. The District is currently experiencing an historic drought that will likely require the use of healthy reserve levels during FY 2022.

For the fiscal year ended June 30, 2021, water sales increased by \$4.8 million, or 6.3% to \$81.6 million from \$76.8 million in the prior year; this increase was due to a 4 percent rate increase and increased demand. The debt coverage ratio for the fiscal year ended June 30, 2021 was 2.8x, which is an increase over the ratio for the year ended June 30, 2020 of 2.1x. The Rate Stabilization Fund maintains a healthy balance of \$9.4 million as of June 30, 2021.

Long-Term Financial Planning



Consistent with Government Finance Officers Association (GFOA) recommendations, the District adopted a five-year strategic plan in 2014 and is in process of developing next five-year strategic plan that addresses challenges the District will face in the next five years, and make the best of future opportunities for the benefit of our customers. The plan will confirm our mission and goals as a public agency dedicated to high quality water

delivery and service. It will establish approaches for the preservation of our precious resources for future generations utilizing the principles of sustainability and prudent fiscal practices. It will also outline the specific goals, strategies, and objectives the District will pursue to move us from where we are to where we want to be, and establishes a process to measure our progress. The District also is in the process of developing a 10-year financial plan.

Vision Statement

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

Mission Statement

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

Values

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

- Environmental stewardship & sustainability
- Integrity and ethics
- Open and responsive communications
- Diversity
- Healthy work environment
- Cooperation
- Fairness, dignity, and respect

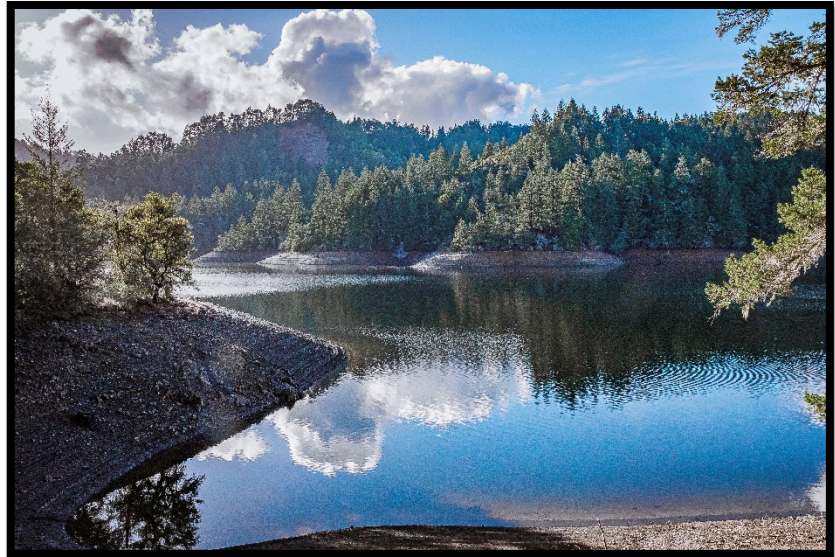
- Continuous improvement through initiative, leadership, personal development, training
- Culture of excellence and innovation
- Responsible financial management

Goals

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

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

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



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

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

FINANCIAL POLICIES

Budgetary Controls

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

The funds management system provides budgetary controls that monitor spending within budgeted amounts. Budgetary controls function differently for operating and capital budget expenditures. For the operating budget, each department is controlled within an expenditure category such as materials, supplies, freight and utilities, repairs, and maintenance, for example. A department cannot exceed their authorized operating budget within an expenditure category

or the total department budget for a fiscal year. Capital project spending is controlled based on the funding source. There may be more than one capital project assigned to a funding source.

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



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

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

Investments

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

Rate Stabilization Fund

The Installment Sale Agreement from the 2012 Revenue Bond issue allowed the creation of a Rate Stabilization Fund. The District may deposit into the fund gross revenue from one year, which can then be withdrawn and added to the gross revenues in calculating the debt ratio for a future year. The funds may also be used for any other lawful purpose. A deposit of gross revenue to or a withdrawal from the Rate Stabilization Fund may be made within 180 days after the fiscal year end. Accordingly, the District revised its Policy No. 46 – Reserve Policy on November 21,

2013, to establish a Rate Stabilization Fund. Per the bond covenants for the existing debt, we are required to meet an annual debt service ratio of 1.25x annual debt service. The Rate Stabilization Fund balance is \$9.4 million as of the fiscal year ended June 30, 2021.

Pension Reserve Fund

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



Debt Management

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

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

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

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

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

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



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

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

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

Budget

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

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

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

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

The bi-annual budget for fiscal years 2021-22 and 2022-23 was adopted on May 18, 2021 and supports the mission, value, goals, and objectives of 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 (CIP) budget of \$26.1 million. The capital budget was increased by \$4.4 million or 20.3% to \$26.1 million from \$21.7 million in fiscal year 2020-21. The District shifted to “Pay-Go” funding of the capital improvement projects without escalating debt. FY 2021-22 will be the third year of collection of the Capital Maintenance Fee (CMF) which will generate the needed funding to support the capital improvement program.



MAJOR INITIATIVES

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

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



Water Demand Analysis

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



Revenue Requirements Analysis

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



Functional Cost Analysis

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



Rate Design Analysis

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

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

In addition to the increases to the existing rates, the District created the Capital Maintenance Fee (CMF) based on the size of the meter servicing the property. Using meter size to apportion costs is an accepted industry standard for infrastructure-related fees. This is important because water systems are sized based on potential demand, not current usage. Usage is variable, but potential demand is not. In fiscal year 2020-21, the CMF provided \$15.5 million to directly support the \$257 million in planned capital improvements over the next ten years, including fire reduction efforts on the watershed.

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

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



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

available to sanction spending over these immediate fiscal years.

- **Asset Management Program:** This program annually funds the development and implementation projects supporting efforts associated with the condition assessment program. It also drives the decision-making process behind the capital program, and will include software solutions and integrations with current IT infrastructure environments, such as GIS and SAP.
- **Watershed Program:** The District owns and manages over 21,600 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 Mt. Tamalpais watershed's location, topography and flora and fauna all combine to provide water capture, filtration, run-off, and storage that are essential to the water system. The management of vegetation assemblages is a key component of this natural capital as it mitigates the potential for catastrophic fire that could impair water quality and/or destroy adjacent communities. The Natural Capital and Green Infrastructure program acknowledges the importance of investing in natural capital to support ecosystem services and includes \$1,000,000 per year to address fire and fuels management across our lands. Additional projects included in this program include the habitat restoration planning along Lagunitas Creek and the restoration of serpentine soils and vegetation assemblages on Azalea Hill. In addition, in response to the increased risk of wildfire due to the climate change, the District added additional funding of \$1.1 million to the bi-annual budget for FY2020 and FY2021 to vegetation management effort.
- **Split Funding Program:** Watershed management and restoration goals of the District frequently align with state and federal agencies dedicated to endangered species

protection, water quality improvements, and catastrophic fire mitigation. The Split-Funding program includes projects and programs that are partially funded by outside agencies and the District through executed grant agreements. The primary split-funding project in the 2-year CIP is the Lagunitas Creek Winter Habitat and Floodplain Enhancement project, which was completed in FY21. The total project cost of \$2.7 million, with funding of approximately \$600,000 from three separate grant agreements.

- Treatment Plants Upgrade Program: The three water treatment facilities are an essential element in providing high-quality water for our customers. The oldest facility is the Bon Tempe Water Treatment Plant, constructed in the 1950s. This plant annually provides about 25% of the potable water supply and has a maximum short term capacity of 20 million gallons per day (mgd). The largest facility is the San Geronimo Water Treatment Plant, originally constructed in 1962, and upgraded



in 1972. This facility is located in the San Geronimo Valley, has a maximum short term capacity of 35 mgd, and annually provides over 50 percent of the potable water supply. The District continues to invest in upgrading these vital facilities.

In light of recent wildfire disasters in Northern California, Pacific Gas & Electric Co. (PG&E) has put customers on notice that in the event of a major storm event, PG&E may preemptively shutoff power to sections of their power grid in an effort to prevent wildfire. SGTP does not have an emergency power source, and a prolonged outage of power to the plant could result in the District being unable to meet drinking water demand. In response to the potential power outage, the District is actively pursuing a project to install a permanent 3 MW emergency generator at the SGTP, that will be operational in spring 2022.

- Storage Tanks Replacement and Improvement Program: District has 128 tanks storing the daily water needs of the customers. They contain approximately 82 million gallons of water. These tanks are of vastly different ages and a variety of materials (redwood, welded steel, bolted steel, riveted steel, concrete), all requiring differing maintenance and capital investment. There are eight riveted steel tanks which date before 1930. Most of the tanks are of welded steel construction. In the past 10 years, the Capital Program has aggressively replaced redwood tanks which are nearing the end of their useful life.

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

AWARDS AND ACKNOWLEDGEMENTS

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Marin Municipal Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the sixth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Ben Horenstein
General Manager



Chuck McBride
Finance Director/Treasurer



BOARD OF DIRECTORS

STANDING COMMITTEES 2021

Operations Committee

Chair: Larry Russell

Vice Chair: Monty Schmitt

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: Larry Bragman

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: Cynthia Koehler

Vice Chair: Jack Gibson

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: Cynthia Koehler

Vice Chair: Jack Gibson

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.

OTHER ASSIGNMENTS

One Tam

Marin Water Representative: Jack Gibson
Marin Water Alternate: Monty Schmitt

The purpose of the One Tam Executive Committee (aka Tamalpais Lands Collaborative Executive Committee) is to review projects and programs supported by One Tam and to review and direct the activities of the Working Group which is composed of staff from each of the agency partners. The Committee meets 2 to 4 times per year as needed.

Technical Advisory Committee – Lagunitas Creek Sediment and Riparian Management Plan

Marin Water Representative: Larry Bragman
Marin Water Alternate: Monty Schmitt

Representatives of approximately 20 agencies and environmental/community organizations meet to collaborate on water resources issues in the Lagunitas Creek Watershed. The Committee is chaired by a member of the Committee and meets two to four times a year at 9 am on Fridays.

North Bay Watershed Association (NBWA)

Marin Water Representative: Jack Gibson
Marin Water Alternate: Larry Russell

Marin Water joined the NBWA as a charter member when it was created in 2000. This association of water, wastewater, and storm water agencies works together to meet regulatory requirements of the federal Clean Water Act and Safe Drinking Water Act, conducts public education programs, and conducts water resources improvement projects. The association meets monthly on the first Friday at 9:30 a.m.

Tomales Bay Watershed Council (TBWC)

Marin Water Representative: Monty Schmitt
Marin Water Alternate: Larry Bragman

Marin water was asked by the TBWC to appoint a representative to their group to participate in the development and implementation of a watershed plan. The role of Lagunitas Creek in this watershed area is significant and therefore the request for representation. The Council generally meets bi-monthly in Point Reyes.

Sonoma County Water Agency Water Advisory Committee (WAC)

Marin Water Representative: Jack Gibson
Marin Water Alternate: Larry Russell

The WAC is composed of the primary and secondary contractors to the Sonoma County Water Agency (SCWA). The purpose of the WAC is to discuss water supply, environmental, and contract issues relevant to water deliveries to the contractors from SCWA. The WAC also negotiates any changes to contracts

between SCWA and the contractors. The WAC meets on the first Monday of every month at 9:00 a.m.

North Bay Water Reuse Authority (NBWRA)

Marin Water Representative: Jack Gibson

Marin Water Alternate: Larry Russell

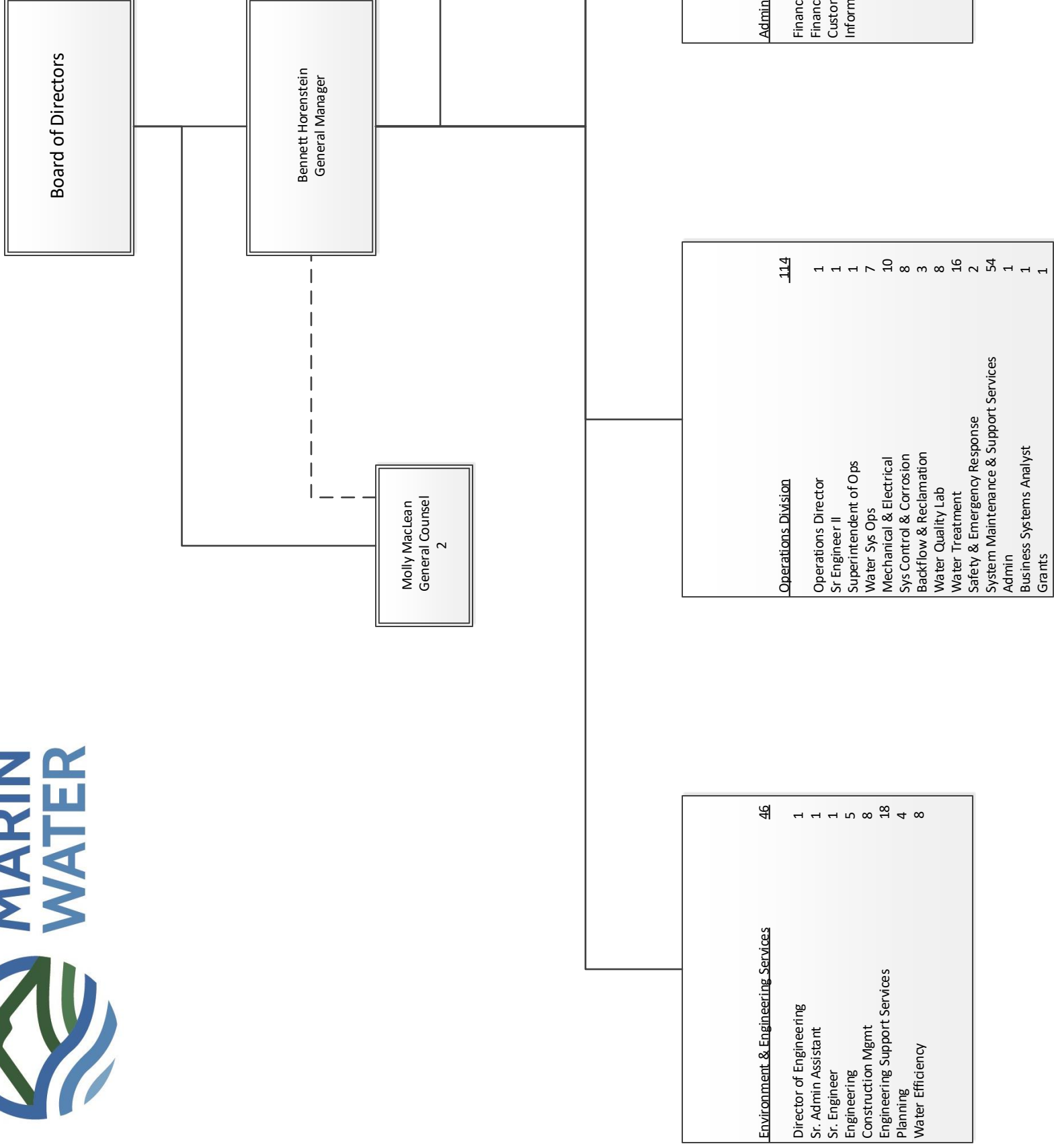
The purpose of this committee is to seek and obtain federal and state funds for recycled water projects. Original members (dating to 2005) include the Las Gallinas Valley Sanitary District, Novato Sanitary District, North Marin Water District, Sonoma County Water Agency, Napa Sanitation District and County of Napa. In 2013 NBWRA amended its MOU to include two new members: Marin Water and the City of Petaluma. The NBWRA board generally meets the third Monday of every other month. Meetings start at 9:30 a.m. and take place at the Novato Sanitary District.

Association of California Water Agencies Federal Affairs Committee

Marin Water Representative: Cynthia Koehler



MMWWD Organizational Chart Functional June 7, 2021





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California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Marin Municipal Water District (District), California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2021, and the respective changes in the financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Maze + Associates

Pleasant Hill, California
November 4, 2021

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

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, 2021 and 2020. 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 2021 by \$237.3 million (net position), which increased by \$11.9 million or 5.3% from \$225.4 million, mainly due to increases in total assets by \$17.0 million and net deferred outflows of resources by \$1.6 million along with a decrease in net inflows by resources by \$3.6 million. The increases were offset by an increase of total liabilities by \$10.3 million.
- The District continued to make steady progress on paying off the corpus of outstanding long term debt with \$3.8 million of principal paid in the year with the majority going towards the 2012 Water Revenue Bonds. While the CalPERS net pension liability was increased by \$5.4 million, Other Post Employment Benefit (OPEB) liability was favorably reduced by \$1.0 million.
- Operating revenues increased by \$6.2 million or 6.3% from \$97.3 million to \$103.4 million primarily due to increases in water consumption due to COVID-19 by \$4.8 million and the Capital Maintenance Fee, which is based on meter size, by \$1.2 million.
- Operating expenses increased by \$3.1 million or 3.4% from \$89.4 million to \$92.5 million primarily due to an increase of \$2.9 million or 40.3% in the cost of purchasing water from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

- *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 54 of this report.

FINANCIAL ANALYSIS

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

Table 1 - Condensed Statement of Net Position

| | FY2021 | FY2020 | Increase/(Decrease) | |
|--|--------------------|--------------------|---------------------|--------------|
| | | | Amount | % |
| Assets: | | | | |
| Current assets | \$ 51,266,333 | \$ 49,711,320 | \$ 1,555,013 | 3.13% |
| Non-current assets | 61,573,890 | 55,875,258 | 5,698,632 | 10.20% |
| Capital assets, net | 434,853,456 | 425,142,746 | 9,710,710 | 2.28% |
| Total assets | 547,693,679 | 530,729,324 | 16,964,355 | 3.20% |
| Deferred outflows of resources: | 21,492,789 | 19,884,551 | 1,608,238 | 8.09% |
| Total assets and deferred outflows of resources | 569,186,468 | 550,613,875 | 18,572,593 | 3.37% |
| Liabilities: | | | | |
| Current liabilities | 25,958,765 | 20,144,930 | 5,813,835 | 28.86% |
| Non-current liabilities | 301,122,969 | 296,598,182 | 4,524,787 | 1.53% |
| Total liabilities | 327,081,734 | 316,743,112 | 10,338,622 | 3.26% |
| Deferred inflows of resources: | 4,831,709 | 8,443,458 | (3,611,749) | -42.78% |
| Total liabilities and deferred inflows of resources | 331,913,443 | 325,186,570 | 6,726,873 | 2.07% |
| Net position: | | | | |
| Net Investment in capital assets | 273,097,878 | 265,731,745 | 7,366,133 | 2.77% |
| Restricted | 3,139,821 | 2,021,206 | 1,118,615 | 55.34% |
| Unrestricted | (38,964,674) | (42,325,646) | 3,360,972 | -7.94% |
| Total net position | \$ 237,273,025 | \$ 225,427,305 | \$ 11,845,720 | 5.25% |

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

The District's total assets increased by \$17.0 million to \$547.7 million compared with the prior year of \$530.7 due to increases in current asset by \$1.6 million, in non-current asset by \$5.7 million and in capital asset by \$9.7 million. It is mainly due to increases in cash and investments by \$8.2 million, and in net capital assets by \$9.7 million. Prepaid expenses, supplies and net interest decreased by \$0.9 million.

Deferred outflows of resources is the amount of the unamortized deferred charge on debt refunding and the effect of pension and OPEB accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to unamortized deferred charge on refunding at June 30, 2021 and 2020 were \$2.5 million and \$2.8 million, respectively. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2021 and 2020 were \$13.0 million and \$12.0 million, respectively. The deferred outflows of resources due to the other postemployment benefits (GASB Statement No. 75) at June 30, 2021 and 2020 were \$6.0 million and \$5.1 million respectively.

For fiscal year ended June 30, 2021, total liabilities reflect an increase of \$10.3 million due to several factors including an increases in pension liability of \$5.4 million, an increase in current liabilities of \$5.8 million, an increase of \$2.2 million in claims and an increase of \$1.8 million in compensated absence liabilities in non-current liability, slightly offset by a decrease in long term debt from scheduled debt service payments of \$3.8 million, and a decrease of \$1.0 million in OPEB liability.

Deferred inflows of resources is the result of pension and OPEB accounting, and is comprised of changes in actuarial assumptions and the difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan, which will be amortized as a component of pension and OPEB expenses. The deferred inflows of resources for June 30, 2021 and 2020 were \$4.8 million and \$8.4 million, respectively.

Total net position increased by \$11.8 million from \$225.4 million to \$237.3 million, due to a combination of increased non-current and capital assets and increased water revenue due to increased consumption as a result of COVID-19 and increased collection of the capital maintenance fee. The District first implemented the capital maintenance fee July 2019, and the fee was prorated during the first two months based on each customers' bi-monthly billing cycle. The fiscal year ended June 30, 2021 was the first year to see the full revenue of the capital maintenance fee.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

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

| | FY2021 | FY2020 | Increase/(Decrease) | |
|---|--------------------|--------------------|---------------------|----------------|
| | | | Amount | % |
| Operating Revenues: | | | | |
| Water sales and service charges | \$ 81,632,469 | \$ 76,806,241 | \$ 4,826,228 | 6.28% |
| Connection charges | 912,312 | 810,182 | 102,130 | 12.61% |
| Capital management fee | 15,509,355 | 14,301,460 | 1,207,895 | 8.45% |
| Watershed management fee | 4,572,006 | 4,545,973 | 26,033 | 0.57% |
| Other operating revenue | 808,396 | 807,338 | 1,058 | 0.13% |
| Total operating revenue | 103,434,538 | 97,271,194 | 6,163,344 | 6.34% |
| Operating Expenses: | | | | |
| Electrical power | 5,038,827 | 4,634,313 | 404,514 | 8.73% |
| Water purchased | 10,260,284 | 7,313,211 | 2,947,073 | 40.30% |
| Other operating expenses | 64,252,558 | 65,238,858 | (986,300) | -1.51% |
| Depreciation and amortization | 12,960,365 | 12,256,812 | 703,553 | 5.74% |
| Total operating expenses | 92,512,034 | 89,443,194 | 3,068,840 | 3.43% |
| Net operating income (loss) | 10,922,504 | 7,828,000 | 3,094,504 | 39.53% |
| Non-operating revenues (expenses) | | | | |
| Non-operating revenue, net | 2,083,141 | (20,516) | 2,103,657 | -10253.74% |
| Less: Interest expense | (6,516,310) | (6,659,512) | (143,202) | 2.15% |
| Total nonoperating revenue/(expense) | (4,433,169) | (6,680,028) | 2,246,859 | -33.64% |
| Income (Loss) before capital contributions | 6,489,335 | 1,147,972 | 5,341,363 | 465.29% |
| Capital contributions | 5,356,385 | 7,396,311 | (2,039,926) | -27.58% |
| Change in net position | 11,845,720 | 8,544,283 | 3,301,437 | 38.64% |
| Net Position: | | | | |
| Beginning of year | 225,427,305 | 216,883,022 | 8,544,283 | 3.94% |
| End of year | \$ 237,273,025 | \$ 225,427,305 | \$ 11,845,720 | 5.25% |

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 \$6.5 million and capital contributions of \$5.3 million resulted in an overall increase of \$11.8 million in net position for the fiscal year ended June 30, 2021.

In fiscal year ended June 30, 2020, income before capital contribution of \$1.1 million and capital contributions of \$7.4 million resulted in an overall decrease of \$8.5 million in net position.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

For fiscal year ended June 30, 2021, Table 2 indicates that the District's total operating revenues increased by \$6.2 million or 6.4% to \$103.4 million from \$97.3 million in the prior year. This was due to a \$4.8 million increase in water sales and fee charges as a result of increased water consumption due to COVID-19. In addition, the District approved the Capital Maintenance Fee (CMF) on May 28, 2019, which became effective on July 1, 2019. The CMF generated \$15.5 million in fiscal year 2020-21, an increase of \$1.2 million or 8.5% which contributed to the increase in total operating revenues.

Total operating expenses increased by \$3.1 million or 3.4% from \$89.4 million to \$92.5 million. A combination of increases in water purchase and pumping costs by \$3.3 million, in watershed maintenance costs for vegetation management by \$1.1 million, in customer service and meter operations by \$1.4 million, and water conservation and depreciation expenses by \$1.0 million were offset by reductions in transmission and distribution by \$1.7 million, in administration costs by \$1.4 million, and in water treatment operation costs by \$0.6 million.

Table 3 - Capital Assets, Net of Accumulated Depreciation

| | FY2021 | FY2020 | Increase/(Decrease) | |
|-------------------------------------|-----------------------|-----------------------|---------------------|--------------|
| | | | Amount | % |
| Plant, buildings and equipment, net | \$ 360,923,512 | \$ 344,457,160 | \$ 16,466,352 | 4.78% |
| Land | 18,750,702 | 13,638,944 | 5,111,758 | 37.48% |
| Construction in progress | 42,854,665 | 54,243,726 | (11,389,061) | -21.00% |
| North Marin Water Right, net (AEEP) | 2,613,978 | 2,751,556 | (137,578) | -5.00% |
| Sonoma County Water Rights, net | 4,260,530 | 4,389,638 | (129,108) | -2.94% |
| Recycled Water Rights, net (LGVSD) | 5,450,069 | 5,661,722 | (211,653) | -3.74% |
| Total | <u>\$ 434,853,456</u> | <u>\$ 425,142,746</u> | <u>\$ 9,710,710</u> | <u>2.28%</u> |

As of June 30, 2021, the District's capital assets, net of accumulated depreciation totaled \$434.9 million, which is an increase of \$9.7 million or 2.3% over the capital asset balance of \$425.1 million at June 30, 2020. The increase in capital assets was primarily due to \$5.1 million in land improvements including slide repair and floodplain restoration, net increase of capital asset additions over net depreciation to the capital assets by \$16.5 million, offset by an \$11.4 million decrease in construction in progress, and \$0.5 million decrease in water rights. The capital assets includes: land, buildings, improvements, water treatments plants, filter plants, water transmission and distribution mains, water storage facilities, reservoirs, pump stations, water reclamation facilities, machinery, equipment and water rights as shown above in Table 3. Additional information on the District's capital assets is provided in Note 5 starting on page 30 of the financial statements.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020**

Table 4 - Long-Term Debt

| | FY2021 | FY2020 | Increase/(Decrease) | |
|---|-----------------------|-----------------------|-----------------------|---------------|
| | | | Amount | % |
| 2012 Water Revenue Bonds | 76,545,000 | 78,590,000 | (2,045,000) | -2.60% |
| 2016 Water Refunding Bonds | 31,380,000 | 31,380,000 | - | 0.00% |
| 2017 Water Revenue Bonds | 34,150,000 | 34,775,000 | (625,000) | -1.80% |
| Clean Renewable Energy Bonds (CREBs) | 366,750 | 489,000 | (122,250) | -25.00% |
| Aqueduct Energy Efficiency Project (AEEP) | 2,079,140 | 2,224,108 | (144,968) | -6.52% |
| LGVSD-Recycled Water Buy-in | 4,639,577 | 4,913,211 | (273,634) | -5.57% |
| Unamortized costs, net | 15,119,148 | 15,700,955 | (581,807) | -3.71% |
| | \$ 164,279,615 | \$ 168,072,274 | \$ (3,792,659) | -2.26% |

As of June 30, 2021 the District had total long-term debt outstanding of \$164.3 million, net of unamortized costs, a decrease of \$3.8 million over the prior year. Outstanding balance of 2016 Water Refunding Bonds remains the same at \$31.4 million as the first principal payment is scheduled to occur on July 1, 2030. Additional information on the District's long-term debt is provided in Note 6 starting on page 32 of the financial statements.

The District is required by bond covenants to maintain principal, interest and reserve funds for each bond issue outstanding. In addition, the District is required to set rates and charges to yield revenues equal to at least 125% of the current annual debt service requirements of the outstanding revenue bonds. The coverage of annual debt service for the year ended June 30, 2021 and 2020 were 281% and 210% respectively. The coverage of annual debt service was significantly improved mainly due to the implementation of CMF (Capital Maintenance Fee) on July 1, 2019. The District received \$15.5 million for the CMF for fiscal year ended June 30, 2021.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Marin Municipal Water District
Statement of Net Position
Enterprise Fund
June 30, 2021 and 2020

| | 2021 | 2020 |
|--|--------------------|--------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$32,619,471 | \$30,162,068 |
| Receivables: | | |
| Customer - billed (net of allowances for doubtful account of \$2,618,458 and \$873,371 in 2021 and 2020, respectively) | 8,654,109 | 8,795,904 |
| Customer - unbilled | 7,379,587 | 6,058,392 |
| Interest and other | 349,055 | 1,641,490 |
| Employee computer loans receivable | 8,234 | 34,094 |
| Materials and supplies | 2,094,699 | 2,829,359 |
| Prepaid expenses | 161,178 | 190,013 |
| Total current assets | 51,266,333 | 49,711,320 |
| Noncurrent assets: | | |
| Restricted cash and investments | 16,182,109 | 19,384,110 |
| Designated cash and investments | 42,399,129 | 35,443,078 |
| Deposits and advances cash and investments | 2,992,652 | 1,048,070 |
| Total restricted cash and investments | 61,573,890 | 55,875,258 |
| Capital Assets: | | |
| Land and land rights | 18,750,702 | 13,638,944 |
| Depreciable assets | 635,689,401 | 607,759,976 |
| Construction in progress | 42,854,665 | 54,243,727 |
| Total capital assets | 697,294,768 | 675,642,647 |
| Less accumulated depreciation | 262,441,312 | 250,499,901 |
| Total capital assets, net of accumulated depreciation | 434,853,456 | 425,142,746 |
| Total noncurrent assets | 496,427,346 | 481,018,004 |
| Total assets | 547,693,679 | 530,729,324 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding | 2,524,038 | 2,761,176 |
| Deferred outflow of resources-pension actuarial | 3,330,586 | 3,304,072 |
| Deferred outflow of resources-OPEB actuarial | 581,687 | |
| Deferred employer OPEB contributions | 5,415,293 | 5,095,199 |
| Deferred employer pension contributions | 9,641,185 | 8,724,104 |
| Total deferred outflows of resources | 21,492,789 | 19,884,551 |

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statement of Net Position
Enterprise Fund, Continued
June 30, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| LIABILITIES | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 10,029,020 | 6,157,547 |
| Accrued payroll and payroll expenses | 1,214,757 | 1,321,493 |
| Compensated absences | 3,036,005 | 3,334,255 |
| Customer and other deposits | 312,050 | 403,591 |
| Long-term debt - due within one year | 3,336,684 | 3,210,852 |
| Accrued interest payable | 3,328,882 | 3,379,726 |
| Agency deposits payables | 416,365 | 330,112 |
| Customer advances for construction | 2,891,366 | 1,559,406 |
| Claims payable | 1,393,636 | 447,948 |
| Total current liabilities | 25,958,765 | 20,144,930 |
| Long-term liabilities: | | |
| Claims payable- due in more than one year | 11,078,532 | 8,882,571 |
| Compensated absences- due in more than one year | 3,208,925 | 1,420,192 |
| Long-term debt - due in more than one year | 160,942,931 | 164,861,422 |
| Net OPEB liability | 23,166,623 | 24,128,077 |
| Net pension liability | 102,725,958 | 97,305,920 |
| Total long term liabilities | 301,122,969 | 296,598,182 |
| Total liabilities | 327,081,734 | 316,743,112 |
| DEFERRED INFLOWS OF RESOURCES | | |
| OPEB related amounts | 4,715,877 | 6,641,217 |
| Pension related amounts | 115,832 | 1,802,241 |
| Total deferred inflows of resources | 4,831,709 | 8,443,458 |
| NET POSITION | | |
| Net investment in capital assets | 273,097,879 | 265,731,745 |
| Restricted for fire flow parcel fee program | 3,139,821 | 2,021,206 |
| Unrestricted | (38,964,675) | (42,325,646) |
| Total net position | \$237,273,025 | \$225,427,305 |

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, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Water sales and service charges | \$81,632,469 | \$76,806,241 |
| Connection charges | 912,312 | 810,182 |
| Capital Maintenance Fee | 15,509,355 | 14,301,460 |
| Watershed Management Fee | 4,572,006 | 4,545,973 |
| Other operating revenue | 808,396 | 807,338 |
| Total operating revenues | 103,434,538 | 97,271,194 |
| OPERATING EXPENSES | | |
| Water Purchases | 10,260,284 | 7,313,211 |
| Watershed Maintenance | 5,949,405 | 4,905,934 |
| Water Treatment | 11,136,667 | 11,693,750 |
| Pumping | 4,031,063 | 3,707,450 |
| Transmission and distribution | 24,185,190 | 25,876,763 |
| Customer service and meter operation | 5,783,583 | 4,378,528 |
| Water Conservation | 2,209,236 | 1,907,387 |
| Administrative and general | 15,996,241 | 17,403,359 |
| Depreciation and amortization (Note 5) | 12,960,365 | 12,256,812 |
| Total operating expenses | 92,512,034 | 89,443,194 |
| Operating income (loss) | 10,922,504 | 7,828,000 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Federal, state and other grants | 280,632 | 173,811 |
| Investment income | (323,701) | 322,461 |
| Interest income | 409,770 | 1,384,318 |
| Other income (Note 10) | 1,641,487 | 1,629,114 |
| Interest & other expense | (6,516,310) | (6,659,512) |
| Gain (loss) from retirement of capital assets (Note 10) | 74,953 | (3,530,220) |
| Total nonoperating revenues (expenses), net | (4,433,169) | (6,680,028) |
| Total income (loss) before capital contributions | 6,489,335 | 1,147,972 |
| Fire flow parcel fee (Note 10) | 4,504,313 | 4,520,242 |
| Contributions in aid of construction (Note 10) | 852,072 | 2,876,069 |
| Total capital contributions | 5,356,385 | 7,396,311 |
| Net income | 11,845,720 | 8,544,283 |
| NET POSITION: | | |
| Beginning of year | 225,427,305 | 216,883,022 |
| End of year | \$237,273,025 | \$225,427,305 |

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, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$103,473,837 | \$92,838,430 |
| Other operating revenue | 808,396 | 807,338 |
| Cash payments to employees | (9,875,078) | (43,379,363) |
| Rent and watershed permits and other income | 1,641,487 | 1,629,114 |
| Cash payments to suppliers for goods and services | (62,369,804) | (24,168,653) |
| Net cash provided by operating activities | 33,678,838 | 27,726,866 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Federal, state and other grant revenues | 280,632 | 173,811 |
| Net cash provided by noncapital financing activities | 280,632 | 173,811 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Principal payments on long-term debt | (3,792,659) | (3,784,376) |
| Interest paid on long-term debt | (6,516,310) | (6,659,512) |
| Acquisition and construction of capital assets | (22,741,336) | (16,188,731) |
| Proceeds from sale of capital assets | (74,953) | 3,530,220 |
| Increase (decrease) in customer advances for construction | 1,331,960 | (73,660) |
| Proceeds from fire flow parcel fee | 4,504,313 | 4,520,242 |
| Cash Contributions in aid of construction | 852,072 | 2,876,069 |
| Net cash provided (used) by capital and related financing activities | (26,436,913) | (15,779,748) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from maturities of investment securities | 547,409 | (3,423,584) |
| Interest received on investments | 86,069 | 1,706,779 |
| Net cash provided by investing activities | 633,478 | (1,716,805) |
| Net change in cash and cash equivalents | 8,156,035 | 10,404,124 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 86,037,326 | 75,633,202 |
| End of year | \$94,193,361 | \$86,037,326 |

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund, Continued
For the Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income (loss) | \$10,922,504 | \$7,828,000 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,960,365 | 12,256,812 |
| Rent and watershed permits and other income | 1,641,487 | 1,629,114 |
| (Increase) decrease in assets : | | |
| Receivables, net | 113,035 | (2,851,060) |
| Materials and supplies | 734,660 | (774,366) |
| Prepaid expenses | | |
| Deferred outflow of resources-actuarial | (608,201) | 2,358,655 |
| Deferred employer OPEB contributions | (320,094) | (130,199) |
| Deferred employer pension contributions | (917,081) | (1,094,933) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 3,871,473 | 741,223 |
| Accrued payroll and payroll expenses | 1,383,747 | 225,143 |
| Claims payable | 3,141,649 | 4,476,312 |
| Customer deposits | (91,541) | (833) |
| Net Pension Liabilities | 5,420,038 | 5,466,430 |
| Net OPEB Liabilities | (961,454) | (8,752,923) |
| Deferred inflows of resources - OPEB | (1,925,340) | 5,950,217 |
| Deferred inflows of resources - pension | (1,686,409) | 399,274 |
| Net cash provided by operating activities | 33,678,838 | 27,726,866 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | |
| Unrestricted | 32,630,671 | 30,173,268 |
| Restricted | 16,182,109 | 19,384,110 |
| Designated | 42,399,129 | 35,443,078 |
| Deposits and advances | 2,992,652 | 1,048,070 |
| Total cash and investments | 94,204,561 | 86,048,526 |
| Less investments with original maturities in excess of three months | (11,200) | (11,200) |
| Cash and Cash Equivalent | \$94,193,361 | \$86,037,326 |

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, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. *Reporting Entity*

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

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

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus

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

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

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

C. Cash, Cash Equivalents and Investments

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

D. Materials and Supplies

Materials and supplies are stated at average cost.

**MARIN MUNICIPAL WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

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

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

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

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

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

G. Compensated Absences

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

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

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

I. Net Position

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

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

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

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

J. Water Sales Revenue

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

K. Use of Estimates

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

L. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position has been determined on the same basis as it is reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

N. Other Postemployment Benefits (OPEB)

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

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Measurement Period | July 1, 2019 to June 30, 2020 |

O. Summarized Prior Year Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statement for the year ended June 30, 2020 from which the summarized information was derived.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 – CASH AND INVESTMENTS

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

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

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio |
|------------------------------------|------------------|------------------------|---------------------------------|
| Bankers' Acceptances | 180 days | AAA | 40% |
| California Local Agency Investment | 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, 2021 AND 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

| | 2021 | 2020 |
|---|-----------------------------|-----------------------------|
| | Business-Type Activities | Business-Type Activities |
| Cash in banks | \$3,943,547 | \$5,169,270 |
| Corporate Bond - In Default | 7,000 | 11,200 |
| Money Market | 8,675,700 | 2,171,171 |
| Cash & Cash Equivalent- Bond Funds: | | |
| 2010 Water Revenue Bond | - | 8 |
| 2012 Water Revenue Bond | 4,881,346 | 4,839,018 |
| 2016 Water Revenue Bond | 742,367 | 742,362 |
| 2017 Water Revenue Bond | 1,471,250 | 1,459,170 |
| Overnight Investment - Cash Sweep | 3 | 4,440,927 |
| Local Agency Investment Fund | 74,472,148 | 67,204,200 |
| Total | <u>\$94,193,361</u> | <u>\$86,037,326</u> |
| | | |
| Cash and investments, unrestricted | \$32,619,471 | \$30,162,068 |
| Cash and investments, restricted | 16,182,109 | 19,384,110 |
| Cash and investments, designated | 42,399,129 | 35,443,078 |
| Cash and investments, deposits and advances | 2,992,652 | 1,048,070 |
| Total | <u>\$94,193,361</u> | <u>\$86,037,326</u> |

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

The carrying amount of the District's deposits as of June 30, 2021 and 2020 was \$3,943,547 and \$5,169,270, respectively. The bank balance of deposits as of June 30, 2021 and 2020 was \$4,070,913 and \$4,063,549, 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, 2021 and 2020. The remaining was uninsured and not collateralized in the District's name. However, as noted above, the financial institutions which hold these deposits are required by state statute to maintain collateral pools against all public deposits they hold.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2021 and 2020, the District's pooled cash and investments had the following maturities:

| 2021 | | |
|---|----------------------|--------------|
| Investment Type | 12 Months or less | Total |
| California Local Agency Investment Fund | \$74,472,148 | \$74,472,148 |
| Money Market Fund | 8,675,700 | 8,675,700 |
| Corporate Bond - In Default | 7,000 | 7,000 |
| Held with Trustee: | | |
| Money Market Funds | 7,094,963 | 7,094,963 |
| Overnight Investment - Cash Sweep | 3 | 3 |
| Total Investments | \$90,249,814 | \$90,249,814 |

| 2020 | | |
|---|----------------------|--------------|
| Investment Type | 12 Months or less | Total |
| California Local Agency Investment Fund | \$67,204,200 | \$67,204,200 |
| Money Market Fund | 2,171,171 | 2,171,171 |
| Corporate Bond - In Default | 11,200 | 11,200 |
| Held with Trustee: | | |
| Money Market Funds | 7,040,558 | 7,040,558 |
| Overnight Investment - Cash Sweep | 4,440,927 | 4,440,927 |
| Total Investments | \$80,868,056 | \$80,868,056 |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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:

| 2021 | | |
|---|--------------------|---------------------|
| Investment Type | AAA | Total |
| Money Market | \$8,675,700 | \$8,675,700 |
| Held with Trustee: | | |
| Money Market Funds | 7,094,963 | 7,094,963 |
| Total | <u>\$8,675,700</u> | <u>15,770,663</u> |
| Not Rated: | | |
| California Local Agency Investment Fund | | 74,472,148 |
| Corporate Bond - In Default | | 7,000 |
| Held with Trustee: | | |
| Overnight Investment - Cash Sweep | | <u>3</u> |
| Total Investments | | <u>\$90,249,814</u> |

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

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, 2021, these investments matured in an average of 291 days.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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:

| 2021 | | |
|---|-------------|--------------|
| Investment Type | Level 2 | Total |
| Corporate Bond - In Default | \$7,000 | \$7,000 |
| Investments Measured at Amortized Cost: | | |
| Money Market Mutual Funds | \$8,675,700 | \$15,770,663 |
| Overnight Investment - Cash Sweep | | 3 |
| Investments Exempt from Fair Value Hierarchy: | | |
| California Local Agency Investment Fund | | 74,472,148 |
| Total Investments | | \$90,249,814 |
| 2020 | | |
| Investment Type | Level 2 | Total |
| Corporate Bond - In Default | \$11,200 | \$11,200 |
| Investments Measured at Amortized Cost: | | |
| Money Market Mutual Funds | 2,171,171 | 9,211,729 |
| Overnight Investment - Cash Sweep | | 4,440,927 |
| Investments Exempt from Fair Value Hierarchy: | | |
| California Local Agency Investment Fund | | 67,204,200 |
| Total Investments | | \$80,868,056 |

Corporate Bond totaling \$7,000 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, 2021 AND 2020**

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

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

| | 2021 | 2020 |
|---|--------------|--------------|
| Restricted cash and investments: | | |
| 2010 Revenue Bonds, 2012 Revenue Bonds, 2016 Refunding Revenue Bonds and 2017 Water Revenue Bond: | | |
| Principal and interest fund | \$8,146,519 | \$8,124,605 |
| Reserve fund | 1,008,151 | 1,008,090 |
| Project fund | 1,471,253 | 5,900,097 |
| Agency deposits | 416,365 | 330,112 |
| Pension reserve fund | 2,000,000 | 2,000,000 |
| Fire Flow Parcel Fee Program | 3,139,821 | 2,021,206 |
| Total restricted cash and investments | 16,182,109 | 19,384,110 |
| Designated cash and investment: | | |
| Capital projects | 21,061,129 | 19,355,078 |
| Rate stabilization | 9,400,000 | 9,400,000 |
| Liability claims | 11,938,000 | 6,688,000 |
| Total designated cash and investment | 42,399,129 | 35,443,078 |
| Deposits and advances | 2,992,652 | 1,048,070 |
| Total restricted and designated cash and investments | \$61,573,890 | \$55,875,258 |

NOTE 4 – LOANS RECEIVABLE

Employee Computer Loans Receivable:

The District provides loans to its employees for the purchase of personal computers. These loans are payable through payroll deductions until the loan is paid off. The interest rate associated with the loan is based of the most current Local Agency Investment Fund (LAIF) rate. The maximum amount each employee may borrow is \$2,000. As of June 30, the remaining amount of loans outstanding is \$8,234 and \$34,094 for the fiscal years ending June 30, 2021 and 2020, respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 – CAPITAL ASSETS

Capital Assets balances and activity are summarized below as of June 30, 2021 and 2020:

| | Balance at June 30, 2020 | Additions | Retirements | Transfers | Balance at June 30, 2021 |
|---|-----------------------------|---------------------|--------------------|---------------------|-----------------------------|
| Capital assets not being depreciated: | | | | | |
| Land and land rights | \$13,638,944 | | | \$5,111,758 | \$18,750,702 |
| Construction in progress | 54,243,727 | \$21,099,414 | | (32,488,476) | 42,854,665 |
| Total capital assets not being depreciated | 67,882,671 | 21,099,414 | | (27,376,718) | 61,605,367 |
| Capital assets being depreciated: | | | | | |
| Water Rights | 16,298,734 | | | | 16,298,734 |
| Buildings | 24,464,041 | | | 1,597,863 | 26,061,904 |
| Dams and reservoirs | 115,119,565 | | | 1,715,517 | 116,835,082 |
| Pumping plants | 40,134,643 | | | 172,913 | 40,307,556 |
| Water treatment plants | 38,503,048 | | | 1,098,939 | 39,601,987 |
| Transmission and distribution | 339,588,434 | | (\$145,708) | 12,569,646 | 352,012,372 |
| Vehicles | 8,396,096 | 361,914 | (468,864) | | 8,289,146 |
| Equipment | 25,255,415 | 1,280,008 | (474,643) | 10,221,840 | 36,282,620 |
| Total capital assets being depreciated | 607,759,976 | 1,641,922 | (1,089,215) | 27,376,718 | 635,689,401 |
| Less accumulated depreciation for: | | | | | |
| Water Rights | 3,495,818 | 478,339 | - | | \$3,974,157 |
| Buildings | 15,169,658 | 816,592 | | | 15,986,250 |
| Dams and reservoirs | 42,741,627 | 2,096,425 | | | 44,838,052 |
| Pumping plants | 23,961,669 | 1,306,171 | | | 25,267,840 |
| Water treatment plants | 27,285,466 | 1,087,692 | | | 28,373,158 |
| Transmission and distribution | 109,472,597 | 5,037,809 | (88,867) | | 114,421,539 |
| Vehicles | 6,718,590 | 445,205 | (468,867) | | 6,694,928 |
| Equipment | 21,654,476 | 1,692,132 | (461,220) | | 22,885,388 |
| Total accumulated depreciation | 250,499,901 | 12,960,365 | (1,018,954) | | 262,441,312 |
| Net depreciable assets | 357,260,075 | (11,318,443) | (70,261) | \$27,376,718 | 373,248,089 |
| Total capital assets, net | \$425,142,746 | \$9,780,971 | (\$70,261) | | \$434,853,456 |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 – CAPITAL ASSETS (Continued)

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

Sonoma County Water Rights

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

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 – CAPITAL ASSETS (Continued)

Aqueduct Energy Efficiency Project

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

Las Gallinas Valley Sanitary District – Recycled Water Right

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

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

| | Original Issue Amount | Balance June 30, 2020 | Retirements | Balance June 30, 2021 | Amount due within one year |
|---|--------------------------|--------------------------|--------------------|--------------------------|----------------------------------|
| 2012 Water Revenue Bonds, 2.00% - 5.00%, Due 7/1/2052 | \$85,000,000 | \$78,590,000 | \$2,045,000 | \$76,545,000 | \$2,130,000 |
| 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 | 34,775,000 | 625,000 | 34,150,000 | 650,000 |
| Original bond premium/discount, net Aqueduct Energy Efficiency Project 0.00% , Due 7/1/2032 | 4,080,000 | 15,700,955 2,224,108 | 581,807 144,968 | 15,119,148 2,079,140 | 148,902 |
| <i>Direct borrowing:</i> | | | | | |
| Clean Renewable Energy Bonds 0.00% - 0.00%, Due 9/30/2023 | 1,956,000 | 489,000 | 122,250 | 366,750 | 122,250 |
| LGVSD - Recycled Water Buy-in 4.00%, Due 7/1/2042 | 6,349,595 | 4,913,211 | 273,634 | 4,639,577 | 285,532 |
| Total Long-Term Debt | | <u>168,072,274</u> | <u>\$3,792,659</u> | 164,279,615 | <u>\$3,336,684</u> |
| Less: | | | | | |
| Amount Due within one year | | <u>3,210,852</u> | | <u>3,336,684</u> | |
| Total Long-Term Debt, net | | <u>\$164,861,422</u> | | <u>\$160,942,931</u> | |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

2010 Water Revenues Bonds, Series A

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

2012 Water Revenues Bonds, Series A

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|----------------------|
| 2022 | \$2,130,000 | \$3,443,790 | \$5,573,790 |
| 2023 | 2,205,000 | 3,354,334 | 5,559,334 |
| 2024 | 2,295,000 | 3,250,102 | 5,545,102 |
| 2025 | 2,415,000 | 3,132,353 | 5,547,353 |
| 2026 | 2,535,000 | 3,008,603 | 5,543,603 |
| 2027-2031 | 11,955,000 | 13,077,520 | 25,032,520 |
| 2032-2036 | 2,640,000 | 11,654,131 | 14,294,131 |
| 2037-2041 | 3,365,000 | 10,912,000 | 14,277,000 |
| 2042-2046 | 16,635,000 | 8,490,725 | 25,125,725 |
| 2047-2051 | 20,770,000 | 4,320,125 | 25,090,125 |
| 2052-2053 | 9,600,000 | 412,250 | 10,012,250 |
| Total payments due | <u>\$76,545,000</u> | <u>\$65,055,933</u> | <u>\$141,600,933</u> |

2016 Refunding Revenue Bonds

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2022 | | \$1,481,975 | \$1,481,975 |
| 2023 | | 1,481,975 | 1,481,975 |
| 2024 | | 1,481,975 | 1,481,975 |
| 2025 | | 1,481,975 | 1,481,975 |
| 2026 | | 1,481,975 | 1,481,975 |
| 2027-2031 | \$2,235,000 | 7,354,000 | 9,589,000 |
| 2032-2036 | 12,950,000 | 5,351,700 | 18,301,700 |
| 2037-2041 | 16,195,000 | 2,026,688 | 18,221,688 |
| Total payments due | <u>\$31,380,000</u> | <u>\$22,142,263</u> | <u>\$53,522,263</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 District is subject to certain debt covenants, the most restrictive of which requires the setting of rates and charges to yield net revenue equal to at least 125 percent of the current annual debt service requirement of the revenue bonds and other parity debt, as well as the establishment of certain principal, interest and reserve funds. The 2012 Revenues Bonds, 2016 Revenue Refunded Bonds and 2017 Revenue Refunded Bonds are collateralized by a pledge of the District's net revenues of Water Systems, as defined in the Master Indenture. The total principal and interest remaining on the bonds is \$256,153,822 payable through June 2053. For the fiscal year ended June 30, 2021 principal and interest paid, and total net revenues of Water Systems received, were \$9,331,709 and \$23,882,870, respectively. For the fiscal year ended June 30, 2020 principal and interest paid, and total net revenues of Water Systems received, were \$9,351,603 and \$20,053,564 respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

| For The Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$650,000 | \$1,626,250 | \$2,276,250 |
| 2023 | 685,000 | 1,592,875 | 2,277,875 |
| 2024 | 720,000 | 1,557,750 | 2,277,750 |
| 2025 | 755,000 | 1,520,875 | 2,275,875 |
| 2026 | 790,000 | 1,482,250 | 2,272,250 |
| 2027-2031 | 4,555,000 | 6,800,250 | 11,355,250 |
| 2032-2036 | 5,675,000 | 5,671,500 | 11,346,500 |
| 2037-2041 | 7,055,000 | 4,232,625 | 11,287,625 |
| 2042-2046 | 9,000,000 | 2,235,000 | 11,235,000 |
| 2047-2048 | 4,265,000 | 161,250 | 4,426,250 |
| Total payments due | <u>\$34,150,000</u> | <u>\$26,880,625</u> | <u>\$61,030,625</u> |

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 |
|--------------------------------|--------------------|------------------|--------------------|
| 2022 | \$148,902 | \$56,418 | \$205,320 |
| 2023 | 152,942 | 52,378 | 205,320 |
| 2024 | 157,092 | 48,228 | 205,320 |
| 2025 | 161,355 | 43,965 | 205,320 |
| 2026 | 165,734 | 39,586 | 205,320 |
| 2027-2031 | 898,618 | 127,982 | 1,026,600 |
| 2032-2033 | 394,497 | 16,129 | 410,626 |
| Total payments due | <u>\$2,079,140</u> | <u>\$384,686</u> | <u>\$2,463,826</u> |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

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 |
|--------------------------------|------------------|------------------|
| 2022 | \$122,250 | \$122,250 |
| 2023 | 122,250 | 122,250 |
| 2024 | 122,250 | 122,250 |
| Total payments due | <u>\$366,750</u> | <u>\$366,750</u> |

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 |
|--------------------------------|--------------------|--------------------|--------------------|
| 2022 | \$285,532 | \$177,736 | \$463,268 |
| 2023 | 221,297 | 167,437 | 388,734 |
| 2024 | 204,252 | 159,796 | 364,048 |
| 2025 | 212,592 | 151,855 | 364,447 |
| 2026 | 220,523 | 143,589 | 364,112 |
| 2027-2031 | 1,228,966 | 591,947 | 1,820,913 |
| 2032-2036 | 927,122 | 381,903 | 1,309,025 |
| 2037-2041 | 1,093,354 | 183,809 | 1,277,163 |
| 2042-2043 | 245,939 | 9,838 | 255,777 |
| Total payments due | <u>\$4,639,577</u> | <u>\$1,967,910</u> | <u>\$6,607,487</u> |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 – LONG-TERM DEBT(Continued)

Authorized but Unissued Debt

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

NOTE 7 – EMPLOYEE RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

| | FY 20-21 | FY 19-20 |
|---|----------------------|----------------------|
| | <u>Miscellaneous</u> | <u>Miscellaneous</u> |
| 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 | 7.423% | 7.570% |
| Required employer contribution rates | 10.710% | 10.103% |
| Required unfunded liability payment | \$6,946,293 | \$6,241,309 |

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, 2021 were \$6,946,293, respectively, which were made under the lump sum payment option.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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

| | 2021 | 2020 |
|--|---------------|---------------|
| | Miscellaneous | Miscellaneous |
| Inactive employees or beneficiaries currently receiving benefits | 353 | 343 |
| Inactive employees entitled to but not yet receiving benefits | 119 | 118 |
| Active employees | 227 | 228 |
| Total | 699 | 689 |

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions – The total pension liabilities as of the June 30, 2020 measurement date were determined using the following actuarial assumptions:

| | Miscellaneous | Miscellaneous |
|----------------------------------|--|--|
| Valuation Date | June 30, 2019 | June 30, 2018 |
| Measurement Date | June 30, 2020 | June 30, 2019 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | | |
| Discount Rate | 7.15% | 7.15% |
| Inflation | 2.50% | 2.50% |
| Salary increase | Varies by Entry Age and Service(1) | Varies by Entry Age and Service(1) |
| Investment Rate of Return | 7.15% (2) | 7.15% (2) |
| Mortality | Derived using CalPERS Membership Data for all Funds (3) | Derived using CalPERS Membership Data for all Funds (3) |
| Post Retirement Benefit Increase | The lesser of Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter | 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 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019, valuation were based on the results of a December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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

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

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

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

| Asset Class (a) | 2021 | | | 2020 | | |
|------------------|--------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| | New Strategic Allocation | Real Return Years 1 - 10(b) | Real Return Years 11+(c) | New Strategic Allocation | Real Return Years 1 - 10 | Real Return Years 11+ |
| Global Equity | 50.0% | 4.80% | 5.98% | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0% | 1.00% | 2.62% | 28.0% | 1.00% | 2.62% |
| Inflation Assets | 0.0% | 0.77% | 1.81% | 0.0% | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% | 8.0% | 6.30% | 7.23% |
| Real Assets | 13.0% | 3.75% | 4.93% | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | 0.00% | -0.92% | 1.0% | 0.00% | -0.92% |
| Total | 100% | | | 100% | | |

(a) In the CalPERS Comprehensive Annual 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 2.0% used for this period.

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

C. Changes in the Net Pension Liability

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

| | 2021 | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2019 (Measurement Date) | \$267,450,279 | \$170,144,359 | \$97,305,920 |
| Changes in the year: | | | |
| Service cost | 4,109,768 | | 4,109,768 |
| Interest on the total pension liability | 18,839,167 | | 18,839,167 |
| Differences between actual and expected experience | 1,299,133 | | 1,299,133 |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contribution - employer | | 8,724,104 | (8,724,104) |
| Contribution - employees | | 1,826,135 | (1,826,135) |
| Net investment income | | 8,517,653 | (8,517,653) |
| Net Plan to Plan Resource Movement | | | |
| Administrative expenses | | (239,862) | 239,862 |
| Benefit payments, including refunds of employee contributions | (14,638,875) | (14,638,875) | |
| Other Miscellaneous Income/(Expense) | | | |
| Net changes | 9,609,193 | 4,189,155 | 5,420,038 |
| Balance at June 30, 2020 (Measurement Date) | \$277,059,472 | \$174,333,514 | \$102,725,958 |
| | | | |
| | 2020 | | |
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2018 (Measurement Date) | \$256,014,989 | \$164,175,499 | \$91,839,490 |
| Changes in the year: | | | |
| Service cost | 4,139,447 | | 4,139,447 |
| Interest on the total pension liability | 18,179,208 | | 18,179,208 |
| Differences between actual and expected experience | 3,223,248 | | 3,223,248 |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contribution - employer | | 7,629,171 | (7,629,171) |
| Contribution - employees | | 1,806,979 | (1,806,979) |
| Net investment income | | 10,756,100 | (10,756,100) |
| Net Plan to Plan Resource Movement | | | |
| Administrative expenses | | (117,159) | 117,159 |
| Benefit payments, including refunds of employee contributions | (14,106,613) | (14,106,613) | |
| Other Miscellaneous Income/(Expense) | | 382 | (382) |
| Net changes | 11,435,290 | 5,968,860 | 5,466,430 |
| Balance at June 30, 2019 (Measurement Date) | \$267,450,279 | \$170,144,359 | \$97,305,920 |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | FY 20-21 Miscellaneous | FY 19-20 Miscellaneous |
|-----------------------|---------------------------|---------------------------|
| 1% Decrease | 6.15% | 6.15% |
| Net Pension Liability | \$136,459,299 | \$130,152,516 |
| Current Discount Rate | 7.15% | 7.15% |
| Net Pension Liability | \$102,725,958 | \$97,305,920 |
| 1% Increase | 8.15% | 8.15% |
| Net Pension Liability | \$74,515,915 | \$69,865,681 |

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

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

For the year ended June 30, 2021 and 2020, the District recognized pension expense of \$12,431,219 and \$15,853,530, 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 20-21 | | FY 19-20 | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$9,641,185 | | \$8,724,104 | |
| Differences between actual and expected experience | 2,201,743 | | 2,479,455 | (\$21,469) |
| Changes in assumptions | | (\$115,832) | 824,617 | (694,989) |
| Net differences between projected and actual earnings on plan investments | 1,128,843 | | | (1,085,783) |
| Total | \$12,971,771 | (\$115,832) | \$12,028,176 | (\$1,802,241) |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

\$9,641,185 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| | FY 20-21 Deferred Outflows/(Inflows) of Resources | | FY 19-20 Deferred Outflows/(Inflows) of Resources |
|-----------------------|--|-----------------------|--|
| Year Ended June 30 | Miscellaneous | Year Ended June 30 | Miscellaneous |
| 2022 | \$502,234 | 2021 | \$1,959,608 |
| 2023 | 1,083,954 | 2022 | (598,589) |
| 2024 | 933,721 | 2023 | (16,869) |
| 2025 | 694,845 | 2024 | 157,681 |
| Total | \$3,214,754 | | \$1,501,831 |

E. Payable to Pension Plans

As of June 30, 2021, and 2020, the District reported a payable of \$262,372 and \$270,156 for the outstanding amount of contributions to the pension plans required for the years ended June 30, 2021 and 2020 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, 2021 AND 2020**

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, 2021 and 2020, respectively, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

| | 2021 | 2020 |
|--|------|------|
| Active employees | 227 | 234 |
| Inactive employees or beneficiaries currently receiving benefit payments | 261 | 256 |
| Inactive employees entitled to but not yet receiving benefit payments | 33 | 20 |
| Total | 521 | 510 |

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, 2021, the District's contribution rate for medical coverage was up to \$935.84 and \$1,871.68 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, 2021 AND 2020**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

D. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 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, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

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

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

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

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

F. Changes in the OPEB Liability

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

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2020 (June 30, 2019 Measurement Date) | \$55,738,112 | \$31,610,035 | \$24,128,077 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,543,163 | | 1,543,163 |
| Interest on the total OPEB liability | 3,760,874 | | 3,760,874 |
| Changes in benefit terms | | | |
| Differences between expected and actual experience | | | |
| Changes of assumptions | | | |
| Contributions from the employer | | 5,095,199 | (5,095,199) |
| Net investment income | | 1,193,002 | (1,193,002) |
| Administrative expenses | | (22,710) | 22,710 |
| Benefit payments | (3,129,284) | (3,129,284) | |
| Net changes | 2,174,753 | 3,136,207 | (961,454) |
| Balance at June 30, 2021 (June 30, 2020 Measurement Date) | \$57,912,865 | \$34,746,242 | \$23,166,623 |

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

| Net OPEB Liability/(Asset) | | |
|----------------------------|---------------|-------------------|
| Discount Rate -1% | Discount Rate | Discount Rate +1% |
| (5.75 %) | (6.75%) | (7.75%) |
| \$30,381,131 | \$23,166,623 | \$17,199,781 |

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 |
| \$16,159,831 | \$23,166,623 | \$31,750,442 |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 and 2020, the District recognized OPEB expense of \$1,626,718 and \$2,161,884, respectively. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement date | \$5,415,293 | |
| Differences between actual and expected experience | | \$3,907,520 |
| Changes of assumptions | | 808,357 |
| Net differences between projected and actual earnings on plan investments | 581,687 | |
| Total | \$5,996,980 | \$4,715,877 |

The \$5,996,980 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2022 | (\$1,518,959) |
| 2023 | (1,355,959) |
| 2024 | (1,304,960) |
| 2025 | 45,688 |
| Total | (\$4,134,190) |

NOTE 10 – OTHER INCOME/ CAPITAL CONTRIBUTIONS

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

| | 2021 | 2020 |
|---|--------------------|----------------------|
| Rents and royalties | \$1,641,487 | \$1,629,114 |
| Net gain (loss) on sale of assets | 74,953 | (3,530,220) |
| Total other income and gain (loss) on sale of assets | \$1,716,440 | (\$1,901,106) |
| Capital contributions: | | |
| Fire flow parcel fee | 4,504,313 | \$4,520,242 |
| Contributions in aid of construction | 852,072 | 2,876,069 |
| Total capital contributions | \$5,356,385 | \$7,396,311 |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Capital Budget

The District's fiscal year ended 2021 and 2020 capital budget is approximately \$21.7 million and \$21.6 million respectively of which approximately \$0 and \$1,548,000 is anticipated to be reimbursed to the District by contractors, users and grants.

Commitments

As of June 30, 2021 and 2020, the District had \$2,836,853 and \$2,473,980, respectively, of outstanding construction contracts and purchase orders. This is the amount that the District will be obligated to pay if all contractors and vendors perform per their contract or commitments. The District could substantially reduce the amount of this commitment by notifying contractors to suspend further work and paying for work completed to that point.

Legal Matters

The District is a defendant in a number of lawsuits and claims pending as of June 30, 2021. 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Joint Power Agreement

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

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

| | 2020 | 2019 |
|---|--------------|--------------|
| Total assets & deferred outflows of resources | \$57,091,524 | \$54,642,920 |
| Total liabilities | 37,316,145 | 40,601,171 |
| Total net position | 19,777,661 | 14,048,015 |
| Total operating revenues | 1,991,510 | 1,932,154 |
| Total operating expenses | 2,556,320 | 2,478,076 |
| Total non-operating revenues & expenses | 6,294,456 | 5,947,216 |
| Increase/ (decrease) in net position | 5,729,646 | 5,401,294 |

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 12 – RISK MANAGEMENT (Continued)

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

| | 2021 | | |
|---|-------------------------|------------------------|---------------------|
| | Workers Compensation | General Liabilities | Total |
| Balance at the beginning of year | \$5,188,000 | \$4,142,519 | \$9,330,519 |
| Current year claims and changes in estimate | 1,502,174 | 2,617,180 | 4,119,354 |
| Claims payments | (428,617) | (549,088) | (977,705) |
| Balance at the end of year | <u>\$6,261,557</u> | <u>\$6,210,611</u> | <u>\$12,472,168</u> |
| Due within one year | <u>\$749,000</u> | <u>\$644,636</u> | <u>\$1,393,636</u> |
| | 2020 | | |
| | Workers Compensation | General Liabilities | Total |
| Balance at the beginning of year | \$4,722,000 | \$132,207 | \$4,854,207 |
| Current year claims and changes in estimate | 679,235 | 4,810,707 | 5,489,942 |
| Claims payments | (213,235) | (800,395) | (1,013,630) |
| Balance at the end of year | <u>\$5,188,000</u> | <u>\$4,142,519</u> | <u>\$9,330,519</u> |
| Due within one year | <u>\$305,429</u> | <u>\$142,519</u> | <u>\$447,948</u> |

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 and 2020 resulted from the following:

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| Beginning Balance | \$4,754,447 | \$4,682,310 |
| Additions | 3,665,481 | 3,364,853 |
| Payments | (2,174,998) | (3,292,716) |
| Ending Balance | \$6,244,930 | \$4,754,447 |
| Current Portion | \$3,036,005 | \$3,334,255 |

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 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 |
| Interest | 14,880,788 | 15,696,251 | 16,408,014 | 16,876,879 | 17,386,830 | 18,179,208 | 18,839,167 |
| Differences between expected and actual experience | | 2,035,700 | 599,096 | (343,525) | 621,197 | 3,223,248 | 1,299,133 |
| Changes in assumptions | | (3,613,804) | | 13,193,854 | (1,853,303) | | |
| Changes in benefits | | | | | | | |
| Benefit payments, including refunds of employee contributions | (10,194,990) | (10,335,415) | (11,254,841) | (12,118,818) | (13,228,363) | (14,106,613) | (14,638,875) |
| 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 |
| 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 |
| 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 |
| 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 |
| Contributions - employee | 1,909,494 | 1,835,178 | 1,854,172 | 1,847,909 | 1,763,930 | 1,806,979 | 1,826,135 |
| Net investment income (1) | 22,211,386 | 3,338,982 | 807,045 | 16,103,055 | 13,294,839 | 10,756,100 | 8,517,653 |
| 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) |
| Plan to Plan Resource Movement | | | | | (382) | | |
| Administrative Expense | | (166,443) | (90,116) | (213,813) | (243,759) | (117,159) | (239,862) |
| 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 |
| 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 |
| 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 |
| 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 |
| 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% |
| Covered employee payroll | \$20,899,731 | \$22,791,661 | \$23,093,818 | \$23,117,501 | \$24,500,232 | \$23,591,969 | \$23,991,638 |
| Net pension liability as percentage of covered payroll | 297.32% | 306.05% | 356.55% | 400.22% | 374.85% | 412.45% | 428.17% |

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 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$5,315,722 | \$5,725,637 | \$5,991,703 | \$6,623,291 | \$7,629,171 | \$8,724,104 | \$9,641,185 |
| 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) |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered employee 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>\$24,907,369</u> |
| Contributions as a percentage of covered payroll | 23.32% | 24.79% | 25.92% | 27.03% | 32.34% | 36.36% | 38.71% |

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 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | For details, see June 30, 2016 Funding Valuation Report. |
| Remaining amortization period | For details, see June 30, 2016 Funding Valuation Report. |
| Asset valuation method | Fair Value of Assets. For details, see June 30, 2017 Funding Valuation Report. |
| Inflation | 2.75% for 2015 to 2019, 2.875% for 2020 and 2.625 for 2021 |
| Salary increases | Varies by Entry Age and Service |
| Investment rate of return | 7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020 and 2021, pension plan investment expense, including inflation. |
| Retirement age | The probabilities of Retirement are based on the CalPERS Experience Study. |
| Mortality | The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 to 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. |

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

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

Last 10 fiscal years*

| Measurement Date | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$1,589,000 | \$1,637,000 | \$1,686,110 | \$1,543,163 |
| Interest | 3,770,000 | 3,942,000 | 4,115,381 | 3,760,874 |
| Changes in benefit terms | | | | |
| Differences between expected and actual experience | | | (6,428,502) | - |
| Changes of assumptions | | | (1,329,877) | - |
| Benefit payments | (2,735,000) | (2,956,000) | (3,175,000) | (3,129,284) |
| Net change in total OPEB liability | 2,624,000 | 2,623,000 | (5,131,888) | 2,174,753 |
| Total OPEB liability - beginning | 55,623,000 | 58,247,000 | 60,870,000 | 55,738,112 |
| Total OPEB liability - ending (a) | <u>\$58,247,000</u> | <u>\$60,870,000</u> | <u>\$55,738,112</u> | <u>\$57,912,865</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$4,135,000 | \$4,766,000 | \$4,965,000 | \$5,095,199 |
| Contributions - employee | | | | |
| Net investment income | 2,242,000 | 1,955,000 | 1,843,597 | 1,193,002 |
| Administrative expense | (11,000) | (45,000) | (12,152) | (22,710) |
| Benefit payments | (2,735,000) | (2,956,000) | (3,175,000) | (3,129,284) |
| Net change in plan fiduciary net position | 3,631,000 | 3,720,000 | 3,621,445 | 3,136,207 |
| Plan fiduciary net position - beginning | 20,638,000 | 24,269,000 | 27,988,590 | 31,610,035 |
| Plan fiduciary net position - ending (b) | <u>\$24,269,000</u> | <u>\$27,989,000</u> | <u>\$31,610,035</u> | <u>\$34,746,242</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$33,978,000</u> | <u>\$32,881,000</u> | <u>\$24,128,077</u> | <u>\$23,166,623</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 41.67% | 45.98% | 56.71% | 60.00% |
| Covered payroll | <u>\$26,020,000</u> | <u>\$25,366,000</u> | <u>\$26,298,000</u> | <u>\$26,865,090</u> |
| Net OPEB liability as a percentage of covered-employee payroll | <u>130.58%</u> | <u>129.63%</u> | <u>91.75%</u> | <u>86.23%</u> |

Notes to schedule:

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

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

| Fiscal Year Ended June 30, | 2018 | 2019 | 2020 | 2021 |
|---|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$4,246,000 | \$4,384,000 | \$4,557,000 | \$4,697,000 |
| Contributions in relation to the ADC actuarially determined contribution | 4,754,000 | 4,965,000 | 5,095,199 | 5,415,293 |
| Contribution deficiency (excess) | (\$508,000) | (\$581,000) | (\$538,199) | (\$718,293) |
| Covered-employee payroll | \$25,366,000 | \$26,298,000 | \$26,865,090 | \$27,509,497 |
| Contributions as a percentage of Covered-employee payroll | 18.74% | 18.88% | 18.97% | 19.69% |
| Notes to Schedule | | | | |
| Valuation date: | 6/30/2017 | 6/30/2017 | 6/30/2019 | 6/30/2020 |

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 | 3.00% |
| Retirement Age | The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015. |
| Healthcare Trend Rate | |
| | Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. |
| | Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076. |
| Mortality | Mortality projected fully generational with Scale MP-2017. |

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

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STATISTICAL SECTION



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**Marin Municipal Water District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2021**

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,

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|
| OPERATING REVENUES: | | | | | | | | | | |
| Water sales and service charges | \$ 57,277,794 | \$ 64,930,689 | \$ 64,677,493 | \$ 57,117,530 | \$ 56,202,387 | \$ 62,376,213 | \$ 72,179,644 | \$ 71,541,075 | \$ 76,806,241 | \$ 81,632,469 |
| Connection charges | 1,034,656 | 737,597 | 1,705,549 | 969,356 | 1,603,209 | 1,214,666 | 999,336 | 1,178,784 | 14,301,460 ⁽⁷⁾ | 912,312 |
| Capital Maintenance Fee | | | | | | | | | | 15,509,355 |
| Watershed Management Fee (1) | | | | | 1,244,800 | 3,884,640 | 4,259,747 | 4,350,066 | 4,545,973 | 4,572,006 |
| Other operating revenue | 1,106,286 | 1,003,823 | 1,351,687 | 1,154,210 | 1,050,151 | 1,038,399 | 1,233,561 | 923,221 | 807,338 | 808,396 |
| Total operating revenues | 59,418,736 | 66,672,109 | 67,734,729 | 59,241,096 | 60,100,547 | 68,513,918 | 78,672,288 | 77,993,146 | 97,271,194 | 103,434,538 |
| OPERATING EXPENSES: | | | | | | | | | | |
| Water Purchases | 5,419,232 | 5,606,167 | 7,437,740 | 6,720,104 | 5,732,110 | 5,926,921 | 6,803,603 | 6,966,684 | 7,313,211 | 10,260,284 |
| Watershed Maintenance | 3,595,992 | 4,259,670 | 4,632,367 | 4,865,715 | 4,993,983 | 5,628,215 | 6,089,694 | 6,167,936 | 4,905,934 | 5,949,405 |
| Water treatment | 7,481,740 | 7,584,163 | 7,877,579 | 7,958,876 | 8,234,855 | 8,833,395 | 9,871,182 | 10,551,829 | 11,693,750 | 11,136,667 |
| Pumping | 2,482,649 | 2,650,674 | 2,955,530 | 2,742,815 | 2,828,355 | 2,273,533 | 3,257,344 | 3,051,386 | 3,707,450 | 4,031,063 |
| Transmission and distribution | 13,903,544 | 14,612,947 | 15,342,857 | 16,719,105 | 17,524,368 | 19,508,203 | 21,103,668 | 22,501,682 | 25,876,763 | 24,185,190 |
| Customer service and meter operation | 2,580,350 | 2,567,618 | 2,734,368 | 2,581,382 | 2,719,372 | 3,359,021 | 3,906,115 | 3,888,932 | 4,378,528 | 5,783,583 |
| Water Conservation | 1,936,438 | 1,832,188 | 2,601,119 | 2,799,527 | 2,725,551 | 2,608,531 | 2,660,654 | 2,470,477 | 1,907,387 | 2,209,236 |
| Administrative and general | 8,837,654 | 9,792,493 | 10,838,586 | 9,849,746 | 9,334,828 | 10,713,742 | 12,659,776 | 12,530,404 | 17,403,359 | 15,996,241 |
| Depreciation and amortization | 11,270,094 | 10,935,168 | 11,324,138 | 10,776,549 | 11,032,196 | 11,348,227 | 11,665,632 | 12,108,529 | 12,256,812 | 12,960,365 |
| Total operating expenses | 57,507,693 | 59,841,088 | 65,744,284 | 65,013,819 | 65,125,618 | 70,199,788 | 78,017,668 | 80,237,859 | 89,443,194 | 92,512,034 |

NONOPERATING REVENUES (EXPENSES):

| | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Federal, state and other grants | 736,079 | 1,113,955 | 1,137,330 | 865,443 | 245,335 | 506,886 | 756,220 | 12,154 | 173,811 | 280,632 |
| Investment income (loss) | 88,242 | 75,509 | 69,251 | 4,630 | 4,558 | (55,433) | (27,416) | 57,764 | 322,461 | (323,701) |
| Interest income | 124,337 | 132,261 | 147,055 | 171,393 | 229,316 | 321,992 | 1,145,072 | 1,598,276 | 1,384,318 | 409,770 |
| Other income | 1,590,443 | 1,744,362 | 1,584,785 | 1,172,975 | 1,922,674 | 1,619,934 | 1,475,370 | 1,566,864 | (1,901,106) | 1,716,440 |
| Interest expense | (3,730,202) | (4,090,263) | (4,686,280) | (4,465,063) | (3,578,557) | (3,950,306) | (6,343,751) | (7,080,696) | (6,659,512) | (6,516,310) |
| Total nonoperating revenues (expenses), net | (1,191,101) | (1,024,176) | (1,747,859) | (2,250,622) | (1,176,674) | (1,556,927) | (2,994,505) | (3,845,638) | (6,680,028) | (4,433,169) |

Capital contributions

| | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 4,880,159 | 4,903,701 | 5,863,573 | 5,748,183 | 5,574,709 | 5,569,498 | 5,618,158 | 5,861,734 | 7,396,311 | 5,356,385 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Increase in Net Positions

| | | | | | | | | | | |
|--|--------------|---------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | \$ 5,600,101 | \$ 10,710,546 | \$ 6,106,159 | \$ (2,275,162) | \$ (627,036) | \$ 2,326,701 | \$ 3,278,273 | \$ (228,617) | \$ 8,544,283 | \$ 11,845,720 |
|--|--------------|---------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|---------------|

% Water rate increase

| | | | | | | | | | | |
|--|-----|-----|---|---|----------|-----|--------------------|-----|-----|-----|
| | (3) | 6.0 | - | - | 15% & 4% | (5) | 7.0 ⁽⁶⁾ | (8) | 4.0 | (9) |
|--|-----|-----|---|---|----------|-----|--------------------|-----|-----|-----|

Number of Employees (4)

| | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 228 | 228 | 242 | 235 | 232 | 228 | 228 | 229 | 225 | 226 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

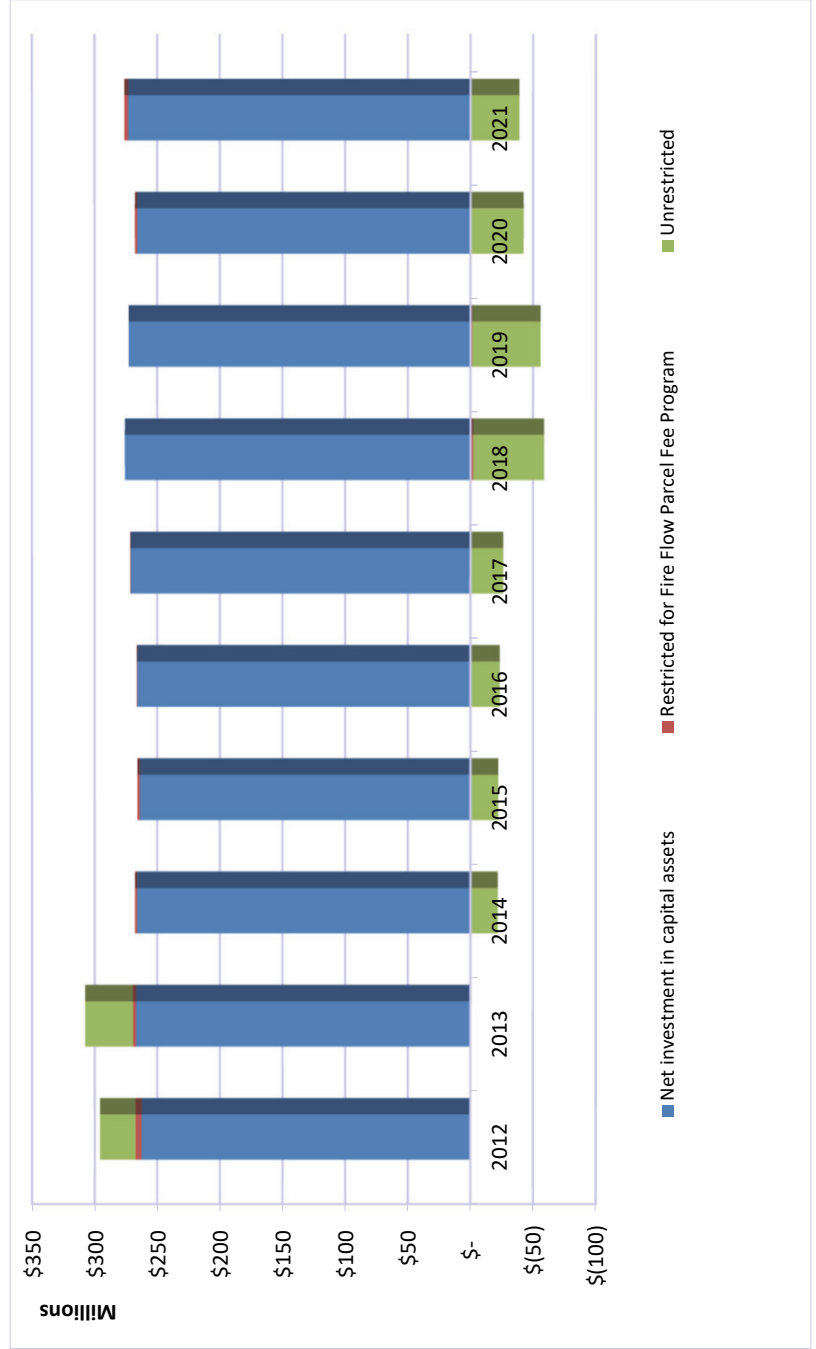
- (1) New Watershed Management Fee and new rate structure effective on January 1, 2016
- (2) Implemented GASB 68 requirement for pension liability in FY 2015
- (3) Total combined 10% rate increases on July 5, 2009 and March 1, 2010
- (4) The number represents filled positions only
- (5) Effective January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

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OPERATING REVENUES: | | | | | | | | | | |
| Water sales and service charges | \$ 57,277,794 | \$ 64,930,689 | \$ 64,677,493 | \$ 57,117,530 | \$ 56,202,387 | \$ 62,376,213 | \$ 72,179,644 | \$ 71,541,075 | \$ 76,806,241 | \$ 81,632,469 |
| Connection charges | 1,034,656 | 737,597 | 1,705,549 | 969,356 | 1,603,209 | 1,214,666 | 999,336 | 1,178,784 | 810,182 | 912,312 |
| Capital Maintenance Fee | | | | | | | | | 14,301,460 | 15,509,355 |
| Watershed Management Fee | 1,106,286 | 1,003,823 | 1,351,687 | 1,154,210 | 1,244,800 | 3,884,640 | 4,259,747 | 4,350,066 | 4,545,973 | 4,572,006 |
| Other operating revenue | 59,418,736 | 66,672,109 | 67,734,729 | 59,241,096 | 60,100,547 | 68,513,918 | 78,672,288 | 77,993,146 | 807,338 | 808,396 |
| Total operating revenues | | | | | | | | | | |
| | | | | | | | | | | |
| OPERATING EXPENSES: | | | | | | | | | | |
| Personnel services | 29,685,634 | 31,077,225 | 33,237,254 | 34,245,965 | 34,685,884 | 39,090,743 | 43,326,422 | 44,934,887 | 47,801,027 | 45,609,155 |
| Materials and supplies | 2,194,427 | 2,413,999 | 2,331,826 | 2,173,853 | 1,976,319 | 2,029,965 | 2,313,215 | 2,114,574 | 2,414,033 | 2,362,137 |
| Operations | 2,410,100 | 3,713,314 | 4,006,611 | 4,238,295 | 4,392,449 | 4,167,867 | 5,330,599 | 6,191,352 | 5,620,809 | 7,152,677 |
| Water conservation rebate program | 1,175 | 425 | 132,019 | 237,563 | 332,052 | 248,029 | 119,185 | 120,394 | 173,107 | 452,232 |
| Electrical power | 2,853,620 | 3,046,751 | 3,397,161 | 3,152,661 | 3,250,983 | 2,841,917 | 4,071,680 | 3,814,233 | 4,634,313 | 5,038,827 |
| Water purchased | 5,419,232 | 5,606,167 | 7,437,740 | 6,720,104 | 5,732,110 | 5,926,921 | 6,803,603 | 6,966,684 | 7,313,212 | 10,260,284 |
| Insurance, including claims | 1,760,577 | 1,053,329 | 1,310,545 | 1,141,719 | 1,849,921 | 1,761,928 | 1,495,198 | 1,253,329 | 5,755,792 | 3,848,921 |
| General and administrative | 1,912,834 | 1,994,710 | 2,566,990 | 2,327,110 | 1,873,705 | 2,784,191 | 2,892,134 | 2,733,877 | 3,474,089 | 4,827,436 |
| Depreciation and amortization | 11,270,094 | 10,935,168 | 11,324,138 | 10,776,549 | 11,032,195 | 11,348,227 | 11,665,632 | 12,108,529 | 12,256,812 | 12,960,365 |
| Total operating expenses | 57,507,693 | 59,841,088 | 65,744,284 | 65,013,819 | 65,125,618 | 70,199,788 | 78,017,668 | 80,237,859 | 89,443,194 | 92,512,034 |
| | | | | | | | | | | |
| NONOPERATING REVENUES (EXPENSES): | | | | | | | | | | |
| Federal, state and other grants | 736,079 | 1,113,955 | 1,137,330 | 865,443 | 245,335 | 506,886 | 756,220 | 12,154 | 173,811 | 280,632 |
| Investment income | 88,242 | 75,509 | 69,251 | 4,630 | 4,558 | (55,433) | (27,416) | 57,764 | 322,461 | (323,701) |
| Interest income | 124,337 | 132,261 | 147,055 | 171,393 | 229,316 | 321,992 | 1,145,072 | 1,598,276 | 1,384,318 | 409,770 |
| Other income | 1,590,443 | 1,744,362 | 1,584,785 | 1,172,975 | 1,922,674 | 1,619,934 | 1,475,370 | 1,566,864 | (1,901,106) | 1,716,440 |
| Interest expense | (3,730,202) | (4,090,263) | (4,686,280) | (4,465,063) | (3,578,557) | (3,950,306) | (6,343,751) | (7,080,696) | (6,659,512) | (6,516,310) |
| Total nonoperating revenues (expenses), net | (1,191,101) | (1,024,176) | (1,747,859) | (2,250,622) | (1,176,674) | (1,556,927) | (2,994,505) | (3,845,638) | (6,680,028) | (4,433,169) |
| | | | | | | | | | | |
| Capital contributions | 4,880,159 | 4,903,701 | 5,863,573 | 5,748,183 | 5,574,709 | 5,569,498 | 5,618,158 | 5,861,734 | 7,396,311 | 5,356,385 |
| Increase in Net Positions | \$ 5,600,101 | \$ 10,710,546 | \$ 6,106,159 | \$ (2,275,162) | \$ (627,036) | \$ 2,326,701 | \$ 3,278,273 | \$ (228,617) | \$ 8,544,283 | \$ 11,845,770 |

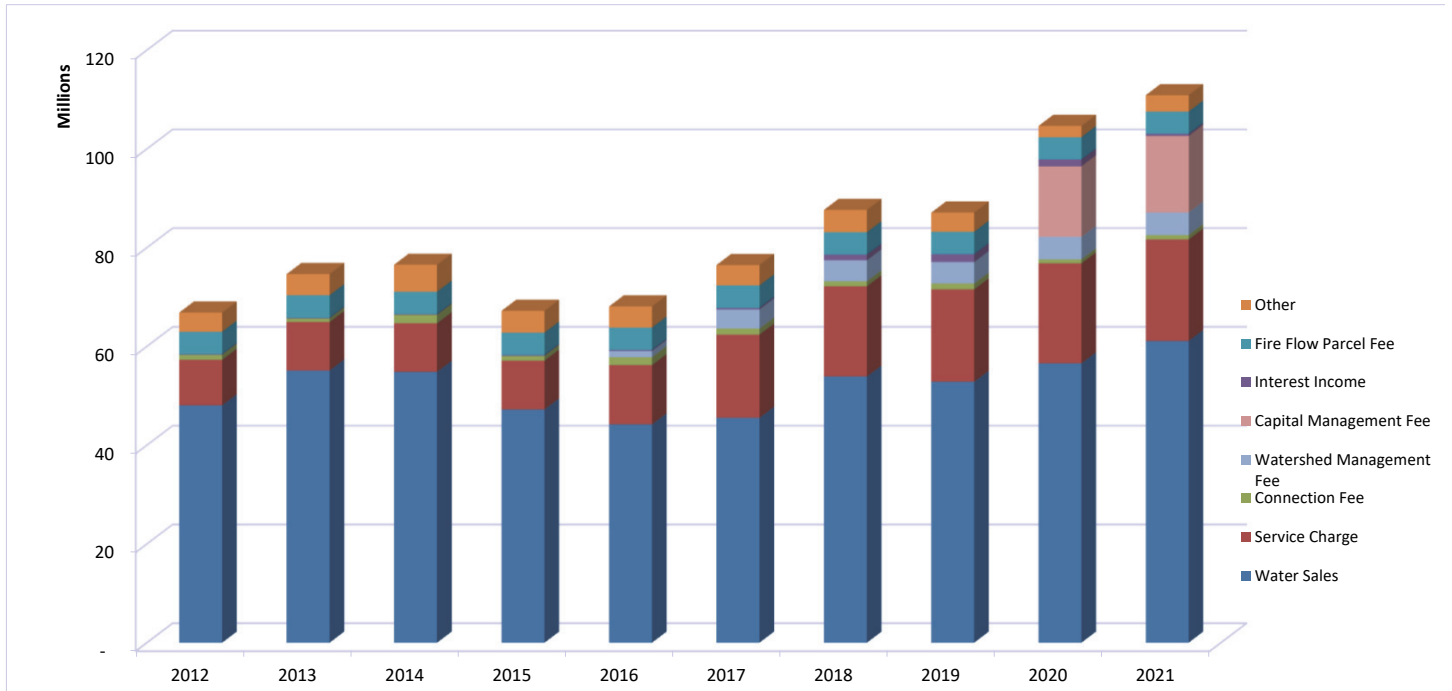
**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF NET POSITION
Year Ended June 30,**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| NET POSITION: | | | | | | | | | | |
| Net investment in capital assets | \$ 262,581,208 | \$ 266,939,799 | \$ 265,964,474 | \$ 263,879,193 | \$ 265,735,569 | \$ 271,082,963 | \$ 275,806,106 | \$ 272,816,752 | \$ 265,731,745 | \$ 273,097,879 |
| Restricted for Fire Flow Parcel Fee Program | 4,684,736 | 2,483,468 | 1,736,460 | 1,939,529 | 656,839 | 426,571 | (1,973,265) | (1,363,318) | 2,021,206 | 3,139,821 |
| Unrestricted | 28,489,407 | 38,167,094 | (21,740,132) | (22,133,082) | (23,333,804) | (26,124,229) | (56,721,202) | (54,570,412) | (42,325,646) | (38,964,675) |
| TOTAL NET POSITION | \$ 295,755,351 | \$ 307,590,361 | \$ 245,960,802 | \$ 243,685,640 | \$ 243,058,604 | \$ 245,385,305 | \$ 217,111,639 | \$ 216,883,022 | \$ 225,427,305 | \$ 237,273,025 |



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



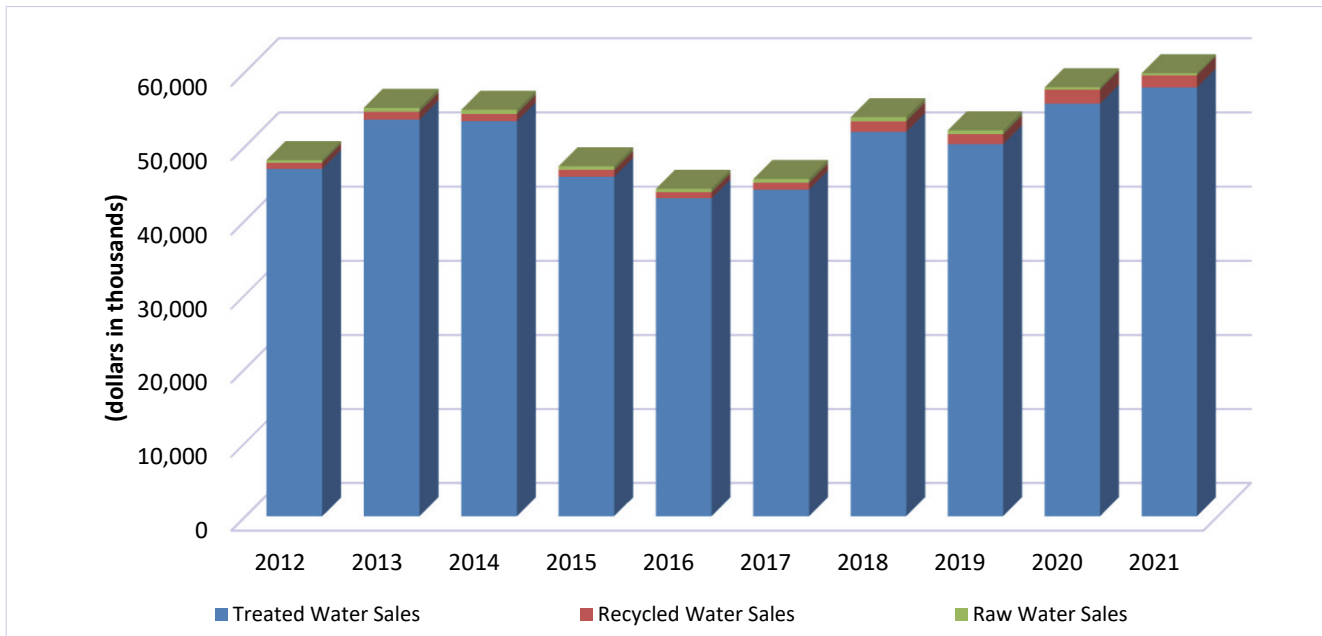
MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS
 Year ended June 30,

| Effective Date | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| | 5/1/2012 | 5/1/2012 | 5/1/2012 | 5/1/2012 | 1/1/2016 | 5/1/2016 | 5/1/2016 | 7/1/2017 | 7/1/2017 | 7/1/2019 | 4/9/2021* |
| Single-Family Residential | | | | | | | | | | | |
| Tier 1 | \$ 3.74 | \$ 3.74 | \$ 3.74 | \$ 3.74 | \$ 3.81 | \$ 3.96 | \$ 3.96 | \$ 4.07 | \$ 4.07 | \$ 4.19 | \$ 4.36 |
| Tier 2 | 7.48 | 7.48 | 7.48 | 7.48 | 6.40 | 6.66 | 6.66 | 7.13 | 7.13 | 7.26 | 7.55 |
| Tier 3 | 14.97 | 14.97 | 14.97 | 14.97 | 10.96 | 11.40 | 11.4 | 12.07 | 12.07 | 32.25 | 33.54 |
| Tier 4 | 22.45 | 22.45 | 22.45 | 22.45 | 18.85 | 19.60 | 19.6 | 19.45 | 19.45 | 19.68 | 20.47 |
| Duplex Residential | | | | | | | | | | | |
| Tier 1 | 3.74 | 3.74 | 3.74 | 3.74 | 3.81 | 3.95 | 3.95 | 4.10 | 4.10 | 4.22 | 4.39 |
| Tier 2 | 7.48 | 7.48 | 7.48 | 7.48 | 6.52 | 6.77 | 6.77 | 7.24 | 7.24 | 7.38 | 7.68 |
| Tier 3 | 14.97 | 14.97 | 14.97 | 14.97 | 10.69 | 11.11 | 11.11 | 12.02 | 12.02 | 12.19 | 12.68 |
| Tier 4 | 22.45 | 22.45 | 22.45 | 22.45 | 18.17 | 18.89 | 18.89 | 18.90 | 18.90 | 19.13 | 19.90 |
| Multi-Unit Residential | | | | | | | | | | | |
| Tier 1 | 3.74 | 3.74 | 3.74 | 3.74 | 3.83 | 3.93 | 3.93 | 4.16 | 4.16 | 4.27 | 4.44 |
| Tier 2 | 7.48 | 7.48 | 7.48 | 7.48 | 6.33 | 6.50 | 6.5 | 7.07 | 7.07 | 7.20 | 7.49 |
| Tier 3 | 14.97 | 14.97 | 14.97 | 14.97 | 10.43 | 10.71 | 10.71 | 11.25 | 11.25 | 11.41 | 11.87 |
| Tier 4 | 22.45 | 22.45 | 22.45 | 22.45 | 17.88 | 18.36 | 18.36 | 18.94 | 18.94 | 19.16 | 19.93 |
| Business, Institutional and Irrigation | | | | | | | | | | | |
| Tier 1 | 3.74 | 3.74 | 3.74 | 3.74 | 3.65 | 3.80 | 3.8 | 3.98 | 3.98 | 4.09 | 4.25 |
| Tier 2 | 7.48 | 7.48 | 7.48 | 7.48 | 9.37 | 9.75 | 9.75 | 10.82 | 10.82 | 10.99 | 11.43 |
| Tier 3 | 14.97 | 14.97 | 14.97 | 14.97 | 14.41 | 14.98 | 14.98 | 16.26 | 16.26 | 16.46 | 17.12 |
| Single-Family Irrigation | | | | | | | | | | | |
| Tier 1 | | | | | 5.19 | 5.19 | 5.19 | 5.14 | 5.14 | 5.27 | 5.48 |
| Tier 2 | | | | | 6.82 | 6.82 | 6.82 | 6.15 | 6.15 | 6.29 | 6.54 |
| Tier 3 | | | | | 10.88 | 10.88 | 10.88 | 10.76 | 10.76 | 10.94 | 11.38 |
| Raw Water | | | | | | | | | | | |
| Tier 1 | 3.40 | 3.40 | 3.40 | 3.40 | 3.65 | 3.80 | 3.8 | 4.23 | 4.23 | 3.82 | 3.97 |
| Tier 2 | 6.81 | 6.81 | 6.81 | 6.81 | 6.45 | 6.70 | 6.7 | 4.23 | 4.23 | 3.82 | 3.97 |
| Tier 3 | 13.61 | 13.61 | 13.61 | 13.61 | 14.62 | 15.21 | 15.21 | 4.23 | 4.23 | 3.82 | 3.97 |
| Recycled Water | | | | | | | | | | | |
| Tier 1 | 2.57 | 2.57 | 2.57 | 2.57 | 2.65 | 2.76 | 2.76 | 3.17 | 3.17 | 3.17 | 3.30 |
| Tier 2 | 5.13 | 5.13 | 5.13 | 5.13 | 7.27 | 7.56 | 7.56 | 10.05 | 10.05 | 10.20 | 10.61 |
| Tier 3 | 10.26 | 10.26 | 10.26 | 10.26 | 15.17 | 15.78 | 15.78 | 18.73 | 18.73 | 18.94 | 19.70 |
| Bimonthly Service Charges by meter size | | | | | | | | | | | |
| 5/8" | 21.53 | 21.53 | 21.53 | 21.53 | 32.55 | 33.85 | 33.85 | 36.79 | 36.79 | 39.66 | 41.25 |
| 3/4" | 23.81 | 23.81 | 23.81 | 23.81 | 41.25 | 42.90 | 42.9 | 46.62 | 46.62 | 50.74 | 52.77 |
| 1" | 32.88 | 32.88 | 32.88 | 32.88 | 58.60 | 60.95 | 60.95 | 66.28 | 66.28 | 72.89 | 75.81 |
| 1.5" | 55.66 | 55.66 | 55.66 | 55.66 | 101.95 | 106.05 | 106.05 | 115.43 | 115.43 | 128.27 | 133.40 |
| 2" | 82.85 | 82.85 | 82.85 | 82.85 | 154.00 | 160.20 | 160.2 | 174.41 | 174.41 | 194.72 | 202.51 |
| 3" | 155.51 | 155.51 | 155.51 | 155.51 | 318.85 | 331.70 | 331.7 | 361.18 | 361.18 | 405.17 | 421.38 |
| 4" | 214.69 | 214.69 | 214.69 | 214.69 | 561.75 | 584.40 | 584.4 | 636.42 | 636.42 | 715.30 | 743.91 |
| 6" | 463.76 | 463.76 | 463.76 | 463.76 | 1,229.70 | 1,279.30 | 1279.3 | 1,393.33 | 1,393.33 | 1,568.15 | 1,630.88 |
| 8" | 917.90 | 917.90 | 917.90 | 917.90 | 2,097.20 | 2,181.80 | 2181.8 | 2,376.33 | 2,376.33 | 2,675.75 | 2,782.78 |
| 10" | 1,372.04 | 1,372.04 | 1,372.04 | 1,372.04 | 3,311.70 | 3,445.30 | 3445.3 | 3,752.53 | 3,752.53 | 4,226.39 | 4,395.45 |
| Bimonthly Watershed Management Fee | | | | | | | | | | | |
| 5/8" | | | | | 8.45 | 8.80 | 8.8 | 9.78 | 9.78 | 10.29 | 10.70 |
| 3/4" | | | | | 10.15 | 10.55 | 10.55 | 11.69 | 11.69 | 12.30 | 12.79 |
| 1" | | | | | 13.45 | 14.00 | 14 | 15.50 | 15.50 | 16.30 | 16.95 |
| 1.5" | | | | | 21.80 | 22.65 | 22.65 | 25.02 | 25.02 | 26.31 | 27.36 |
| 2" | | | | | 31.80 | 33.05 | 33.05 | 36.45 | 36.45 | 38.32 | 39.85 |
| 3" | | | | | 63.50 | 66.00 | 66 | 72.65 | 72.65 | 76.36 | 79.41 |
| 4" | | | | | 110.15 | 114.60 | 114.6 | 125.99 | 125.99 | 132.42 | 137.72 |
| 6" | | | | | 238.55 | 248.10 | 248.1 | 272.67 | 272.67 | 286.57 | 298.03 |
| 8" | | | | | 405.30 | 421.50 | 421.5 | 463.17 | 463.17 | 486.77 | 506.24 |
| 10" | | | | | 638.75 | 664.30 | 664.3 | 729.87 | 729.87 | 767.05 | 797.73 |
| Capital Watershed Management Fee | | | | | | | | | | | |
| 5/8" | | | | | | | | | | 27.25 | 28.34 |
| 3/4" | | | | | | | | | | 40.87 | 42.50 |
| 1" | | | | | | | | | | 68.12 | 70.84 |
| 1.5" | | | | | | | | | | 136.24 | 141.69 |
| 2" | | | | | | | | | | 217.99 | 226.71 |
| 3" | | | | | | | | | | 476.85 | 495.92 |
| 4" | | | | | | | | | | 858.34 | 892.67 |
| 6" | | | | | | | | | | 1,907.42 | 1,983.72 |
| 8" | | | | | | | | | | 3,269.86 | 3,400.65 |
| 10" | | | | | | | | | | 5,177.29 | 5,384.38 |

* 4% rate increase on 4/9/2021

**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 | Sales |
|--------------------|----------------------------|-----------------------------|------------------------|--------------|
| 2012 | 46,879 | 828 | 363 | 48,070 |
| 2013 | 53,536 | 1,056 | 533 | 55,125 |
| 2014 | 53,315 | 980 | 545 | 54,840 |
| 2015 | 45,834 | 935 | 470 | 47,239 |
| 2016 | 42,946 | 824 | 436 | 44,206 |
| 2017 | 44,104 | 941 | 479 | 45,524 |
| 2018 | 51,862 | 1,437 | 551 | 53,850 |
| 2019 | 50,209 | 1,357 | 509 | 52,075 |
| 2020 | 55,671 | 1,903* | 306 | 57,880 |
| 2021 | 57,848 | 1,646* | 285 | 59,779 |



* The District stopped operating the recycling water treatment plant in October 2018. Customers who have separate recycle water meters were provided with the regular pottable water during FY2020. The District has an agreement to purchase recycled water from Las Gallinas Valley Sanitary District once their recycling water treatment plant construction is complete in 2021.

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| City of San Rafael | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley | City of Mill Valley |
| County of Marin | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael | City of San Rafael |
| Department of Corrections | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin | County of Marin |
| Marin General Hospital | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections | Department of Corrections |
| Mcinnis Park Golf | Marin General Hospital | 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 |
| Meadow Club | Meadow Club | Meadow Club | Meadow Club | Meadow Club | Meadow Club | Meadow Club | National Park Service | Marin General Hospital | Meadow Club | Meadow Club |
| National Park Service | National Park Service | National Park Service | National Park Service | National Park Service | National Park Service | National Park Service | Peacock Gap Holdings LLC | National Park Service | National Park Service | National Park Service |
| Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | San Geronimo Golf Course | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC | Peacock Gap Holdings LLC |
| San Geronimo Golf Course | San Geronimo Golf Course | San Geronimo Golf Course | San Geronimo Golf Course | San Geronimo Golf Course | San Geronimo Golf Course | San Geronimo Golf Course | San Rafael School District | San Rafael School District | San Rafael School District | San Rafael School District |
| San Rafael School District | San Rafael School District | San Rafael School District | San Rafael School District | San Rafael School District | San Rafael School District | San Rafael School 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,

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue | | | | | | | | | | |
| Parcel fee | \$ 4,523,329 | \$ 4,540,389 | \$ 4,524,178 | \$ 4,511,604 | \$ 4,511,652 | \$ 4,523,545 | \$ 4,518,478 | \$ 4,526,384 | \$ 4,520,242 | \$ 4,504,313 |
| Interest income | 15,067 | 9,412 | 3,799 | 5,327 | 3,327 | 2,871 | 380 | (53,314) | (9,896) | 11,340 |
| | <u>4,538,396</u> | <u>4,549,801</u> | <u>4,527,977</u> | <u>4,516,931</u> | <u>4,514,979</u> | <u>4,526,416</u> | <u>4,518,858</u> | <u>4,473,070</u> | <u>4,510,347</u> | <u>4,515,653</u> |
| Expenses | | | | | | | | | | |
| Personnel | 1,037,543 | 1,492,017 | 1,244,252 | 1,205,830 | 1,461,144 | 1,118,720 | 981,018 | 615,233 | 229,302 | 643,789 |
| Materials and supplies | 468,468 | 1,100,296 | 622,091 | 628,747 | 513,669 | 615,591 | 947,442 | 338,550 | 37,968 | 519,594 |
| General and administrative | 3,875 | 4,083 | 2,269 | 4,099 | 6,861 | 3,098 | 3,118 | 1,248 | - | 2,082 |
| Operations | 85,945 | 131,484 | 107,205 | 43,521 | 107,233 | 79,072 | 90,512 | 73,723 | 24,589 | 75,615 |
| Construction contracts | 2,056,836 | 3,974,019 | 3,248,806 | 2,379,061 | 3,571,453 | 2,846,854 | 4,859,953 | 2,790,673 | 830,161 | 2,126,407 |
| Professional fees | 56,970 | 49,169 | 50,361 | 52,605 | 172,708 | 93,350 | 36,650 | 43,696 | 3,804 | 29,550 |
| | <u>\$ 3,709,637</u> | <u>\$ 6,751,068</u> | <u>\$ 5,274,984</u> | <u>\$ 4,313,862</u> | <u>\$ 5,833,068</u> | <u>\$ 4,756,685</u> | <u>\$ 6,918,694</u> | <u>\$ 3,863,123</u> | <u>\$ 1,125,823</u> | <u>\$ 3,397,037</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 Mater Plan.

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Operating and other revenue | | | | | | | | | | |
| Water sales, connection charges and other operating revenue | \$ 61,745,258 | \$ 69,530,426 | \$ 70,456,844 | \$ 61,279,514 | \$ 62,268,556 | \$ 70,640,738 | \$ 80,903,878 | \$ 79,572,164 | \$ 95,543,899 | \$ 105,517,679 |
| Operating expense | | | | | | | | | | |
| Source of supply | 5,419,232 | 5,606,167 | 7,437,740 | 6,720,104 | 5,732,110 | 5,926,921 | 6,803,603 | 6,966,684 | 7,313,211 | 10,260,284 |
| Other operating expense (1) | 40,818,367 | 43,299,753 | 46,982,406 | 47,517,166 | 48,361,312 | 52,924,640 | 59,548,433 | 61,162,646 | 69,873,171 | 69,291,384 |
| Total operating expense | 46,237,599 | 48,905,920 | 54,420,146 | 54,237,270 | 54,093,422 | 58,851,561 | 66,352,036 | 68,129,330 | 77,186,382 | 79,551,668 |
| Interest income on operating funds | 124,337 | 132,261 | 147,055 | 171,393 | 229,316 | 321,992 | 1,145,072 | 1,598,276 | 1,384,318 | 409,770 |
| Net operating income | 15,631,996 | 20,756,767 | 16,183,753 | 7,213,637 | 8,404,450 | 12,111,169 | 15,696,914 | 13,041,110 | 19,741,835 | 26,375,781 |
| Transfer (to)/from Rate Stabilization Fund | - | (2,400,000) | (4,900,000) | 1,400,000 | 200,000 | (2,300,000) | (1,400,000) | - | - | - |
| Net income available for bonded debt service | \$ 15,631,996 | \$ 18,356,767 | \$ 11,283,753 | \$ 8,613,637 | \$ 8,604,445 | \$ 9,811,169 | \$ 14,296,914 | \$ 13,041,110 | \$ 19,741,835 | \$ 26,375,781 |
| Actual annual bonded debt service | \$ 5,570,990 | \$ 6,585,476 | \$ 7,422,090 | \$ 6,755,140 | \$ 6,878,665 | \$ 6,483,680 | \$ 9,385,045 | \$ 9,390,653 | \$ 9,382,553 | \$ 9,386,043 |
| Coverage factor | 2.81 | 2.79 | 1.52 | 1.28 | 1.25 | 1.51 | 1.52 | 1.39 | 2.10 | 2.81 |

(1) Excludes depreciation, amortization, and interest expense

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

| Description | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2002 Revenue Refunding Bonds (1) 2.5% - 5.00% | - | - | - | - | - | - | - | - | - | - |
| Maturity: Fiscal Year 2023 | | | | 1,915 | 845 | | | | | |
| 2004 Certificates of Participation (2) 2.5% - 5.25% | 6,760 | 4,865 | 2,935 | | | | | | | |
| Maturity: Fiscal Year 2030 | | | | | | | | | | |
| Capital Lease Obligation | - | - | - | - | - | - | - | - | - | - |
| Maturity: Fiscal Year 2010 | | | | 1,100 | 978 | 856 | 734 | 611 | 489 | 367 |
| Clean Renewable Energy Bonds Maturity: Fiscal Year 2023 | 1,467 | 1,345 | 1,223 | | | | | | | |
| 2010 Water Revenue Bonds (3) 2.5% - 5.25% | 31,850 | 31,850 | 31,850 | 31,850 | 31,850 | | | | | |
| Maturity: Fiscal Year 2030 | | | | 84,680 | 84,350 | 84,350 | 82,490 | 80,580 | 78,590 | 76,545 |
| 2012 Water Revenue Bonds 2.5% - 5.25% | 85,000 | 85,000 | 85,000 | | | | | | | |
| Maturity: Fiscal Year 2030 | | | | 9,290 | 8,968 | 11,260 | 16,865 | 16,283 | 15,701 | 15,119 |
| Original Bond Premium/discount, net** Aquaduct Energy Efficiency Project (AEEP) | 10,255 | 9,933 | 9,611 | 3,355 | 2,865 | 2,620 | 2,375 | 2,365 | 2,224 | 2,079 |
| Maturity: Fiscal Year 2032 | | | | | | | | | | |
| 2016 Water Revenue Refunding Bonds 3.375%-5.00% | - | - | - | | | 31,380 | 31,380 | 31,380 | 31,380 | 31,380 |
| Maturity: Fiscal Year 2040 | | | | | | 5,671 | 5,427 | 5,252 | 4,913 | 4,640 |
| Las Gallinas Valley Sanitary District-Recycled Water Buy-In 4% | | | | | | | | | | |
| Maturity: Fiscal Year 2042 | | | | | | | 36,120 | 35,385 | 34,775 | 34,150 |
| 2017 Subordinate Revenue Bonds 2.00%-5.00% | | | | | | | | | | |
| Maturity: Fiscal Year 2047 | | | | | | | | | | |
| Total | \$ 135,332 | \$ 132,993 | \$ 134,219 | \$ 132,150 | \$ 129,856 | \$ 136,137 | \$ 175,391 | \$ 171,856 | \$ 168,072 | \$ 164,280 |
| Percentage of Personal Income (4) | \$ 0.57% | \$ 0.53% | \$ 0.52% | \$ 0.46% | \$ 0.43% | \$ 0.42% | \$ 0.50% | \$ 0.47% | \$ 0.47% | \$ 0.47% |
| Per Capita (4) | \$ 528 | \$ 515 | \$ 515 | \$ 506 | \$ 498 | \$ 522 | \$ 675 | \$ 664 | \$ 664 | \$ 664 |

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

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

| Fiscal Year | Population(1) | Personal Income(1) | Per Capita Personal Income(1) | Unemployment Rate (2) |
|-------------|---------------|--------------------|----------------------------------|--------------------------|
| 2012 | 256,069 | 23,918,732,000 | 93,407 | 6.70% |
| 2013 | 258,365 | 25,093,401,000 | 97,124 | 5.40% |
| 2014 | 260,750 | 25,716,754,000 | 98,626 | 4.20% |
| 2015 | 261,221 | 28,492,821,000 | 109,076 | 3.40% |
| 2016 | 260,651 | 30,222,883,000 | 115,952 | 3.30% |
| 2017 | 260,955 | 32,502,500,000 | 124,552 | 2.90% |
| 2018 | 259,666 | 34,866,708,000 | 134,275 | 2.60% |
| 2019 | 258,826 | 36,684,680,000 | 141,735 | 2.40% |
| 2020 | Unavailable | Unavailable | Unavailable | 10.10% |
| 2021 | Unavailable | Unavailable | Unavailable | 4.80% |

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 | 2020 | | 2011 | |
|------------------------------------|---------------|---|-------------------------|---|
| Employer | Employees | Percentage of Total County Employment | Employees | Percentage of Total County Employment |
| County of Marin | 3,192 | 2.64% | 2,135 | 1.70% |
| Kaiser Permanente Medical Center | 2,014 | 1.66% | 2,058 | 1.63% |
| San Quentin State Prison | 1,680 | 1.39% | 1,330 | 1.06% |
| Marin Health Medical Center | 1,279 | 1.06% | 1,200 | 0.95% |
| Marin Community College District | 906 | 0.75% | 1,090 | 0.87% |
| Novato Unified School District | 800 | 0.66% | 950 | 0.75% |
| City of San Rafael | 577 | 0.48% | 928 | 0.74% |
| Marin Community Clinics | 540 | 0.45% | 832 | 0.66% |
| Dominican University of California | 413 | 0.34% | 700 | 0.56% |
| City of Mill Valley | 373 | 0.31% | 619 | 0.49% |
| | <u>11,774</u> | <u>9.72%</u> | <u>11,842</u> | <u>9.41%</u> |
| Total County Employment | | <u>121,100</u> | Total County Employment | <u>125,900</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,

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Manager Division | 21 | 22 | 24 | 23 | 19 | 21 | 20 | 2 (3) | 10 (4) | 31 (5) |
| Legal Service Division | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 2 | 2 | 2 |
| Administrative Service Division | (1) 33 | 33 | 37 | 34 | 33 | 35 (2) | 35 | 53 (3) | 45 (4) | 45 |
| Human Resources Division | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 5 | N/A(4) | N/A |
| Environmental & Engineering Service Division | 90 | 90 | 92 | 92 | 92 | 86 | 92 | 92 | 88 | 41 |
| Facilities & Watershed Division | (1) 76 | 75 | 80 | 77 | 80 | 78 (2) | 73 | 75 | 80 | N/A |
| Operations Division | | | | | | | | | | 107 (5) |
| | <u>228</u> | <u>228</u> | <u>242</u> | <u>235</u> | <u>232</u> | <u>228</u> | <u>228</u> | <u>229</u> | <u>225</u> | <u>226</u> |

- (1) Meter Operations Department moved from Facilities & Watershed Division to Administration Services Division starting in FY 2011.
- (2) Safety moved from Administrative Services Division to Facilities & Watershed Division in FY 2017.
- (3) Public Information, Water Conservation and IT Departments moved from General Manager Division to Administrative Services Division in FY 2019.
- (4) Human Resource Department moved to General Manager Division and Public Communication Department moved from Administrative Services Division to General Manager Division in FY 2020.
- (5) 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 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Water Rights | \$ 9,193,601 | \$ 9,193,601 | \$ 13,273,601 | \$ 13,273,601 | \$ 13,273,601 | \$ 19,623,196 | \$ 19,623,196 | \$ 16,755,852 | \$ 16,298,734 | \$ 16,298,734 |
| Land | 11,264,770 | 10,800,399 | 11,128,405 | 11,129,340 | 11,465,962 | 11,539,660 | 12,675,559 | 13,536,978 | 13,638,944 | 18,750,702 |
| Buildings | 21,211,552 | 21,756,787 | 21,999,810 | 23,184,242 | 23,435,207 | 23,435,207 | 23,437,365 | 24,446,991 | 24,464,041 | 26,061,904 |
| Dams and reservoirs | 92,173,162 | 96,928,260 | 98,099,616 | 108,899,065 | 110,266,491 | 111,878,050 | 114,482,162 | 115,118,366 | 115,119,565 | 116,835,082 |
| Pumping plants | 27,442,607 | 30,306,613 | 32,430,877 | 32,938,312 | 33,424,128 | 33,789,710 | 33,793,514 | 39,855,409 | 40,134,643 | 40,307,556 |
| Water treatment plants | 41,875,744 | 42,601,382 | 42,937,155 | 46,490,317 | 46,916,968 | 46,997,576 | 47,028,515 | 47,756,388 | 38,503,048 | 39,601,987 |
| Transmission and distribution lines | 253,902,748 | 266,691,468 | 279,241,492 | 296,140,918 | 302,385,765 | 316,617,744 | 320,953,556 | 335,058,642 | 339,588,434 | 352,012,372 |
| Vehicles | 6,781,324 | 7,100,593 | 7,123,916 | 7,515,628 | 7,755,984 | 8,114,715 | 8,176,287 | 8,446,342 | 8,396,096 | 8,289,146 |
| Equipment | 21,992,937 | 22,458,489 | 21,217,373 | 21,154,243 | 21,675,862 | 22,292,032 | 23,356,824 | 24,863,812 | 25,255,415 | 36,282,620 |
| Construction in Progress | 24,437,387 | 25,879,384 | 25,942,572 | 16,393,442 | 27,133,846 | 34,538,754 | 51,212,783 | 44,138,334 | 54,243,727 | 42,854,665 |
| Total Plant-In-Service | 510,275,832 | 533,716,976 | 553,394,817 | 577,119,108 | 597,733,814 | 628,826,644 | 654,739,761 | 669,977,114 | 675,642,647 | 697,294,768 |
| Less Accumulated Depreciation | (177,236,557) | (187,872,490) | (195,074,858) | (204,401,491) | (214,197,589) | (225,082,786) | (235,908,831) | (245,204,814) | (250,499,901) | (262,441,312) |
| Net Utility Plant | \$ 333,039,275 | \$ 345,844,486 | \$ 358,319,959 | \$ 372,717,617 | \$ 383,536,225 | \$ 403,743,858 | \$ 418,830,930 | \$ 424,772,300 | \$ 425,142,746 | \$ 434,853,456 |

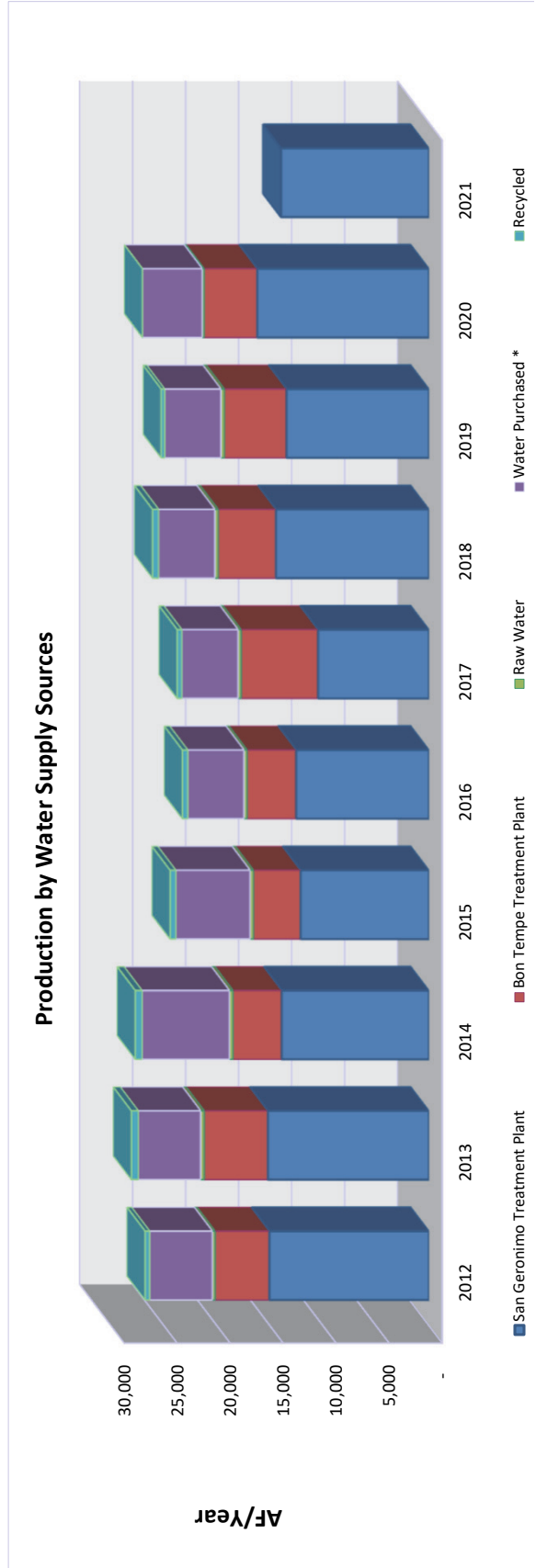
MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER PRODUCTION BY WATER SUPPLY SOURCES
 Year ended June 30,

| 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 |
|---------------------------|------------------------------|---------------------------|-----------|-------------------|----------|-------------------|---------|---------|------------|----------------------------|
| 2012 | 15,042 | 5,122 | 261 | 5,907 | 428 | 26,759 | 626 | 2.4% | 186,200 | 128.3 |
| 2013 | 15,192 | 5,995 | 343 | 5,873 | 656 | 28,059 | 1,300 | 4.9% | 186,900 | 134.0 |
| 2014 | 13,872 | 4,602 | 338 | 8,236 | 642 | 27,689 | (370) | -1.3% | 187,500 | 131.8 |
| 2015 | 12,101 | 4,446 | 317 | 7,000 | 543 | 24,407 | (3,281) | -11.9% | 188,200 | 115.8 |
| 2016 | 12,515 | 4,639 | 288 | 5,300 | 506 | 23,248 | (1,159) | -4.8% | 189,400 | 109.6 |
| 2017 | 10,454 | 7,254 | 289 | 5,299 | 441 | 23,737 | 489 | 2.1% | 190,300 | 111.4 |
| 2018 | 14,427 | 5,449 | 313 | 5,299 | 573 | 26,061 | 2,324 | 9.8% | 190,800 | 121.9 |
| 2019 | 13,420 | 5,869 | 327 | 5,299 | 329 | 25,244 | (817) | -3.1% | 191,300 | 117.8 |
| 2020 | 16,193 | 5,010 | 181 | 5,626 | 0(1) | 27,010 | 1,766 | 7.0% | 195,880 | 123.1 |
| 2021 | 13,945 | 4,528 | 108 | 7,723 | 200(2) | 26,504 | (506) | -1.9% | 193,937 | 122.0 |
| Total: | 137,161 | 52,915 | 2,765 | 61,561 | 4,318 | 258,719 | | | | |
| 10-YEAR AVERAGE (2012-21) | 13,716 | 5,291 | 276 | 6,156 | 432 | 25,872 | | | | |

* Purchased water from Sonoma County Water Agency

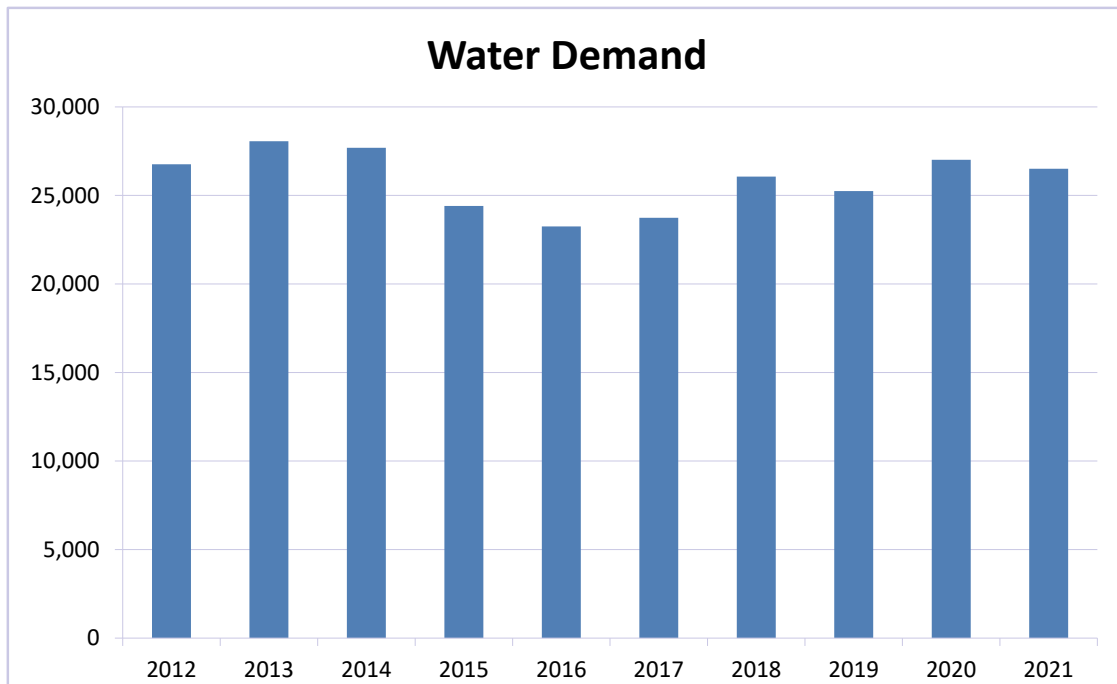
(1) The District stopped operating the recycling water treatment plant in October 2018. Customers who have separate recycle water meters were provided with the regular potable water during FY2020. The District has an agreement to purchase recycled water from Las Gallinas Valley Sanitary District once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

(2) Purchase recycled water from Las Gallinas Valley Sanitary District



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

| Fiscal Year | Total Water Supply (AF) | Million Gallons Per Day (MGD) |
|-------------|-------------------------|-------------------------------|
| 2011 | 26,133.37 | 23.33 |
| 2012 | 26,759.19 | 23.89 |
| 2013 | 28,059.28 | 25.05 |
| 2014 | 27,688.94 | 24.72 |
| 2015 | 24,407.47 | 21.79 |
| 2016 | 23,248.00 | 20.75 |
| 2017 | 23,737.00 | 21.19 |
| 2018 | 26,061.00 | 23.27 |
| 2019 | 25,244.00 | 22.54 |
| 2020 | 27,010.00 | 24.11 |
| 2021 | 26,504.00 | 23.66 |



MARIN MUNICIPAL WATER DISTRICT
MISCELLANEOUS STATISTICS
Year ended June 30,

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <i>Service Area</i> | | | | | | | | | | |
| Square miles | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 |
| Population | 186,200 | 186,900 | 187,500 | 187,500 | 189,400 | 190,300 | 190,800 | 191,300 | 195,880 | 193,937 |
| <i>Water Supply</i> | | | | | | | | | | |
| Watershed lands (acres) | 21,250 | 21,635 | 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 | 61,415 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 | 61,400 |
| In millions of gallons | 20,012 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Water imported from Russian River (average annual, acre feet) | 7,700 | 7,400 | 7,000 | 7,000 | 6,200 | 6,500 | 6,200 | 6,000 | 5,900 | 6,200 |
| Operational yield (acre feet) * | 28,500 | 28,500 | 28,500 | 28,500 | 29,000 | 29,000 | 29,000 | 29,000 | 29,000 | 29,000 |
| <i>Water Use</i> | | | | | | | | | | |
| Service connections (active) | 61,266 | 61,391 | 61,675 | 61,675 | 61,800 | 61,800 | 61,900 | 61,900 | 61,900 | 61,900 |
| Residential | 55,769 | 55,166 | 55,402 | 55,402 | 55,600 | 55,700 | 55,800 | 55,700 | 55,800 | 55,800 |
| Other | 5,497 | 6,225 | 6,273 | 6,273 | 6,200 | 6,100 | 6,100 | 6,200 | 6,100 | 6,100 |
| Maximum annual use (1987) | | | | | | | | | | |
| In acre feet | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 | 33,100 |
| In millions of gallons | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 | 10,785 |
| Average annual use over 10 years | | | | | | | | | | |
| In acre feet | 29,200 | 28,009 | 27,560 | 27,560 | 25,730 | 25,600 | 25,200 | 24,900 | 25,100 | 25,200 |
| In millions of gallons | 9,500 | 9,127 | 8,980 | 8,980 | 8,380 | 8,341 | 8,200 | 8,100 | 8,200 | 8,200 |
| <i>Facilities</i> | | | | | | | | | | |
| Miles of pipeline | 889 | 888 | 888 | 887 | 886 | 887 | 887 | 883 | 883 | 883 |
| Number of storage tanks | 124 | 125 | 125 | 125 | 125 | 125 | 125 | 124 | 124 | 124 |
| Total tank storage capacity (millions of gallons) | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 |
| Number of pump stations | 90 | 90 | 95 | 95 | 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 | 59 | 59 | 71 | 71 | 71 | 71 | 71 | 71 |
| Average daily treatment plant production (millions of gallons) | 25 | 25 | 25 | 25 | 25 | 21 | 21 | 21 | 22 | 22 |
| <i>Recycled Water Facilities</i> | | | | | | | | | | |
| Miles of pipeline | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Number of storage tanks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total tank storage capacity (millions of gallons) | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Number of pump stations | 5 | 5 | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of recycled water treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| Maximum daily treatment plant capacity (millions of gallons) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0 | 0 | 0 |

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