



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 October 20, 2015– 7:00 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

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Est. Time	Item	Subject										
7:00 p.m.	CALL TO ORDER											
	1.	APPROVE MINUTES FROM REGULAR MEETING , October 6, 2015										
	2.	GENERAL MANAGER'S REPORT										
	3.	OPEN TIME: (Please observe a three-minute time limit) This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.										
	4.	STAFF/DIRECTORS REPORTS										
	5.	QUARTERLY FINANCIAL STATEMENT										
	6.	MONTHLY PROGRESS REPORT w/ Customer Service Questionnaire										
	<div>CONSENT CALENDAR The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person. <table><tr><td>Water Service Agreement</td><td><u>Type</u></td><td><u>DU</u></td><td><u>EU</u></td><td></td></tr><tr><td>7. Consent – Approve: 45 Mendocino Lane Extension</td><td>SF</td><td>1</td><td>1</td><td>Resolution</td></tr></table></div>		Water Service Agreement	<u>Type</u>	<u>DU</u>	<u>EU</u>		7. Consent – Approve: 45 Mendocino Lane Extension	SF	1	1	Resolution
Water Service Agreement	<u>Type</u>	<u>DU</u>	<u>EU</u>									
7. Consent – Approve: 45 Mendocino Lane Extension	SF	1	1	Resolution								
	ACTION CALENDAR											
	8.	Approve: Outside Auditor's 2015 Report And Management Report										
	9.	Approve: NMFS Draft Coastal Multi-Species Recovery Plan- Approve Consultant Services Funding for Comment Resolution										
	INFORMATION ITEMS											
	10.	Sustainable Groundwater Management Act in Sonoma County										
	11.	MISCELLANEOUS Disbursements 2016 Medical Plan Cost Increase FY16 1st Quarter Self-Insured Workers Compensation Report										

All times are approximate and for reference only.

The Board of Directors may consider an item at a different time than set forth herein.

(Continued)

Est. Time	Item	Subject
		FY16 1 st Quarter Labor Cost Report STP Solar Power Facility – 3 rd Year Status Report Sonoma-Marín Saving Water Partnership Wins 2015 WaterSense Partner of the Year Award <u>News Articles:</u> Marín water savings over summer stay ahead of state-mandated goals Legislation to Improve Weather Forecasting for Water Management Signed by Governor Brown
	12.	CLOSED SESSION: In accordance with California Government Code Section 54957 for Consultation with security consultant on matters posing a threat to the security of essential public services
8:30 p.m.	13.	ADJOURNMENT

1

DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 6, 2015

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre,

Novato Resident Dinah Sims, District employees Robert Clark, (Maintenance/Operations Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

MINUTES

On motion of Director Schoonover, seconded by Director Petterle the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Directors Baker, Fraites, Petterle, and Schoonover

NOES: None

ABSTAIN: Director Rodoni

GENERAL MANAGER'S REPORT

SCWA Meeting

Mr. DeGabriele informed the Board that he attended a productive meeting with Sonoma County Water Agency's senior staff, District's Legal Counsel Bob Maddow, and Mr. McIntyre on September 24th to discuss how the District can assist SCWA interests with the Potter Valley Project relicensing. He stated that Bob Maddow will have follow-up conversations with Sonoma County Water Agency's legal counsel and other legal colleagues regarding Federal Emergency Regulatory Commission relicensing prior to any other action at this time.

Marin LAFCO

Mr. DeGabriele advised the Board that Mr. McIntyre and he met with Marin LAFCO's Executive Director regarding expanding the District's sphere of influence to include areas where outside service agreements are in place. He advised that the sphere of influence expansion does not mean service territory expansion is contemplated or desired but that it's an information pathway

for potential water service applicants and provides clear direction that Marin LAFCO would be in the lead for any potential annexation or outside service approval.

Novato Fire Protection District's Grand Opening

Mr. DeGabriele attended the Novato Fire Protection District's Station 64 Grand Opening on September 26th and apologized to the Board for not forwarding the invitation.

Gallagher Ranch

Mr. DeGabriele advised the Board that yesterday he and Mr. McIntyre met with MALT staff, the Gallagher's and funders of the potential MALT easement from the County of Marin and Coastal Conservancy at the Gallagher Ranch explaining the District's desire for additional opportunity to acquire property or right for another well upstream of Point Reyes Station on the ranch. He noted that the meeting put MALT and the funding entities at ease about what the District does now and the District's future plans. He informed the Board that the District's consultant is sinking test holes to identify suitable locations for another well today.

Central Service Area Recycled Water Project

Mr. DeGabriele informed the Board that he and Mr. McIntyre met with Marin County Club today to advise them on the developments of the Central Service Area Recycled Water project. He noted that Marin County Club has had some turnover on their Board so it was an opportunity to meet the new leadership and stated that it was a good information exchange.

Amante Family

Mr. DeGabriele advised the Board that in the Miscellaneous section of the Agenda a solicitation to staff to financially help the Amante family who lost their home in the Valley fire was included. He stated that he wanted to make certain the Board was okay with him making this pitch to District employees.

Vernon Stafford Retirement

Mr. DeGabriele informed the Board that Vernon Stafford has announced his retirement after 29 years of service as Water Treatment Plant Operator at the District. He noted that District staff would like to hold a holiday party in December, to not only celebrate District employees good work, but Vernon's retirement and he asked for the Board's consent.

OPEN TIME

President Baker asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

1 **STAFF/DIRECTORS REPORTS**

2 President Baker asked if staff or Directors wished to bring up an item not on the agenda and
3 the following item was discussed:

4 Mr. McIntyre reported he is meeting with the State Water Resources Control Board
5 (SWRCB) State Revolving Fund (SRF) staff tomorrow along with Jim O'Toole from Environmental
6 Science Associates regarding the Recycled Water Central Service Area environmental review and
7 SRF loan application. He advised that there have been staffing changes in this group at the
8 SWRCB and this meeting is an opportunity to refresh SWRCB staff with the District, our past
9 performance on SRF loan administration and the current project.

10 **CONSENT CALENDAR**

11 On the motion of Director Petterle, seconded by Director Fraites the Board approved the
12 following items on the consent calendar by the following vote:

13 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

14 NOES: None

15 **CARWASH – 7474 REDWOOD BLVD.**

16 The Board authorized an agreement for 7474 Redwood Blvd which consists of construction
17 of a new 1,374 square foot car wash. The Novato Fire Marshall has required that the convenience
18 store and gas station be fire sprinkled with a dedicated 4-inch fire service. A new 1.5 inch recycled
19 water service will be installed to serve irrigation and the car wash.

20 The Board approved authorization of the agreement and Resolution 15-21 entitled:
21 “Authorization of Execution of Water Service Facilities Construction Agreement with Ali and
22 Fatemeh Salkhi.”

23 **NOVATO VILLAGE SENIOR APARTMENTS – 801 STATE ACCESS ROAD**

24 The Board authorized an agreement for Novato Village Senior Apartments at 801 State
25 Access Road which involves building a two-story 58 unit apartment complex for seniors. New water
26 facilities required include 100 feet of 6-inch PVC main, one new commercial fire hydrant, one 6-inch
27 fire service, one 1-inch domestic meter and a 2-inch lateral and one 1-inch recycled water irrigation
28 meter.

29 The Board approved authorization of the agreement and Resolution 15-22 entitled:
30 “Authorization of Execution of Water Service Facilities Construction Agreement with Novato Village
31 L.P.”

1 **TEXT FOR FALL 2015 NOVATO "WATER LINE," VOLUME 16, ISSUE 35**

2 The Board authorized the General Manager to approve the final text and design of the Fall
3 2015 Novato "Water Line", Volume 16, Issue 35.

4 **CONTRACT AWARD FOR NMWD TRENCH RESTORATION PAVING**

5 The Board authorized award of the paving contract to W.K. McLellan Company for trench
6 restoration paving in the amount of \$300,000. McLellan has been the District's contractor for trench
7 restoration work since 1997.

8 **AUDITOR-CONTROLLER STATEMENT OF INVESTMENT POLICY**

9 The Board approved the Auditor-Controller Statement of Investment Policy. Two changes
10 were incorporated from that approved by the Board last year. The first clarifying that pooled
11 investments with other public agencies such as the County of Marin or Sonoma are acceptable and
12 the second change removes the District's authority to enter into option contracts.

13 **ACTION CALENDAR**

14 **SALARY SCHEDULE REVISION**

15 Mr. Bentley advised the Board that the salary schedule change must now be reviewed and
16 approved by the Board in open session as required by law and not on the consent calendar. He
17 stated that the Consumer Index Price was 2.59% and in accordance with the Memorandum of
18 Understanding with the District's Employee Association, employees will receive a 1.6% salary
19 increase as an offset to the additional 1.6% employees will contribute towards the cost of CalPERS
20 retirement benefits. He advised the Board that accordingly, the total salary increase calculates to
21 3.93%.

22 On motion of Director Schoonover, seconded by Director Fraites, the Board approved the
23 updated District Salary Schedule to be effective October 1, 2015 by the following vote:

24 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

25 NOES: None

26 **UPDATED RETIREE MEDICAL ACTUARIAL VALUATION**

27 Mr. Bentley reviewed the Other Post-Employment Benefits actuarial update which is required
28 by GASB 45 every three years. He advised that the Actuarial Standards Board now requires the
29 value of the "implicit subsidy" to be included in the valuation and that accounts for 80% of the
30 increase from the analysis completed in 2012. He further reported that the District reserves for
31 retiree post-employment health benefits now fully covers the accrued liability. He noted that to date
32 the Board has agreed with staff and has not set designated funds in an irrevocable trust held by

1 another party which is what the GASB 45 guidance recommends. Mr. Bentley stated that staff
2 continues to recommend not to place the money in an irrevocable trust at this time.

3 On motion of Director Schoonover, seconded by Director Petterle, the Board accepted the
4 Update Retiree Medical Liability GASB 45 Report by the following vote:

5 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

6 NOES: None

7 **REVIEW OF DISTRICT PROPERTY AS PART OF THE NOVATO GENERAL PLAN UPDATE**

8 Mr. DeGabriele reviewed District surplus property with the Board. He advised the Board that
9 staff is requesting that some of the District's properties be rezoned as a part of the Novato General
10 Plan Update. He noted that rezoning recommended included three properties at the Rosalia Tank
11 site to very low-density residential and two properties at the Spinosa Tank site to residential.

12 On motion of Director Petterle, seconded by Director Fraites, the Board provided direction to
13 staff to request the City of Novato rezone properties as part of the General Plan Update by the
14 following vote:

15 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

16 NOES: None

17 **INFORMATION ITEMS**

18 **NBWRA BOD MEETING – SEPTEMBER 21, 2015**

19 Mr. McIntyre provided the Board with a summary of the North Bay Water Reuse Authority
20 (NBWRA) meeting that he and Director Schoonover attended on September 21st. He stated that
21 there were no budget changes through the end of last fiscal year and the cost for the District's
22 participation with the NBWRA has increased slightly for FY15/16. He stated that the consultants
23 presented a summary of the Extended Storage Study prepared for Napa Sanitation District, Sonoma
24 Valley County Sanitation District, City of Petaluma and Novato Sanitary district and noted that some
25 Phase 2 projects will be eligible for title XVI funding while others will need to be funded through
26 other sources that are currently in development. Mr. McIntyre informed the Board that there was
27 discussion about Phase 2 projects and that they are mostly storage based. He noted that there was
28 also discussion about having a Phase 3.

29 Mr. McIntyre advised that he and Director Schoonover will attend the NBWRA tour stop in
30 Novato on October 8th for state officials.

1 **NBWA MEETING – OCTOBER 2, 2015**

2 President Baker informed the Board that he attended the North Bay Watershed Association
3 Meeting on October 2nd. He stated that there were two speakers during the meeting, Stephanie
4 Bastianon from Friends of the Petaluma River, who gave a presentation on the work her group does
5 providing education tour to kids in grade school and middle school while explaining the wildlife. He
6 advised the Board that the other presentation was made by Matt Erickson from the California
7 Department of Fish & Wildlife who talked about the problems for restoration and sedimentation of
8 the creeks.

9 **TAC MEETING – OCTOBER 5, 2015**

10 Mr. DeGabriele provided the Board with a summary of the Technical Advisory Committee
11 meeting held on October 5th. He advised the Board that Lake Mendocino is 52% of capacity and
12 Lake Sonoma is currently at 72% capacity. He stated that continuance of maintaining instream flows
13 pursuant to the Temporary Urgency Change Order has reduced from normal year flows. He
14 informed the Board that PG&E ask the Federal Emergency Regulatory Commission for another
15 variance and to reduce flows again this winter from November 1st through the middle of March to
16 continue work on penstocks. He noted that it will likely mean the Water Agency will have to file a
17 petition with the State Board to reduce flows out of Lake Mendocino this winter.

18 Mr. DeGabriele advised the Board that the Sonoma Marin Saving Water Partnership has
19 achieved a 23% reduction in August per capita per day (gpcd) in compliance with the State Board
20 emergency water conservation regulations. He noted that Cal-American Water District has joined
21 the partnership and each water agency went around and discussed continued outreach on
22 conservation.

23 Mr. DeGabriele stated that there was a brief report on the Urban Water Management Plan
24 and that an Ad Hoc committee met to discuss the plan in detail and provided the Agency with rolled
25 up values of gross demand for each agency, how much water conservation is projected, recycled
26 water and local supply available. He advised the Board that the Urban Water Management Plan has
27 to be completed by June 2016.

28 Mr. DeGabriele stated that Grant Davis reported on the meetings he attended last week in
29 Washington D.C. stating that the Agency received a positive reception the from the Corps of
30 Engineers and the President's Office of Management and Budget who are following the Agency and
31 see that SCWA is contributing to the water supply and energy conservation and it is seen favorably
32 for funding.

1 **MISCELLANEOUS**

2 The Board received the following miscellaneous items: Disbursements, Employee Praise –
3 Rich Roberto, The Amante Family, Tomales Village Community Services and Stinson Beach Fire
4 District position, BAIRWMP Prop 84 Funding Totals, NFPD Station 64 Grand Opening, AND
5 Atherton Tank Rehabilitation Project – Pavement Condition Evaluation.

6 The Board also received the following news articles: Novato Officials celebrate bigger,
7 greener pipeline, No Petaluma casino until 2025 under deal with the Dry Creek Rancheria Band of
8 Pomo Indians, No Petaluma casino until 2025 in new county agreement with tribe, White House
9 launches American Business Act on Climate Pledge, Study: Tiny plastic litter widespread in SF Bay,
10 From Marin to South Bay, officials in region reap sweetheart housing deals, and Novato Advance:
11 85 Years Ago.

12 The Board received the following miscellaneous item at the Board meeting: TAC Meeting
13 Update – October 5, 2015 and the following new article: Former Sonoma County Supervisor Nick
14 Esposti dies at 80.

15 **CLOSED SESSION**

16 President Baker adjourned the Board into closed session at 7:54p.m. in accordance with
17 Government Code Section 54956.8, Conference with Real Property Negotiator (David Bentley)
18 regarding 25 Giacomini, Point Reyes, CA.

19 **OPEN SESSION**

20 Upon returning to regular session at 8:07 p.m., President Baker stated that during the closed
21 session the Board had discussed the issue and the Board authorized staff to advertise the home at
22 25 Giacomini in Point Reyes Station for rent on the motion of Director Fraites, seconded by Director
23 Petterle and carried by the following vote:

24 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

25 NOES: None

26 **ADJOURNMENT**

27 President Baker adjourned the meeting at 8:08 p.m.

28 Submitted by

29
30
31
32 Katie Young
33 District Secretary
34

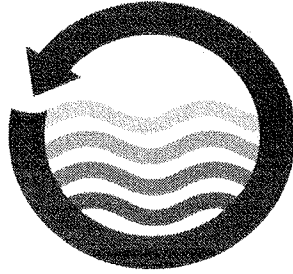
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NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2015-16

September 2015

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
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MEMORANDUM

To: Board of Directors

October 16, 2015

From: David L. Bentley, Auditor-Controller

Subj: Information – FY15/16 September Financial Statement

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FISCAL YEAR PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

Actual vs. Budget	Sep-15	FYTD 15/16	FY15/16 Budget	FYTD / Budget %
Operating Revenue	\$1,678,397	\$5,177,849	\$19,918,000	26%
Operating Expense	\$1,330,053	4,356,195	18,149,000	24%
Non-Operating Revenue / (Expense)	(29,370)	(134,635)	(645,000)	21%
Net Income / (Loss)	\$318,974	\$687,019	\$1,124,000	61%
Other Sources / (Uses)*	(958,801)	(3,425,565)	(2,299,000)	149%
Cash Increase / (Decrease)	(\$639,827)	(\$2,738,547)	(\$1,175,000)	233%

* See Page 8.

For the first quarter of the fiscal year the District generated a net income of \$687,019 and saw a net cash decrease of \$2,738,547. On a seasonally adjusted basis, Operating Revenue came in 23% under budget and Operating Expense came in 15% under budget. Twenty one percent of the Capital Improvement Projects Budget has been expended this fiscal year-to-date. The District's cash balance decreased \$639,827 during the month. The FYTD cash balance declined \$2,738,547 due primarily to payments for the AEEP (\$2,757,585). At September 30 Caltrans owed the District \$2,454,187 for the AEEP.

SUMMARY INCOME STATEMENTS BY SERVICE AREA

PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS

NOVATO WATER

Year over Year Comparison	Sep-15	FYTD 15/16	FYTD 14/15	FY16 vs 15 Up/(Down)
Operating Revenue	\$1,490,508	\$4,593,408	\$5,561,041	(17%)
Operating Expense	\$1,192,014	3,908,668	4,215,519	(7%)
Other Income / (Expense)	(5,622)	(58,486)	(71,473)	(18%)
Net Income / (Loss)	\$292,872	\$626,254	\$1,274,049	(51%)
Active Accounts	20,517	20,517	20,502	0%
Consumption (MG)	207	680	885	(23%)
Average Commodity Rate / 1,000 gal (net)	\$5.38	\$5.10	\$5.01	2%
Income / (Loss) / Active Account	\$14.27	\$30.52	\$62.14	(51%)
Income / (Loss) / 1,000 Gal	\$1.41	\$0.92	\$1.44	(36%)
Connection Fee Revenue	\$143,000	\$143,000	\$725,000	(80%)
Caltrans Capital Contribution	\$777,776	\$1,564,713	\$4,279,784	
MMWD AEEP Capital Contribution	\$0	\$245,000	\$245,000	0%
Developer 'In-Kind' Contributions	\$56,805	\$102,768	\$47,685	116%

Consumption for the period was 23% less than the prior year same period. Total operating revenue, which includes wheeling and other miscellaneous service charges, decreased 17% (\$967,634) due to the consumption decrease offset by the 3% rate increase effective June 1, 2015. Total operating expense was 7% (\$306,851) less than last year same period.

The Stafford Treatment Plant produced 225 MG this fiscal year at a cost of \$2,408/MG¹ versus \$2,388/MG³ from SCWA. The budget for Stafford is 750 MG at a cost of \$2,780/MG.

Salary and benefit cost charged to Novato operations was 1% more than last year same period. Staff time (hours) charged to Novato operations was 2% more than last year same period. Salary and benefit cost was \$1,365,901 which was 22% of the \$6,127,000 budget for Novato operations.

The fiscal year-to-date net income (which includes non-operating items such as interest revenue and expense) of \$626,254 compares to a budgeted net income for the year of \$1,356,000 and to a net income of \$1,274,049 for the prior year same period. \$2,412,079 (27%) of the Novato Water Capital Improvement Project Budget was spent versus \$3,699,033 (21%) for the prior year same period. \$143,000 in connection fees was collected (\$536,000 is budgeted). The Novato cash balance decreased \$539,635 in September, and stood at \$8,895,411 at month end, compared to a budgeted projection of \$9,300,000 at June 30, 2016.

NOVATO RECYCLED				
Year over Year Comparison	<u>Sep-15</u>	<u>FYTD 15/16</u>	<u>FYTD 14/15</u>	<u>FY16 vs 15 Up/(Down)</u>
Operating Revenue	\$93,409	\$315,752	\$307,792	3%
Operating Expense	\$77,943	246,227	253,515	(3%)
Other Income / (Expense)	(21,623)	(70,745)	(59,287)	19%
Net Income / (Loss)	<u>(\$6,157)</u>	<u>(\$1,220)</u>	<u>(\$5,010)</u>	(76%)
Active Accounts	44	44	44	0%
Consumption (MG)	18.3	62.6	62.9	(0%)
Average Commodity Rate / 1,000 gal (net)	\$4.92	\$4.92	\$4.77	3%
Deer Island Production (MG)	0.0	6.2	1.0	519%
Novato Sanitary Production (MG)	12.6	40.2	42.0	(4%)
Las Gallinas Production (MG)	3.1	16.9	23.3	(27%)
Potable Water Input (MG)	3.5	4.9	4.5	8%

62.6 MG was delivered to RW customers this month, about the same as the prior year same period. Operating revenue was 3% more than last year same period primarily due to the June 1, 2015 4% commodity rate increase. Total operating expense was \$7,288 (3%) less than the prior year same period. The recycled water was produced at a cost of \$2,153/MG² versus \$2,388/MG³ from SCWA. The budgeted production cost of recycled water is \$2,984/MG.

The fiscal year net loss of \$1,220 compares to a budgeted net loss for the year of \$315,000 and a net loss of \$5,010 for the prior year same period. \$224,474 (6%) of the Capital Improvement Project Budget was expended during the month. The Novato Recycled cash balance decreased \$55,626 in September, and stood at \$1,167,814 at month end, compared to a budgeted projection of \$1,567,000 at June 30, 2016.

¹ Stafford production cost = TP op expense (\$327,684) + SRF loan interest (\$74,492) + plant depreciation (\$139,687) / 225 MG produced

² Recycled Water production cost = purchase water cost (\$81,511) + treatment expense (\$2,013) + Deer Island RW Facility SRF loan interest (\$17,084) + Deer Island plant depreciation (\$34,169) / 62.6 MG produced

³ SCWA production cost per MG = O&M charge (\$2,034) + debt service charge (\$104) + Russian River conservation charge (\$212) + Russian River projects charge (\$38)

WEST MARIN WATER

Year over Year Comparison

	<u>Sep-15</u>	<u>FYTD 15/16</u>	<u>FYTD 14/15</u>	<u>FY16 vs 15 Up/(Down)</u>
Operating Revenue	\$78,221	\$219,912	\$242,374	(9%)
Operating Expense	\$48,069	153,722	170,428	(10%)
Other Income / (Expense)	(2,362)	(6,915)	(7,879)	(12%)
Net Income / (Loss)	<u>\$27,789</u>	<u>\$59,275</u>	<u>\$64,067</u>	(7%)
Active Accounts	776	776	777	(0%)
Consumption (MG)	6.7	18.1	21.3	(15%)
Average Commodity Rate / 1,000 gal (net)	\$9.57	\$9.76	\$9.35	4%
Income/ (Loss) / Active Account	\$35.81	\$76.39	\$82.45	(7%)
Income / (Loss) / 1,000 Gal	\$4.15	\$3.28	\$3.01	9%
Connection Fee Revenue	\$0	\$0	\$22,800	(100%)
Developer 'In-Kind' Contributions	\$7,790	\$9,304	\$0	-

Consumption for the period was 18.1 MG, 15% less than the previous year same period. Operating revenue of \$219,912 was \$22,461 (9%) less than last year same period due primarily to the consumption decrease offset by the 5% rate increase effective July 1, 2015.

Operating expenditures were \$153,722, 10% less than the previous year same period. The fiscal year to date net income of \$59,275 compares to a budgeted annual net income of \$74,000 and to a net income of \$64,067 for the prior year same period. \$117,943 (39%) of the Capital Improvement Project Budget was spent during the month, and no connection fees were collected (\$23,000 is budgeted). The West Marin Water cash balance decreased \$40,621 in September, and stood at \$1,069,654 at month end, compared to a budgeted projection of \$873,000 at June 30, 2016.

OCEANA MARIN SEWER

Year over Year Comparison

	<u>Sep-15</u>	<u>FYTD 15/16</u>	<u>FYTD 14/15</u>	<u>FY16 vs 15 Up/(Down)</u>
Operating Revenue	\$16,259	\$48,777	\$46,716	4%
Operating Expense	\$12,027	47,578	41,574	14%
Other Income / (Expense)	238	1,511	1,304	16%
Net Income / (Loss)	<u>\$4,470</u>	<u>\$2,710</u>	<u>\$6,447</u>	(58%)
Active Accounts	229	229	229	0%
Monthly Sewer Service Charge	\$71	\$71	\$68	4%
Income / (Loss) / Active Account	\$19.52	\$11.83	\$28.15	-
Connection Fee Revenue	\$0	\$0	\$0	-

Operating revenue of \$48,777 was 4% more than the previous year same period same period due to the 4% rate increase effective July 1, 2015. Operating expenditures were 14% (\$6,004) higher than the previous year same period. The increase is due primarily to grit chamber and grinder maintenance not done last year (\$5,628). The fiscal year-to-date net income of \$2,710 compares to a budgeted annual income of \$9,000 and to a net income of \$6,447 for the prior year same period. None of the Capital Improvement Project Budget has been expended this fiscal year-to-date.

No connection fees have been collected (\$15,000 is budgeted). The Oceana Marin cash balance decreased \$3,945 in September, and stood at \$316,340 at month end, compared to a budgeted projection of \$351,000 at June 30, 2016.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$249,944	\$0	\$0	\$0	\$249,944
Restricted Cash (Note 1)					
Connection Fee Fund	\$172,294	\$0	\$0	\$172,294	\$0
Wohler Pipeline Financing Fund	399,300	399,300	0	0	0
Collector #6 Financing Fund	1,569,950	1,569,950	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	961,941	315,068	0	646,873	0
Deer Island RWF Replacement Fund	274,703	0	274,703	0	0
Capital Replacement & Expansion Fund	268,889	0	268,889	0	0
Tax Receipts Held in Marin Co Treasury	102	0	0	101	1
STP SRF Loan Fund-Marin Co Treasury	630,038	630,038	0	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	622,285	523,400	0	98,885	0
Self-Insured Workers' Compensation Fund	577,644	542,702	9,923	18,624	6,395
Retiree Medical Benefits Fund	3,471,452	3,471,452	0	0	0
Maintenance Accrual Fund	1,435,805	1,435,805	0	0	0
Conservation Incentive Rate Fund	48,787	0	0	48,787	0
Operating Reserve Fund	114,090	0	0	54,090	60,000
Total Cash	\$11,441,523	\$8,887,715	\$1,167,814	\$1,069,654	\$316,340
Gain/(Loss) on MV of Investments	7,696	7,696	0	0	0
Market Value of Cash & Investments	\$11,449,219	\$8,895,411	\$1,167,814	\$1,069,654	\$316,340
Current Assets					
Net Receivables - Consumers	\$3,313,437	\$2,769,130	\$358,268	\$137,261	\$48,777
Accounts Receivable - Other	2,760,480	2,438,635	172,138	3,376	146,331
Prepaid Expense	445,470	444,938	0	0	532
Reimbursable Small Jobs	41,232	41,232	0	0	0
Interest Receivable	24,908	21,104	3,805	0	0
Inventories	514,109	514,109	0	0	0
Deposits Receivable	23,426	23,426	0	0	0
Total Current Assets	\$7,123,061	\$6,252,574	\$534,211	\$140,637	\$195,640

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	\$1,234,420	\$1,234,420	\$0	\$0	\$0
Due From Other Funds (Note 9)	0	0	0	0	0
Other Long Term Receivables	2,102,456	0	2,102,456	0	0
Loans Receivable	\$3,336,876	\$1,234,420	\$2,102,456	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,091	\$1,368,872	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,514,636	5,022,224	0	492,412	0
Treatment Facilities	21,082,445	17,561,535	2,666,198	319,913	534,799
Storage Facilities	20,586,721	18,203,039	519,014	1,864,669	0
Transmission Facilities	5,489,830	5,367,506	0	122,324	0
Distribution Facilities	81,691,342	58,711,715	17,266,234	5,713,394	0
Sewer Mains, Pumps, & Laterals	1,176,459	0	0	0	1,176,459
Sub-Total	\$137,014,524	\$106,234,890	\$20,451,445	\$8,616,122	\$1,712,067
Less Accumulated Depreciation (Note 4)	(44,836,508)	(38,745,650)	(1,982,362)	(3,215,791)	(892,704)
Net Property and Plant	\$92,178,017	\$67,489,241	\$18,469,083	\$5,400,331	\$819,363
Buildings and Equipment (Note 5)					
Buildings	\$1,902,893	\$1,902,893	\$0	\$0	\$0
Office Equipment	683,142	683,142	0	0	0
Laboratory Equipment	299,383	299,383	0	0	0
Trucks & Automobiles	1,188,327	1,188,327	0	0	0
Construction Equipment	790,971	790,971	0	0	0
Tools, Shop Equipment	215,148	215,148	0	0	0
Sub-Total	\$5,079,865	\$5,079,865	\$0	\$0	\$0
Less Accumulated Depreciation (Note 4)	(3,665,927)	(3,665,927)	0	0	0
Net Buildings and Equipment	\$1,413,938	\$1,413,938	\$0	\$0	\$0
Construction In Progress					
Developer	\$560,874	\$524,881	\$0	\$34,845	\$1,148
District	19,362,605	18,461,073	475,692	415,542	10,298
Total Construction in Progress	\$19,923,479	\$18,985,954	\$475,692	\$450,387	\$11,447
Net Utility Plant	\$113,515,434	\$87,889,133	\$18,944,775	\$5,850,717	\$830,809
Deferred Outflows of Resources	\$757,200	\$757,200	\$0	\$0	\$0
TOTAL ASSETS	\$136,181,790	\$105,028,738	\$22,749,256	\$7,061,008	\$1,342,789

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$2,555,552	\$2,460,385	\$94,011	\$0	\$1,157
Reimbursement Prog. Unclaimed Funds	3,290	3,290	0	0	0
Bond Debt Principal Payable-Current	21,000	0	0	21,000	0
Loan Debt Principal Payable-Current	1,317,407	770,126	544,798	2,483	0
Bank of Marin Principal Payable-Current	323,377	281,985	0	41,392	0
Bond/Loan Debt Interest Payable-Current	1,307	427	0	880	0
Accrued Interest Payable-SRF Loan	178,567	74,492	104,074	0	0
Deposits/Performance Bonds	132,912	112,412	0	18,500	2,000
Unemployment Insurance Reserve (Note 7)	23,482	23,482	0	0	0
Workers' Comp Future Claims Payable	48,801	45,385	1,269	1,610	537
Payroll Benefits (Note 8)	868,183	804,431	22,609	30,856	10,285
Due To Other Funds (Note 9)	0	0	0	0	0
Deferred Revenue	146,331	0	0	0	146,331
Total Current Liabilities	\$5,620,209	\$4,576,415	\$766,761	\$116,722	\$160,310
Restricted Liabilities					
Construction Advances	\$305,133	\$300,139	\$0	\$1,142	\$3,852
Total Restricted Liabilities	\$305,133	\$300,139	\$0	\$1,142	\$3,852
Long Term Liabilities (Note 6)					
Bonds Outstanding - PR6 (FmHA)	\$56,000	\$0	\$0	\$56,000	\$0
Bonds Outstanding - PRE1 (FmHA)	50,000	0	0	50,000	0
Drought Loan (EDA)	19,629	17,668	0	1,961	0
STP Rehab SRF Loan	11,612,245	11,612,245	0	0	0
RWF SRF Loan	2,615,529	0	2,615,529	0	0
RWS North/South Expansion SRF Loan	8,764,034	0	8,764,034	0	0
Bank of Marin Loan	6,507,907	5,674,895	0	833,012	0
Net Pension Liability (Note 12)	6,701,264	6,701,264	0	0	0
Retiree Health Benefits Payable	820,486	820,486	0	0	0
Total Long Term Liabilities	\$37,147,094	\$24,826,558	\$11,379,563	\$940,974	\$0
Deferred Inflows of Resources	2,182,010	2,182,010	0	0	0
TOTAL LIABILITIES	\$45,254,446.48	\$31,885,122.30	\$12,146,324	\$1,058,838	\$164,162

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$74,771,537	\$67,859,531	\$4,104,370	\$2,131,812	\$675,824
Grants in Aid of Construction	7,028,212	274,055	3,926,970	2,827,187	0
Connection Fees (Note 14)	31,424,638	25,141,515	4,624,203	1,182,025	476,895
Total Investment	\$113,224,387	\$93,275,102	\$12,655,543	\$6,141,024	\$1,152,719
Restricted Reserves					
Connection Fee Fund	(\$3,758,198)	(\$3,912,377)	\$0	\$172,294	(\$18,115)
Wohler Pipeline Financing Fund	399,300	399,300	0	0	0
Collector #6 Financing Fund	1,569,950	1,569,950	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	961,611	313,364	0	648,247	0
Deer Island RWF Replacement Fund	733,465	0	733,465	0	0
Capital Replacement & Expansion Fund	268,889	0	268,889	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Reserves					
Liability Contingency Fund	622,285	523,400	0	98,885	0
Maintenance Accrual Fund	4,140,681	4,140,681	0	0	0
Self-Insured Workers' Compensation Fund	528,843	497,318	8,654	17,013	5,858
Retiree Medical Benefits Fund	2,650,957	2,650,957	0	0	0
Conservation Incentive Rate Fund	41,756	0	0	41,756	0
Operating Reserve Fund	114,090	0	0	54,090	60,000
Earned Surplus - Prior Yrs	(33,219,016)	(28,216,106)	(3,646,310)	(1,332,284)	(24,316)
Net Income/(Loss)	687,019	626,254	(1,220)	59,275	2,710
Transfer (To)/From Reserves (see below)	1,317,026	1,275,772	(30,388)	71,870	(228)
Total Restricted & Designated	(\$22,297,044)	(\$20,131,486)	(\$2,052,612)	(\$138,854)	\$25,908
TOTAL NET POSITION	\$90,927,344	\$73,143,615	\$10,602,932	\$6,002,170	\$1,178,627
Transfer (To)/From Reserves					
Connection Fee	684,380	684,752	0	(372)	0
MMWD Wheeling Charge Capital Contribution	0	0	0	0	0
Maintenance Reserve	(25,000)	(25,000)	0	0	0
RWF Replacement Fund	(29,291)	0	(29,291)	0	0
Capital Replacement & Expansion Fund	(569)	0	(569)	0	0
Retiree Medical Insurance Fund	(7,305)	(7,305)	0	0	0
(Gain)/Loss Self-Insured WC Fund	(20,730)	(19,328)	(529)	(645)	(228)
Bank of Marin Project Fund	641,282	642,653	0	(1,371)	0
Conservation Incentive Rate Fund	(315)	0	0	(315)	0
Operating Reserve Fund	74,572	0	0	74,572	0
Total Transfer	\$1,317,026	\$1,275,772	(\$30,388)	\$71,870	(\$228)

**NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$3,955,376	\$15,000,000	26%	\$4,931,802
Bimonthly Service Charge	1,083,130	4,335,000	25%	1,078,799
Sewer Service Charge	48,777	196,000	25%	46,716
Wheeling & Misc Service Charges	90,566	387,000	23%	100,606
TOTAL OPERATING REVENUE	\$5,177,849	\$19,918,000	26%	\$6,157,923
OPERATING EXPENDITURES				
Source of Supply	\$1,288,866	\$5,110,000	25%	\$1,738,047
Pumping	84,218	413,000	20%	103,933
Operations	179,688	695,000	26%	186,636
Water Treatment	521,982	2,130,000	25%	443,747
Sewer Service	29,186	136,000	21%	22,184
Transmission & Distribution	649,162	2,850,000	23%	727,314
Consumer Accounting	152,401	621,000	25%	142,063
Water Conservation	119,598	471,000	25%	105,419
General & Administrative	502,432	2,319,000	22%	406,116
Depreciation Expense	828,663	3,404,000	24%	805,578
TOTAL OPERATING EXPENDITURES	\$4,356,195	\$18,149,000	24%	\$4,681,035
NET OPERATING INCOME (LOSS)	\$821,654	\$1,769,000	46%	\$1,476,888
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$606	\$92,000	1%	\$616
Interest Revenue	29,827	125,000	24%	32,887
Miscellaneous Revenue	56,742	87,000	65%	45,530
Bond & Loan Interest Expense	(204,950)	(826,000)	25%	(215,724)
Miscellaneous Expense	(16,860)	(123,000)	14%	(644)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$134,635)	(\$645,000)	21%	(\$137,335)
NET INCOME/(LOSS)	\$687,019	\$1,124,000	61%	\$1,339,554
OTHER SOURCES/(USES) OF FUNDS				
Add Depreciation Expense	\$828,663	\$3,404,000	24%	\$805,578
Connection Fees	143,000	576,000	25%	747,800
Loan Proceeds	0	5,500,000	0%	0
Grant Proceeds	19,124	0	-	560,103
Caltrans AEEP Capital Contribution	1,564,713	2,740,000	57%	4,279,784
StoneTree RWF Loan Principal	34,017	206,000	17%	33,212
MMWD AEEP Capital Contribution	245,000	245,000	100%	245,000
Capital Equipment Expenditures	0	(199,000)	0%	(4,646)
Capital Improvement Projects	(2,754,496)	(13,065,000)	21%	(4,359,540)
Bond & Loan Principal Payments	(246,070)	(1,706,000)	14%	(242,195)
Change in Working Capital	(3,259,516)	0	-	(2,966,360)
TOTAL OTHER SOURCES/(USES)	(\$3,425,565)	(\$2,299,000)	149%	(\$901,265)
CASH INCREASE/(DECREASE)	(\$2,738,547)	(\$1,175,000)	233%	\$438,289

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR PERIOD ENDING SEPTEMBER 30, 2015**

<u>SUMMARY INCOME STATEMENT</u>		NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	\$5,177,849	\$4,593,408	\$315,752	\$219,912	\$48,777
Operating Expense	4,356,195	3,908,668	246,227	153,722	47,578
OPERATING INCOME/(LOSS)	\$821,654	\$684,740	\$69,524	\$66,190	\$1,199
Non-Operating Revenue	87,175	70,558	12,679	2,427	1,511
Non-Operating Expense	(221,810)	(129,044)	(83,424)	(9,343)	0
Non-Operating Revenue/(Expense)	(\$134,635)	(\$58,486)	(\$70,745)	(\$6,915)	\$1,511
NET INCOME/(LOSS)	\$687,019	\$626,254	(\$1,220)	\$59,275	\$2,710
CAPITAL CONTRIBUTIONS					
Developer In-Kind Contributions	\$113,220	\$102,768	\$0	\$9,304	\$1,148
Caltrans AEEP Capital Contribution	1,564,713	1,564,713	0	0	0
MMWD Capital Contribution	245,000	245,000	0	0	0
Connection Fees	143,000	143,000	0	0	0
FRC Transfer	0	(281,027)	281,027	0	0
CAPITAL CONTRIBUTIONS	\$2,085,057	\$1,793,577	\$281,027	\$9,304	\$1,148
CHANGE IN NET POSITION	\$2,772,075	\$2,419,831	\$279,807	\$68,580	\$3,858
Net Position June 30, 2015	96,290,239	78,855,268	10,322,968	5,940,356	1,171,647
Net Position September 30, 2015	<u>\$99,062,314</u>	<u>\$81,275,099</u>	<u>\$10,602,775</u>	<u>\$6,008,936</u>	<u>\$1,175,505</u>
CASH FLOW STATEMENT					
Net Income/(Loss)	\$687,019	\$626,254	(\$1,220)	\$59,275	\$2,710
Add Depreciation	828,663	649,049	118,010	49,130	12,473
Cash Generated From Operations	\$1,515,681	\$1,275,304	\$116,790	\$108,406	\$15,182
Other Sources (Uses) of Funds					
Connection Fee Revenue	\$143,000	\$143,000	\$0	\$0	\$0
Loan Proceeds	0	0	0	0	0
Capital Assets Acquisition	(2,754,496)	(2,412,079)	(224,474)	(117,943)	0
Caltrans AEEP Capital Contribution	1,564,713	1,564,713	0	0	0
StoneTree RWF Loan Principal Pmts	34,017	0	34,017	0	0
MMWD AEEP Capital Contribution	245,000	245,000	0	0	0
Principal Paid on Debt	(246,070)	(85,099)	(139,452)	(21,519)	0
Consumer Receivables Decr (Incr)	(319,191)	(185,261)	(57,223)	(29,359)	(47,347)
Construction Advances (Decr) Incr	65,235	71,965	0	(6,730)	0
Other Assets/Liabilities Decr (Incr)	(2,006,634)	(1,996,371)	(10,519)	(3,662)	3,917
Trade Accounts Payable (Decr) Incr	(998,926)	(1,044,775)	45,464	0	386
Connection Fee Transfer	0	(281,027)	281,027	0	0
Total Other Sources (Uses)	(\$4,254,228)	(\$3,960,811)	(\$71,159)	(\$179,213)	(\$43,044)
Net Cash Provided (Used)	(\$2,738,547)	(\$2,685,508)	\$45,630	(\$70,808)	(\$27,862)
MV Cash & Investments June 30, 2015	14,187,766	11,580,918	1,122,184	1,140,462	344,201
MV Cash & Investments Sept 30, 2015	<u>\$11,449,219</u>	<u>\$8,895,411</u>	<u>\$1,167,814</u>	<u>\$1,069,654</u>	<u>\$316,340</u>

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,119,278	\$3,483,227	25%	\$4,451,537
Bill Adjustments	(5,336)	(12,830)	14%	(19,269)
Bimonthly Service Charges	344,328	1,033,610	25%	1,029,140
Account Turn-on Charges	7,388	20,761	29%	13,947
New Account Charges	1,070	2,790	35%	2,466
Returned Check Charges	81	306	31%	279
Hydrant Meter Up/Down Charges	100	100	3%	300
Backflow Service Charges	11,415	33,108	25%	31,487
Lab Service-Outside Clients	4,349	13,442	31%	14,592
Wheeling Charges - MMWD	7,836	18,894	16%	36,563
Regulation 15 Forfeiture	0	0	0%	0
TOTAL OPERATING REVENUE	\$1,490,508	\$4,593,408	25%	\$5,561,041
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$594	\$1,826	10%	\$3,056
Operating Expense - Source	640	1,952	18%	2,483
Maint/Monitoring of Dam	0	9,146	18%	592
Maint of Lake & Intakes	0	0	0%	71
Maint of Structures	0	0	0%	0
Maint of Watershed	0	78	0%	1,347
Water Quality Surveillance	172	353	2%	2,161
Fishery Maint	0	779	19%	0
Erosion Control	0	0	0%	0
Purchased Water	341,187	1,182,446	25%	1,638,167
SOURCE OF SUPPLY	\$342,593	\$1,196,580	25%	\$1,647,878
PUMPING				
Operating Expense - Pumping	\$0	\$0	0%	\$6
Maint of Structures & Grounds	877	3,412	9%	9,344
Maint of Pumping Equipment	1,330	4,504	6%	7,991
Electric Power	22,127	66,744	26%	78,153
PUMPING	\$24,334	\$74,660	20%	\$95,494
OPERATIONS				
Supervision & Engineering	\$21,118	\$59,888	33%	\$51,838
Operating Expense - Operations	25,498	68,842	27%	75,559
Maintenance Expense	898	3,661	4%	5,725
Telemetry Equipment/Controls Maint	1,490	5,501	8%	10,576
Leased Lines	502	4,337	26%	4,280
OPERATIONS	\$49,505	\$142,229	23%	\$147,978

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$10,260	\$28,088	29%	\$28,348
Operating Expense - Water Treatment	31,462	104,477	36%	76,073
Purification Chemicals	44,815	93,151	22%	37,977
Sludge Disposal	8,768	26,221	30%	22,288
Maint of Structures & Grounds	3,851	10,716	13%	11,949
Maint of Purification Equipment	8,833	38,313	27%	28,557
Electric Power	42	26,718	20%	30,841
Water Quality Programs	9,482	26,945	28%	27,063
Laboratory Direct Labor	26,753	80,328	22%	83,899
Lab Service-Outside Clients	4,197	12,212	18%	13,087
Water Quality Supervision	6,415	15,755	21%	16,182
Laboratory Supplies & Expense	6,009	19,930	28%	16,650
Customer Water Quality	3,670	10,959	17%	11,243
Lab Cost Distributed	(2,079)	(5,702)	26%	(6,497)
WATER TREATMENT	\$162,477	\$488,111	25%	\$397,659
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$50,262	\$130,128	27%	\$141,132
Maps & Records	4,937	13,059	9%	22,144
Operation of T&D System	8,898	19,773	12%	15,662
Facilities Location	9,385	25,312	29%	30,108
Safety: Construction & Engineering	3,862	5,975	10%	9,404
Customer Service Expense	10,427	42,088	24%	35,762
Flushing	101	101	0%	1,781
Storage Facilities Expense	7,898	27,652	22%	42,371
Cathodic Protection	391	1,484	6%	633
Maint of Valves/Regulators	11,234	24,443	12%	43,930
Maint of Mains	10,017	61,214	55%	59,121
Leak Detection - Mains	0	2,177	13%	0
Backflow Prevention Program	6,819	20,439	16%	27,514
Maint of Copper Services	10,550	25,437	14%	49,864
Maint of PB Service Lines	61,837	181,802	41%	130,702
Single Service Installations	1,535	(1,485)	-	13,027
Maint of Meters	5,382	21,239	16%	29,166
Detector Check Assembly Maint	3,750	20,886	28%	26,833
Maint of Hydrants	494	3,131	4%	3,716
TRANSMISSION & DISTRIBUTION	\$207,779	\$624,855	23%	\$682,868
CONSUMER ACCOUNTING				
Meter Reading	\$12,852	\$34,863	20%	\$33,301
Collection Expense - Labor	2,691	7,359	22%	4,931
Collection Expense - Agency	312	376	13%	634
Billing & Consumer Accounting	22,031	65,538	26%	64,857
Contract Billing	1,500	4,312	23%	4,193
Stationery, Supplies & Postage	5,057	14,844	28%	19,288
Credit Card Fees	1,927	6,123	27%	4,047
Lock Box Service	912	2,736	25%	0
Uncollectable Accounts	437	3,539	24%	3,798
Office Equipment Expense	4,093	9,189	44%	4,349
Distributed to West Marin (4.1%)	(1,464)	(4,229)	28%	(4,139)
CONSUMER ACCOUNTING	\$50,349	\$144,652	24%	\$135,257

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$34,757	\$102,779	30%	\$80,692
Commercial	178	1,609	6%	1,347
Public Outreach/Information	5,622	8,014	16%	11,181
Large Landscape	2,050	4,693	16%	2,688
TOTAL WATER CONSERVATION	\$42,606	\$117,096	26%	\$95,908
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$2,255	\$7,790	24%	\$6,400
Legal Fees	0	1,030	9%	1,524
Human Resources	1,874	12,074	38%	6,053
Auditing Fees	1,500	7,500	36%	16,700
Consulting Services/Studies	6,379	61,122	21%	4,301
General Office Salaries	101,839	309,393	21%	290,151
Safety: General District Wide	3,952	5,468	9%	2,179
Office Supplies	1,383	6,626	14%	5,755
Employee Events	340	4,017	33%	149
Other Administrative Expense	845	2,402	15%	3,159
Election Cost	0	0	0%	0
Dues & Subscriptions	797	22,841	40%	20,742
Vehicle Expense	676	2,028	25%	2,028
Meetings, Conferences & Training	8,485	33,474	18%	25,340
Recruitment Expense	182	182	9%	126
Gas & Electricity	3,077	9,306	30%	9,586
Telephone	986	1,587	26%	1,386
Water	0	421	21%	305
Buildings & Grounds Maint	1,557	9,099	18%	10,683
Office Equipment Expense	5,550	30,723	34%	25,182
Insurance Premiums & Claims	8,271	43,112	42%	22,091
Retiree Medical Benefits	14,834	43,886	25%	37,977
(Gain)/Loss on Overhead Charges	(15,289)	(6,339)	9%	1,585
G&A Applied to Other Operations (5.9%)	(7,080)	(30,465)	18%	(27,970)
G&A Applied to Construction	(44,171)	(105,840)	27%	(87,907)
GENERAL & ADMINISTRATIVE	\$98,241	\$471,435	22%	\$377,525
Depreciation (Note 4)	214,130	649,049	24%	634,951
TOTAL OPERATING EXPENSE	\$1,192,014	\$3,908,668	24%	\$4,215,519
OPERATING INCOME/(LOSS)	\$298,494	\$684,740	39%	\$1,345,523

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	-	\$0
Wohler Pipeline Financing Fund	267	844	24%	734
Collector #6 Financing Fund	1,051	3,320	25%	2,885
Retiree Medical Insurance Fund	2,319	7,305	25%	6,165
Self-Insured Workers' Comp Fund	366	1,143	24%	837
Aqueduct Energy Efficiency Proj Fund	313	1,704	21%	6,789
Funds Held in County Treasury	0	0	0%	0
Total Interest Revenue	\$4,317	\$14,316	22%	\$17,409
Rents & Leases	7,549	33,729	46%	34,993
Other Non-Operating Revenue	22,449	25,222	252%	11,966
Gain/(Loss) on MV of Investments	1,627	(2,709)	-	(2,004)
NON-OPERATING REVENUE	\$35,943	\$70,558	48%	\$62,364
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$17,041	\$51,321	24%	\$53,643
STP SRF Loan Interest Expense	24,291	74,492	25%	78,924
Drought Loan Interest Expense	142	427	21%	626
Other Non-Operating Expense	90	2,804	14%	644
NON-OPERATING EXPENSE	\$41,565	\$129,044	24%	\$133,838
NET INCOME/(LOSS)	\$292,872	\$626,254	46%	\$1,274,049
BEGINNING FUND EQUITY		\$70,723,784		\$67,238,946
NET INCOME/(LOSS)	292,872	626,254		1,274,049
CONTRIBUTED CAPITAL				
SCWA Prop 84 Water Conservation Grant	19,124	19,124	-	0
Developer 'In-Kind' Contributions	56,805	102,768	-	47,685
Caltrans AEEP Capital Contribution	777,776	1,564,713	57%	4,279,784
MMWD AEEP Capital Contribution	0	245,000	100%	245,000
Connection Fees	143,000	143,000	27%	725,000
FRC Transfer to Recycled Water	(116,819)	(281,027)	39%	(305,556)
ENDING FUND EQUITY		\$73,143,615		\$73,504,908

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$90,805	\$308,370	40%	\$300,383
Bimonthly Service Charges	2,604	7,381	26%	7,400
Returned Check Charges	0	0	-	9
TOTAL OPERATING REVENUE	\$93,409	\$315,752	40%	\$307,792
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	\$17,602	\$57,842	41%	\$49,582
Purchased Water - LGVSD	4,366	23,668	31%	32,597
SOURCE OF SUPPLY	\$21,969	\$81,511	38%	\$82,179
PUMPING				
Maint of Structures & Grounds	\$0	\$0	0%	\$91
Maint of Pumping Equipment	184	251	6%	407
Electric Power	293	821	27%	907
PUMPING	\$476	\$1,072	13%	\$1,405
OPERATIONS				
Supervision & Engineering	\$484	\$2,371	20%	\$1,755
Operating Expense - Operations	367	5,773	144%	3,377
Potable Water Consumed	11,291	17,357	174%	22,829
Maintenance Expense	0	0	0%	0
Telemetry Equipment/Controls Maint	69	2,776	31%	589
OPERATIONS	\$12,212	\$28,277	71%	\$28,551
WATER TREATMENT				
Purification Chemicals	\$377	\$1,443	36%	\$0
Maint of Structures & Grounds	0	0	-	297
Maint of Purification Equipment	0	570	9%	629
Electric Power	0	0	0%	0
Laboratory Direct Labor	0	675	11%	281
Lab Expense Distributed from Novato	40	421	14%	161
WATER TREATMENT	\$416	\$3,108	15%	\$1,368
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$685	\$2,077	16%	\$1,353
Operation of T&D System	0	0	0%	0
Cathodic Protection	0	0	0%	0
Storage Facilities Expense	201	462	15%	182
Maint of Valves/Regulators	0	0	0%	0
Backflow Prevention Program	0	0	0%	0
Maint of Meters	0	0	0%	537
Maint of Mains	0	420	-	9,335
TRANSMISSION & DISTRIBUTION	\$886	\$2,959	9%	\$11,406

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
CONSUMER ACCOUNTING				
Distributed from Novato (3.6%)	\$71	\$204	20%	\$198
CONSUMER ACCOUNTING	\$71	\$204	20%	\$198
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.6%)	\$2,576	\$11,086	19%	\$10,489
GENERAL & ADMINISTRATIVE	\$2,576	\$11,086	19%	\$10,489
Depreciation (Note 4)	39,337	118,010	25%	117,918
TOTAL OPERATING EXPENSE	\$77,943	\$246,227	29%	\$253,515
OPERATING INCOME/(LOSS)	\$15,466	\$69,524	(118%)	\$54,277
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$61
RWF Replacement Fund	221	541	-	570
Capital Repl & Exp Fund	180	569	-	0
Self-Insured Workers' Comp Fund	7	21	-	8
StoneTree RWF Loan	3,805	11,550	26%	12,759
Total Interest Revenue	\$4,213	\$12,679	23%	\$13,398
Other Non-Operating Revenue	0	0	-	0
NON-OPERATING REVENUE	\$4,213	\$12,679	23%	\$13,398
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$5,571	\$17,084	25%	\$18,299
Expansion SRF Loan Interest Expense	17,443	52,450	25%	54,385
Other Non-Operating Expense	2,822	13,890	46%	0
NON-OPERATING EXPENSE	\$25,835	\$83,424	27%	\$72,684
NET INCOME/(LOSS)	(\$6,157)	(\$1,220)	0%	(\$5,010)
BEGINNING FUND EQUITY		\$10,323,125		\$8,618,143
NET INCOME/(LOSS)	(6,157)	(1,220)		(5,010)
FRC Transfer from Novato	116,819	281,027	39%	305,556
ENDING FUND EQUITY		\$10,602,932		\$8,918,689

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$66,441	\$180,070	30%	\$208,947
Bill Adjustments	(2,298)	(3,461)	-	(9,796)
Bimonthly Service Charges	14,067	42,139	25%	42,259
Account Turn-on Charges	0	189	19%	104
New Account Charges	5	25	3%	35
Returned Check Charges	0	18	-	9
Backflow Service Charges	6	932	19%	815
TOTAL OPERATING REVENUE	\$78,221	\$219,912	28%	\$242,374
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Operating Expense	\$647	\$1,613	23%	\$464
Maint of Structures	0	7,600	63%	7,525
Water Quality Surveillance	625	1,562	31%	0
SOURCE OF SUPPLY	\$1,272	\$10,775	45%	\$7,989
PUMPING				
Maint of Structures and Grounds	\$801	\$801	6%	\$2,406
Maint of Pumping Equip	1,082	1,082	11%	286
Electric Power	2,382	6,604	44%	4,341
PUMPING	\$4,264	\$8,486	22%	\$7,033
OPERATIONS				
Supervision & Engineering	\$946	\$3,719	41%	\$1,330
Operating Expense	662	3,906	30%	5,941
Maint of Telemetry Equipment	307	875	5%	1,386
Leased Lines	141	682	11%	1,450
OPERATIONS	\$2,056	\$9,182	20%	\$10,106
WATER TREATMENT				
Supervision & Engineering	\$368	\$1,640	23%	\$0
Operating Expense	1,233	7,600	42%	9,663
Purification Chemicals	0	104	2%	1,095
Maint of Structures & Grounds	0	0	0%	396
Maint of Purification Equipment	581	1,997	12%	3,357
Electric Power	1,345	4,802	18%	8,651
Laboratory Direct Labor	2,729	8,035	27%	10,263
Laboratory Services	0	0	0%	1,511
Water Quality Supervision	380	572	14%	2,910
Customer Water Quality	44	1,005	20%	1,106
Lab Expense Distributed from Novato	2,013	5,008	31%	5,769
WATER TREATMENT	\$8,694	\$30,763	23%	\$44,720

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$747	\$2,037	13%	\$3,713
Maps & Records	0	0	0%	1,755
Facilities Location - USA	638	1,078	22%	183
Customer Service Expense	1,359	4,165	28%	4,701
Flushing	0	0	0%	0
Storage Facilities Expense	1,905	2,344	11%	2,483
Cathodic Protection	0	0	0%	0
Maint of Valves	971	971	16%	0
Valve Operation Program	0	0	0%	0
Maint of Mains	261	2,961	59%	422
Water Quality Maintenance	0	0	-	61
Maint of Backflow Devices	0	0	0%	484
Backflow Dev Inspection/Survey	1,741	1,741	29%	0
Maint of Copper Services	0	4,784	96%	3,089
Maint of PB Service Lines	521	839	8%	9,619
Maint of Meters	209	427	21%	235
Detector Check Assembly Maint	0	0	0%	2,290
Maint of Hydrants	0	0	0%	0
Hydrant Operation	0	0	0%	0
Single Service Installation	0	0	-	4,005
TRANSMISSION & DISTRIBUTION	\$8,352	\$21,348	18%	\$33,039
CONSUMER ACCOUNTING				
Meter Reading	\$2,084	\$3,116	28%	\$2,014
Collection Expense - Labor	89	266	13%	266
Uncollectable Accounts	114	139	-	387
Distributed from Novato (3.6%)	1,248	3,607	28%	3,486
CONSUMER ACCOUNTING	\$3,535	\$7,127	27%	\$6,152
WATER CONSERVATION				
Water Conservation Program	\$1,045	\$2,503	12%	\$9,511
TOTAL WATER CONSERVATION	\$1,045	\$2,503	12%	\$9,511
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (3.2%)	\$3,349	\$14,409	18%	\$12,713
GENERAL & ADMINISTRATIVE	\$3,349	\$14,409	18%	\$12,713
Depreciation (Note 4)	15,503	49,130	27%	39,163
TOTAL OPERATING EXPENSE	\$48,069	\$153,722	23%	\$170,428
OPERATING INCOME/(LOSS)	\$30,152	\$66,190	58%	\$71,946

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$84	\$303	-	\$56
Interest - FRC	117	372	19%	311
Interest - Bank of Marin Project Fund	434	1,371	46%	1,136
Interest - CIR Fund	29	89	-	91
Rents & Leases	0	0	0%	0
Tax Proceeds - OL-2 G.O. Bond	0	0	-	0
Tax Proceeds - PR-2 Tax Allocation	22	293	1%	298
Other Non-Operating Revenue	0	0	-	75
NON-OPERATING REVENUE	\$687	\$2,427	4%	\$1,967
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,501	\$7,533	26%	\$7,874
OL-2 G.O. Bond Interest Expense	0	0	-	49
PRE-1 Revenue Bond Interest Exp	254	763	25%	900
PR-6 Revenue Bond Interest Exp	275	825	24%	938
Drought Loan Interest Expense	18	55	14%	85
Other Non-Operating Expense	0	167	0%	0
NON-OPERATING EXPENSE	\$3,049	\$9,343	10%	\$9,846
NET INCOME/(LOSS)	\$27,789	\$59,275	80%	\$64,067
BEGINNING FUND EQUITY		\$5,933,590		\$4,166,170
NET INCOME/(LOSS)	27,789	59,275		64,067
CONTRIBUTED CAPITAL				
Prop 50 Gallagher Well Pipeline Grant	0	0	-	547,916
Developer 'In-Kind' Contributions	7,790	9,304	-	0
Connection Fees	0	0	0%	22,800
ENDING FUND EQUITY		\$6,002,170		\$4,800,953

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$16,259	\$48,777	25%	\$46,716
TOTAL OPERATING REVENUE	\$16,259	\$48,777	25%	\$46,716
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$472	\$1,638	13%	\$2,932
Inspection	0	0	0%	0
Maps & Records	0	0	-	14
Operating Expense	461	3,909	56%	1,186
Facilities Location	0	327	33%	440
Maint of Telemetry Equipment	0	0	0%	1,700
Maint of Lift Stations	216	3,619	52%	211
Maint of Manholes	0	0	0%	0
Maint of Sewer Mains	0	0	0%	0
Electric Power	829	2,853	32%	2,526
SEWAGE COLLECTION	\$1,978	\$12,345	25%	\$9,009
SEWAGE TREATMENT				
Operating Expense	\$1,090	\$2,490	9%	\$3,659
Treatment Supplies & Expense	0	0	0%	35
Maint of Structures	71	71	4%	9
Maint of Equipment	219	219	3%	1,023
Laboratory Direct Labor	0	438	7%	988
Lab Expense Distributed from Novato	26	273	14%	567
Electric Power	793	1,877	27%	1,842
SEWAGE TREATMENT	\$2,199	\$5,368	10%	\$8,124
SEWAGE DISPOSAL				
Operating Expense	\$1,288	\$3,016	34%	\$3,313
Maint of Pump Stations	194	4,866	54%	0
Maint of Storage Ponds	0	122	3%	0
Maint of Irrigation Field	763	3,469	39%	1,738
SEWAGE DISPOSAL	\$2,245	\$11,473	37%	\$5,051
CONSUMER ACCOUNTING				
Distributed from Novato (0.5%)	\$145	\$418	21%	\$456
CONSUMER ACCOUNTING	\$145	\$418	21%	\$456
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$1,155	\$4,970	17%	\$4,768
Liability Insurance	177	532	27%	621
GENERAL AND ADMINISTRATIVE	\$1,332	\$5,501	18%	\$5,389
Depreciation (Note 4)	4,127	12,473	24%	13,545
TOTAL OPERATING EXPENSE	\$12,027	\$47,578	22%	\$41,574
OPERATING INCOME/(LOSS)	\$4,232	\$1,199	(5%)	\$5,142

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	SEPTEMBER 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Rents & Leases	\$0	\$500	-	\$500
Interest - General Funds	210	685	34%	477
Interest - Self Insured WC Fund	4	13	-	10
Tax Proceeds - OM-1/OM-3 Tax Alloc	23	313	1%	318
NON-OPERATING REVENUE	\$238	\$1,511	3%	\$1,304
NON-OPERATING EXPENSE				
Master Plan Update	\$0	\$0	0%	\$0
Other Non-Operating Expense	0	0	-	0
NON-OPERATING EXPENSE	\$0	\$0	0%	\$0
NET INCOME/(LOSS)	\$4,470	\$2,710	30%	\$6,447
BEGINNING FUND EQUITY		\$1,174,769		\$1,074,018
NET INCOME/(LOSS)	4,470	2,710		6,447
CONTRIBUTED CAPITAL				
Contribution in Aid of Construction	504	1,148	-	0
Connection Fees	0	0	0%	0
ENDING FUND EQUITY		\$1,178,627		\$1,080,465

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKER'S COMP, CONNECTION FEE AND CIR FUNDS
FOR PERIOD ENDING SEPTEMBER 30, 2015**

		NOVATO	WEST MARIN	OCEANA	RECYCLED
	TOTAL	WATER	WATER	MARIN	WATER
				SEWER	
WORKERS' COMPENSATION FUND					
WC Cash Balance 6/30/15	\$566,834	\$532,786	\$18,152	\$6,299	\$9,597
Less: Projected Prior FY Claims Liability	58,721	54,796	1,784	669	1,472
WC Reserve Balance 6/30/15	\$508,113	\$477,990	\$16,368	\$5,630	\$8,125
Add: WC Expense Charged to Operations FYTD	53,034	49,321	1,750	583	1,379
Interest Earned	1,177	1,143	0	13	21
Subtotal	\$562,324	\$528,454	\$18,118	\$6,226	\$9,525
Less: Claims Expense Paid	17,073	15,878	563	188	444
Excess Insurance Premium	13,407	12,469	442	147	349
Administration Fees	3,000	2,790	99	33	78
WC Reserve Balance 9/30/15	\$528,843	\$497,317	\$17,013	\$5,858	\$8,654
Add: Projected Claims Liability	48,801	45,385	1,610	537	1,269
WC CASH BALANCE 9/30/15	<u>\$577,644</u>	<u>\$542,703</u>	<u>\$18,624</u>	<u>\$6,395</u>	<u>\$9,923</u>

CONNECTION FEE FUND

Connection Fee Cash Balance 6/30/15	\$176,345	\$0	\$176,345	\$0
Add: funds borrowed to subsidize operations	(3,856,760)	(3,838,645)	0	(18,115)
Connection Fee Reserve Balance 6/30/15	(\$3,680,415)	(\$3,838,645)	\$176,345	(\$18,115)
Add: Connection Fees Collected FYTD	143,000	143,000	0	0
Interest Earned	372	0	372	0
Subtotal	(\$3,537,043)	(\$3,695,645)	\$176,717	(\$18,115)
Less: Fees Expended FYTD	(59,874)	(64,296)	4,422	0
Fees transferred to RWS FYTD (Note 15)	281,027	281,027	0	0
Connection Fee Reserve Balance 9/30/15	(\$3,758,197)	(\$3,912,376)	\$172,294	(\$18,115)
Less: Funds borrowed to subsidize operations	(3,930,491)	(3,912,376)	0	(18,115)
CONNECTION FEE CASH BALANCE 9/30/15	<u>\$172,294</u>	<u>\$0</u>	<u>\$172,294</u>	<u>\$0</u>

CONSERVATION INCENTIVE RATE FUND

CIR Cash Balance 6/30/15	\$41,441	\$0	\$41,441
Add funds borrowed to subsidize operations	0	0	0
CIR Reserve Balance 6/30/15	\$41,441	\$0	\$41,441
Add: CIR Charges Billed FYTD	15,293	11,179	4,113
Regulation 15 Forfeitures	0	0	0
Interest Earned	89	0	89
Subtotal	\$56,822	\$11,179	\$45,643
Less: CIR Funds Expended FYTD ¹	11,492	8,989	2,503
Bill Adjustments	3,575	2,190	1,384
CIR Reserve Balance 9/30/15	\$41,756	\$0	\$41,756
Less funds borrowed to subsidize operations	0	0	0
CIR CASH BALANCE 9/30/15	<u>\$41,756</u>	<u>\$0</u>	<u>\$41,756</u>

¹ On September 1, 2009 the Board authorized water conservation expenditures to be charged against the Conservation Incentive Rate Fund

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING SEPTEMBER 30, 2015**

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	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER) UNDER	Notes
1 CONSTRUCTION					
a. Fittings & Hose for Emergency Hose Trailer		\$0	\$6,000	\$6,000	1
	\$0	\$0	\$6,000	\$6,000	
2 ENGINEERING					
a. Large Format Color Printer		\$0	\$12,000	\$12,000	1
	\$0	\$0	\$12,000	\$12,000	
3 OPERATIONS/MAINTENANCE					
a. Tire Balancer		\$0	\$6,000	\$6,000	1
	\$0	\$0	\$6,000	\$6,000	
4 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 4 X 4 Backhoe (Diesel)		\$0	\$125,000	\$125,000	1
b. 1/2 Ton Pickup w/Tool Box & Radio		0	25,000	25,000	1
c. 1/2 Ton Pickup w/Tool Box & Radio		0	25,000	25,000	1
	\$0	\$0	\$175,000	\$175,000	
TOTAL EQUIPMENT EXPENDITURES	\$0	\$0	\$199,000	\$199,000	

Notes:

(1) Replacement item.

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2015**

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET%	PRIOR YTD ACTUAL
<u>Material Handling</u>				
Material Overhead Recovered (15%)	\$11,383	\$111,000	10%	\$13,292
Labor	\$15,278	\$90,000	17%	\$15,293
Materials, Supplies & Expense	1,841	10,000	18%	3,781
Correction to Inventory Counts	(144)	0	-	(6,388)
Write-down of Obsolete Inventory	0	0	-	0
Depreciation	3,033	11,000	28%	937
	<u>\$20,008</u>	<u>\$111,000</u>	18%	<u>\$13,623</u>
Net Material Handling Gain / (Loss)	<u>(\$8,626)</u>	<u>\$0</u>	-	<u>(\$331)</u>
<u>Construction Supplies</u>				
Const Supplies Overhead Recovered (10%)	\$54,503	\$305,000	18%	\$56,887
Labor	\$15,600	\$114,000	14%	\$16,869
Materials, Supplies & Expense	19,348	90,000	21%	30,046
Small Tools	1,990	24,000	8%	10,474
Depreciation	1,070	4,000	27%	1,070
	<u>\$38,008</u>	<u>\$232,000</u>	16%	<u>\$58,459</u>
Net Constr Supplies Gain / (Loss)	<u>\$16,495</u>	<u>\$73,000</u>	23%	<u>(\$1,572)</u>
<u>Vehicle & Equipment</u>				
Vehicle & Equipment Recovered ¹	\$107,759	\$320,000	34%	\$105,283
Labor	\$13,798	\$104,000	13%	\$12,779
Materials, Supplies & Expense	27,717	67,000	41%	12,983
Fuel	21,722	100,000	22%	28,385
Depreciation	32,152	135,000	24%	33,066
	<u>\$95,389</u>	<u>\$406,000</u>	23%	<u>\$87,213</u>
Net Vehicle & Equip Gain / (Loss)	<u>\$12,370</u>	<u>(\$86,000)</u>	-14%	<u>\$18,070</u>
<u>Payroll</u>				
Overheaded Payroll Recovered	\$1,735,875	\$7,714,000	23%	\$1,740,600
Salary Including Leave Time	\$1,216,397	\$5,082,000	24%	\$1,120,696
Employer FICA & Medicare Tax	91,790	378,000	24%	85,926
Insurance ²	243,635	1,122,000	22%	263,488
Retiree Medical	19,125	79,000	24%	19,125
CalPERS Retirement	233,371	982,000	24%	212,934
Unreconciled Difference	(54,543)			31,683
	<u>\$1,749,775</u>	<u>\$7,643,000</u>	23%	<u>\$1,733,852</u>
Net Payroll Gain / (Loss)	<u>(\$13,900)</u>	<u>\$71,000</u>	³	<u>\$6,748</u>
Total Overhead Gain / (Loss)	<u>\$6,339</u>	<u>\$58,000</u>	11%	<u>\$22,915</u>

¹ Vehicle & Equipment Recovered is the amount charged to projects and operations to recover the expense of owning and operating the asset. The recovery rate is \$6/hr for vehicles 3/4-ton and under \$11/hr for larger vehicles. An additional 50% is charged to developer projects to reflect the fair market value of the asset used.

² Insurance Includes Medical, Dental, Vision, Cafeteria, Life, & Workers' Compensation

³ Projected gain on self-insured worker's compensation gives rise to the budgeted payroll gain.

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING SEPTEMBER 30, 2015**

OPERATING EXPENSE		Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1	Salaries & Benefits	\$1,365,993	\$12,514	\$44,479	\$16,550	\$1,439,536	\$6,466,000	22%	\$1,492,948	-3 %
2	Water Purchases	1,182,446	81,511	0	0	1,263,957	4,927,000	26%	1,720,347	-26 %
3	Depreciation	649,049	118,010	49,130	12,473	828,663	3,404,000	24%	805,578	2 %
4	Materials, Services & Supplies	364,306	18,745	20,057	5,168	408,274	1,675,000	24%	335,085	21 %
5	Electric Power	93,463	821	11,405	4,730	110,419	449,000	25%	127,262	-13 %
6	Chemicals	93,151	1,443	104	0	94,697	436,000	22%	39,072	142 %
7	Consulting Services/Studies	61,122	0	0	0	61,122	271,000	23%	4,301	1321 %
8	Vehicles and Equipment (Distrib)	66,712	718	3,060	1,442	71,933	260,000	28%	77,899	-7 %
9	Tools & Supplies (Distrib)	36,978	756	1,812	1,297	40,843	179,000	24%	51,288	-20 %
10	Retiree Medical Expenses	43,886	0	0	0	43,886	174,000	25%	37,977	15 %
12	Insurance & Claims	43,112	0	0	532	43,644	160,000	27%	22,712	92 %
11	Water Conservation Rebates	39,556	0	650	0	40,206	105,000	38%	24,366	65 %
13	Office Supplies & Postage	21,470	0	0	0	21,470	100,000	21%	29,090	-26 %
14	Overhead Charges (Gain)/Loss	(6,339)	0	0	0	(6,339)	(70,000)	9%	1,585	-499 %
15	Distributed Costs (Lab,G&A,ConsAcctg)	(146,235)	11,711	23,024	5,387	(106,113)	(387,000)	27%	(88,474)	19 %
16	Total Operating Expense	\$3,908,668	\$246,227	\$153,722	\$47,578	\$4,356,195	\$18,149,000	24%	\$4,681,035	-6 %
17	Interest Expense & Other*	129,044	83,424	9,343	0	221,810	949,000	23%	216,368	2 %
18	Total Expense	\$4,037,712	\$329,651	\$163,065	\$47,578	\$4,578,006	\$19,098,000	24%	\$4,897,403	-6 %
Warehouse, Shop & Yard										
19	Salaries & Benefits	\$44,676	\$0	\$0	\$0	\$44,676	\$308,000	15%	\$43,331	3 %
20	Materials, Services & Supplies	108,731	0	0	0	108,731	441,000	25%	77,576	40 %
21	Distributed Costs	(153,406)	0	0	0	(153,406)	(749,000)	20%	(120,907)	26 %
22	Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	-	\$0	-
District Capital Outlay										
23	Salaries & Benefits	\$116,585	\$80,893	\$35,005	\$0	\$232,483	\$831,000	28%	\$202,631	14 %
24	Equipment Expenditures	0	0	0	0	0	199,000	0%	4,646	-100 %
25	Debt Principal Payments	85,099	139,452	21,519	0	246,070	1,706,000	14%	242,195	1 %
26	Materials, Services & Supplies	2,295,494	143,581	82,939	0	2,522,013	12,234,000	21%	4,156,910	-39 %
27	Total District Capital Outlay	\$2,497,178	\$363,925	\$139,462	\$0	\$3,000,565	\$14,970,000	20%	\$4,606,382	-34 %
Developer Funded Projects										
28	Salaries & Benefits	\$44,591	\$0	\$1,867	\$838	\$47,296	\$209,000	23%	\$23,899	97 %
29	Materials, Services & Supplies	58,360	0	7,437	310	66,107	98,000	67%	31,070	112 %
30	Total Developer Projects	\$102,951	\$0	\$9,304	\$1,148	\$113,403	\$307,000	37%	\$54,969	106 %
31	Total	\$6,637,841	\$693,576	\$311,831	\$48,726	\$7,691,974	\$34,375,000	22%	\$9,558,754	-19 %

*Includes Interfund Interest

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2015**

Fiscal Year to Date								Vehicle Cost per Mile				
Year	Description	Veh#	Assigned	Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FYTD	FY15	FY14
1	1999 Dodge Ram 1500	32	Pool	1,455	\$351	\$420	\$69	80,896	\$0.44	\$0.24	\$0.39	\$0.66
2	2002 Chev K1500 4x4	47	LeBrun	1,737	\$1,329	\$764	(\$566)	114,287	\$0.37	\$0.77	\$0.53	\$0.71
3	2003 Dodge Dakota 4x4	49	Stompe	1,874	\$415	\$1,024	\$609	89,485	\$0.41	\$0.22	\$0.38	\$0.60
4	2003 Chev C1500	51	FSR	1,105	\$379	\$1,020	\$641	120,156	\$0.39	\$0.34	\$0.55	\$0.51
5	2004 Chev C1500	53	Kurfirist	2,454	\$617	\$2,271	\$1,654	117,668	\$0.44	\$0.25	\$0.40	\$1.52
6	2004 Chev C1500 Xtra Cab	54	Pool	80	\$3,114	\$0	(\$3,114)	92,165	\$0.43	-	\$0.39	\$0.62
7	2005 Honda Civic Hybrid	56	Engineering	412	\$90	\$269	\$178	73,913	\$0.24	\$0.22	\$0.29	\$0.42
8	2005 Honda Civic Hybrid	57	Clark	3,261	\$655	\$1,231	\$576	57,182	\$0.25	\$0.20	\$0.58	\$0.16
9	2005 Ford Ranger	58	Frazer	3,162	\$1,029	\$2,142	\$1,113	118,618	\$0.45	\$0.33	\$0.42	\$0.64
10	2005 Ford Ranger	59	Bynum	1,724	\$1,401	\$1,862	\$460	111,361	\$0.47	\$0.81	\$0.65	\$0.34
11	2006 Chev Colorado	501	Lab	3,082	\$473	\$2,153	\$1,680	129,972	\$0.37	\$0.15	\$0.42	\$0.41
12	2007 Chev K2500 4x4	502	Corda, Joe	2,147	\$3,103	\$4,617	\$1,514	80,722	\$0.55	\$1.45	\$0.50	\$0.52
13	2007 Chev Colorado	504	Roberto	3,059	\$1,307	\$4,089	\$2,783	39,046	\$0.47	\$0.43	\$0.71	\$0.72
14	2008 Ford F250 4x4	505	Cilia	2,103	\$1,677	\$3,586	\$1,909	79,159	\$0.72	\$0.80	\$0.62	\$0.91
15	2008 Ford F250 4x4	506	STP	2,795	\$570	\$1,903	\$1,333	51,270	\$0.80	\$0.20	\$0.96	\$0.52
16	2008 Chev Colorado 4x4	509	Engineering	1,650	\$1,740	\$1,216	(\$525)	88,302	\$0.35	\$1.05	\$0.33	\$0.41
17	2009 Toyota Prius Hybrid	510	Frazer	1,517	\$231	\$779	\$547	92,742	\$0.20	\$0.15	\$0.35	\$0.15
18	2010 Ford F150 4x4	511	STP	1,986	\$2,406	\$1,122	(\$1,284)	54,108	\$0.49	\$1.21	\$0.41	\$0.68
19	2010 Ford F150	512	Ortiz	4,501	\$862	\$1,943	\$1,081	80,602	\$0.44	\$0.19	\$0.36	\$0.59
20	2010 Ford F150	513	On-Call	1,400	\$679	\$365	(\$314)	42,647	\$0.50	\$0.49	\$0.41	\$0.61
21	2012 Ford F250	515	Reed	3,085	\$2,214	\$5,801	\$3,587	28,805	\$0.68	\$0.72	\$0.66	\$0.65
22	2012 Ford F250	516	Castellucci	3,158	\$1,140	\$4,235	\$3,095	27,975	\$0.56	\$0.36	\$0.48	\$0.64
23	2014 Ford F150	517	Grisso	768	\$330	\$1,496	\$1,166	4,748	\$0.34	\$0.43	\$0.33	\$0.26
24	2015 Ford F250 4x4	518	Kehoe, Chris	3,654	\$1,362	\$5,649	\$4,287	21,573	\$0.38	\$0.37	\$0.37	\$0.91
25	2015 Ford Escape 4X4	520	Arendell	3,852	\$1,755	\$2,901	\$1,146	4,472	\$0.41	\$0.46	\$0.16	-
26	2015 Ford F150 4X4	521	Lemos	4,007	\$3,164	\$2,107	(\$1,057)	4,089	\$0.81	\$0.79	\$1.95	-
Total 3/4 Ton & Under				60,028	\$32,394	\$54,963	\$22,569	1,805,963	\$0.43	\$0.54	\$0.46	\$0.56
1	1999 Ford F350 W/Svc Body	19	Pool	608	\$306	\$1,056	\$750	131,006	\$0.75	\$0.50	\$1.05	\$2.97
2	2002 Int'l 5 Yd Dump	44	Construction	1,233	\$1,131	\$5,335	\$4,204	90,417	\$1.60	\$0.92	\$1.49	\$2.21
3	1999 Ford F550 3-Yd Dump ³	52	Construction	1,313	\$1,696	\$3,916	\$2,220	82,871	\$0.96	\$1.29	\$1.22	\$1.34
4	2006 Int'l 4300 Crew	503	Breit	1,121	\$872	\$4,901	\$4,029	31,754	\$2.55	\$0.78	\$2.69	\$2.20
5	2008 Ford F350 4x4	507	Latanzsyzyn	3,997	\$1,677	\$3,921	\$2,244	90,228	\$0.79	\$0.42	\$0.63	\$0.73
6	2009 Peterbilt 335 Crew	508	Ochoa	979	\$967	\$6,113	\$5,146	23,250	\$1.96	\$0.99	\$1.98	\$2.20
7	2012 Int'l 5 Yd Dump	514	Rupp	1,690	\$1,257	\$5,431	\$4,174	20,508	\$1.50	\$0.74	\$1.24	\$1.45
8	2015 Int'l 5 Yd Dump	519	Sjoblom	2,633	\$1,983	\$4,158	\$2,175	11,211	\$1.00	\$0.75	\$1.14	\$0.64
Total 1 Ton & Over				13,574	\$9,889	\$34,831	\$24,942	481,245	\$1.17	\$0.73	\$1.24	\$1.53

¹ Expense amount shown excludes depreciation (approximately \$100,000 for FY16).

² Recovery is the amount charged to projects and operations to recover the expense of owning and operating the vehicle. Commencing 7/1/07 the recovery rate for vehicles 3/4-ton and under is \$6/hr and the recovery rate for vehicles 1-ton and over is \$11/hr. An additional 50% is charged to developer projects to reflect the fair market value of the vehicle being used.

³ Purchased used in 2004 with 33,500 miles. Mileage shown is total incurred since District purchase.

**NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING SEPTEMBER 30, 2015**

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Description			COST THRU JUNE 2015	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER) UNDER	TOTAL COST
NOVATO								
a. Residential								
1-7700-01	1-7700-26	1 Cash for Grass	\$315,464	\$17,563	\$34,985	\$58,000	\$23,015	\$350,449
1-7700-02	1-7700-27	2 Landscape Efficiency Rebates	21,118	163	354	7,000	6,646	21,472
1-7700-03		3 Fixtures Purchases	40,911	0	3,704	5,000	1,296	44,615
1-7700-06	1-7700-28	4 Washing Machine Rebates	336,990	615	1,830	20,000	18,171	338,820
1-7700-07		5 Demonstration Garden Improvements	54,377	0	0	1,000	1,000	54,377
1-7700-11	1-7700-29	6 Toilet Rebate SF	937,388	1,867	6,816	34,000	27,184	944,204
1-7700-12	1-7700-30	7 Toilet Rebate MF	18,173	0	0	4,000	4,000	18,173
1-7700-13		8 Residential Audits	293,840	122	494	50,000	49,506	294,334
1-7700-15		9 High Efficiency Toilet Distribution	238,006	0	0	0	0	238,006
1-7700-16		10 Water Waste Ordinance Monitoring	63,736	2,071	10,240	10,000	(240)	73,976
1-7700-17	1-7700-31	11 Swimming Pool Cover Rebate	1,589	0	883	2,000	1,117	2,472
1-7700-19	1-7700-32	12 ET Controller Rebate	28,777	420	630	8,000	7,370	29,407
1-7700-08		13 Administration	1,183,497	8,502	27,287	131,000	103,713	1,210,784
1-7700-20		14 New Development Wtr Cons Program	58,716	1,217	3,365	8,000	4,635	62,081
1-7700-21	1-7700-33	15 Demand Offset Rebate Program	2,425	17	71	2,000	1,930	2,496
1-7700-23		16 Grant Administration	1,838	0	0	1,000	1,000	1,838
1-7700-24	1-7700-34	17 Hot Water Recirculation Rebate	1,466	92	275	4,000	3,726	1,741
1-7700-25		18 Residential Fill Station	44,872	2,109	11,848	0	(11,848)	56,720
b. Commercial								
1-7701-02	1-7701-05	1 Toilet Rebate Program	66,709	0	100	10,000	9,900	66,809
1-7701-03		2 Commercial Audits	12,431	178	1,509	15,000	13,491	13,940
c. Public Outreach/Information								
1-8672-16		1 Fall Newsletter	47,396	3,743	3,743	8,000	4,258	51,139
1-8672-17		2 Spring Newsletter	64,749	0	0	9,000	9,000	64,749
1-8672-18		3 Summer Newsletter	20,290	0	0	7,000	7,000	20,290
1-7700-04		4 Public Outreach / H ₂ O Fair	104,786	1,524	3,412	10,000	6,588	108,198
1-7700-05		5 Marketing	142,169	356	860	16,000	15,140	143,029
1-7700-22		6 Public Outreach/Leadership Novato	11,098	0	0	0	0	11,098
d. Large Landscape								
1-8653-02		1 Large Landscape Audits	84,516	1,572	3,373	10,000	6,628	87,889
1-7702-01		2 Large Landscape Budgets	33,093	297	784	3,000	2,216	33,877
1-7702-02	1-7702-04	3 Large Landscape Irrig Efficiency Rebates	14,460	0	0	8,000	8,000	14,460
1-8653-01		4 CIMIS Station Maintenance	18,653	0	0	2,000	2,000	18,653
1-7702-03		6 Administration-Large Landscape	24,105	181	537	7,000	6,463	24,642
TOTAL NOVATO WATER CONSERVATION			\$4,287,638	\$42,606	\$117,096	\$450,000	\$332,904	\$4,404,733
WEST MARIN WATER								
2-5166-00		a. Water Conservation Program	\$71,641	\$1,045	\$2,503	\$22,000	\$19,498	\$74,144
TOTAL WATER CONSERVATION EXPENDITURES¹			\$71,641	\$1,045	\$2,503	\$22,000	\$19,498	\$74,144

¹FY16 total excludes \$317,000 (7,810 AF x \$40.53) paid to SCWA for water conservation services provided to NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2015**

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Description		COST THRU JUNE 2015	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS							
a. Main/Pipeline Replacements							
1-7067-20	1 So Novato Blvd-Rowland to Sunset (12"CI @ 1,000')	\$253,409	\$2,444	\$143,543	\$400,000	\$256,457	\$396,952
b. Main/Pipeline Additions							
1-7145-00	1 Zone A Pressure Improvements - Ignacio	113,325	21,270	34,088	150,000	115,913	147,413
1-7150-00	2 San Mateo 24" Inlet/Outlet	15,291	0	0	150,000	150,000	15,291
c. PB Service Line Replacements							
	1 Replace PB in Sync w/City Paving (30 Svcs)	0	0	0	70,000	70,000	0
1-7123-19	2 Grandview Ave (18 Svcs)	0	2,489	4,907	0	(4,907)	4,907
d. Relocations to Sync w/City & County CIP							
	1 Other Relocations	0	0	0	80,000	80,000	0
TOTAL PIPELINE REPLACEMENTS/ADDITIONS		\$382,025	\$26,203	\$182,539	\$850,000	\$667,462	\$564,564
e. Aqueduct Replacements & Enhancements							
1-7118-01	1 MSN B1-Utility Agreement Costs ³	\$266,635	(\$4,383)	(\$4,383)	\$4,890,000	\$4,894,383	\$262,252
1-7118-02	2 MSN B2-Utility Agreement Costs ³	35,183	0	0	0	0	35,183
1-7118-03	3 MSN B3-Utility Agreement Costs ³	8,332,160	775,692	1,562,706	0	(1,562,706)	9,894,866
1-7118-04	4 AEEP Permit/Design/Construction ⁴	5,674,419	152,727	642,653	0	(642,653)	6,317,072
1-7118-05	5 AEEP Legal Challenge/Litigation ⁴	10,679	0	0	0	0	10,679
1-7118-07	6 MSN B1-Co-Op Agreement Costs ³	421,623	6,167	6,090	0	(6,090)	427,713
1-7118-10	7 MSN B2/Gunn Ln-Utility Agreement Costs ³	40,958	30	30	0	(30)	40,988
1-7118-17	8 AEEP B1 Betterment & Depreciation Cost ⁴	411,164	0	0	0	0	411,164
1-7118-18	9 AEEP B2 Betterment & Depreciation Cost ⁴	765	0	0	0	0	765
1-7118-20	10 MSN B3 Advance Tree Removal Costs ³	0	0	0	0	0	0
1-7118-21	11 AEEP-Reach B Tree Removal ⁴	19,600	0	0	0	0	19,600
TOTAL AQUEDUCT REPLACEMENTS AND ENHANCEMENTS		\$15,213,186	\$930,232	\$2,207,096	\$4,890,000	\$2,682,904	\$17,420,281
2 SYSTEM IMPROVEMENTS							
1-7008-12	a. RTU Upgrades	\$0	\$1,045	\$1,045	\$15,000	\$13,955	\$1,045
1-8677-20	b. Flushing Taps at Dead-Ends (12 biennially)	0	0	0	50,000	50,000	0
1-7007-10	c. Detector Check Assembly Repair/Repl (~14/yr)	0	0	0	190,000	190,000	0
1-7090-02	d. Anode Installations (150/yr)	19,011	0	(1,502)	30,000	31,502	17,509
1-7132-02	e. Radio Expansion Telemetry Upgrades	0	0	0	25,000	25,000	0
1-7054-06	f. Inaccurate High Use Meter Replacement	0	0	0	10,000	10,000	0
1-7137-00	g. Backflow Device Upgrade-BMK (15 Svcs)	15,732	0	0	30,000	30,000	15,732
1-7146-00	h. Tank Access Hatch/Level Alarms (15 sites)	54,744	14,185	16,322	35,000	18,678	71,066
1-7157-00	i. Automate Zone Valve-Slowdown Ct	0	0	0	50,000	50,000	0
1-7158-00	j. Radio Read Meter Retrofit (Pilot Study/Install)	0	0	0	500,000	500,000	0
TOTAL SYSTEM IMPROVEMENTS		\$89,487	\$15,231	\$15,866	\$935,000	\$919,134	\$105,353

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2015**

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Description		COST THRU JUNE 2015	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS							
a. Administration Building							
1-6501-43	1 Electronic Document Management System	\$0	\$0	\$0	\$150,000	\$150,000	\$0
1-6501-44	2 Office/Yard Building Refurbish	0	0	0	1,500,000	1,500,000	0
1-6501-46	3 Office Emergency Generator	0	0	0	150,000	150,000	0
b. Stafford Treatment Plant							
1-6600-69	1 Stafford Dam Concrete Spillway Repair	75,346	0	0	50,000	50,000	75,346
1-6600-70	2 Watershed Erosion Control	46,154	0	0	25,000	25,000	46,154
1-6600-82	3 STP Emergency Power Generator	0	0	0	150,000	150,000	0
TOTAL BUILDING, YARD, & STP IMPROVEMENTS		\$121,500	\$0	\$0	\$2,025,000	\$2,025,000	\$121,500
4 STORAGE TANKS & PUMP STATIONS							
a. Hydropneumatic Tank Repairs							
		\$0	\$0	\$0	\$60,000	\$60,000	\$0
1-6112-24	b. Lynwood Pump Station Motor Control Center	106,813	0	4,650	120,000	115,350	111,463
1-6222-23	c. Sunset Tank C12 Mixing System	23,240	0	1,929	90,000	88,071	25,169
1-6141-00	d. Crest P.S.(Design/Const)/Reloc School Rd P.S.	28,039	0	0	70,000	70,000	28,039
TOTAL STORAGE TANKS & PUMP STATIONS		\$158,092	\$0	\$6,579	\$340,000	\$333,421	\$164,671
5 RECYCLED WATER							
5-7127-00	a. NBWRA Grant Program Administration	\$971,398	\$690	\$64,666	\$80,000	\$15,334	\$1,036,064
5-6058-10	b. Expansion to Central Area	212,607	46,144	159,808	3,500,000	3,340,192	372,415
	c. Other Recycled Water Expenditures	0	0	0	100,000	100,000	0
TOTAL RECYCLED WATER		\$1,184,005	\$46,834	\$224,474	\$3,680,000	\$3,455,526	\$1,408,479
6 WEST MARIN WATER SYSTEM							
System Improvements:							
2-7153-00	a. Upsize 4" Pipe from Bear Valley Tanks	\$33,406	\$26,874	\$78,996	\$100,000	\$21,004	\$112,402
2-6257-20	b. PR Tank #2 & 3 Seismic Piping Upgrade	47,641	0	0	30,000	30,000	47,641
2-6263-20	c. Replace PRE Tank #4A (25K Gal w/82K Gal)	22,328	0	126	50,000	49,874	22,454
2-8650.xx	d. PB Replace in Sync w/County Paving	0	0	0	50,000	50,000	0
2-7160-00	e. Green Sand Filter Media Replace	0	0	0	75,000	75,000	0
2-6602-23	f. Replace Pump in Well #2	5,894	33,504	38,821	0	(38,821)	44,715
TOTAL WEST MARIN WATER SYSTEM		\$109,269	\$60,378	\$117,943	\$305,000	\$187,057	\$227,212
7 OCEANA MARIN SEWER SYSTEM							
8-8672-28	a. Infiltration Repair	\$0	\$0	\$0	\$40,000	\$40,000	\$0
TOTAL OCEANA MARIN SEWER SYSTEM		\$0	\$0	\$0	\$40,000	\$40,000	\$0
TOTAL PROJECT EXPENDITURES		\$17,257,564	\$1,078,878	\$2,754,496	\$13,065,000	\$10,310,505	\$20,012,060

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2015**

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Description	COST THRU JUNE 2015	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
<u>(Accrued)/Deferred</u>						
a. RW Expansion - Central Service Area SRF Loan ¹	(\$208,582)	(\$46,144)	(\$159,808)	\$0	\$159,808	(\$368,390)
b. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ²	(640,152)	(777,506)	(1,564,443)	0	1,564,443	(2,204,595)
c. AEEP Segment B1-B3 ²	5,402,869	(152,727)	(642,653)	(1,873,000)	(1,230,347)	4,760,216
d. AEEP- B1 Construction ²	(30,641)	(6,167)	(6,090)	0	6,090	(36,731)
e. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ²	(334)	(30)	(30)	0	30	(364)
f. MSN B3 Advance Tree Removal Costs ³	(296,424)	0	0	0	0	(296,424)
FUNDING BY OTHERS (ACCRUED)/DEFERRED	\$4,226,737	(\$982,573)	(\$2,373,024)	(\$1,873,000)	\$500,024	\$1,853,713
<u>Received</u>						
a. RW Expansion - Central Service Area SRF Loan ¹	\$0	\$0	\$0	(\$3,500,000)	(\$3,500,000)	\$0
b. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ²	(7,566,263)	0	0	(2,740,000)	(2,740,000)	(7,566,263)
c. AEEP Segment B1-B3 ³	(7,123,441)	0	0	0	0	(7,123,441)
d. AEEP- B1 Construction ²	(421,545)	0	0	0	0	(421,545)
e. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ²	(40,958)	0	0	0	0	(40,958)
f. AEEP-B3 Tree Removal-CT Reimb ²	0	0	0	0	0	0
FUNDING BY OTHERS RECEIVED	(\$15,152,207)	\$0	\$0	(\$6,240,000)	(\$6,240,000)	(\$15,152,207)
NET PROJECT EXPENDITURES	\$6,332,093	\$96,305	\$381,472	\$4,952,000	\$4,570,529	\$6,713,565

	Current Month	FYTD Total	FY 15/16 Budget	FYTD/ Budget%
CIP SUMMARY-GROSS EXPENDITURES:				
Novato Water Capital Projects	\$971,666	\$2,412,079	\$9,040,000	27%
Novato Recycled Water Capital Projects	46,834	224,474	3,680,000	6%
West Marin Water Capital Projects	60,378	117,943	305,000	39%
Oceana Marin Sewer Capital Projects	0	0	40,000	0%
Gross Capital Improvement Project Outlays	\$1,078,878	\$2,754,496	\$13,065,000	21%
CIP SUMMARY-NET EXPENDITURES:				
Novato Water Capital Projects	\$35,237	\$198,863	\$4,427,000	4%
Novato Recycled Water Capital Projects	690	64,666	180,000	36%
West Marin Water Capital Projects	60,378	117,943	305,000	39%
Oceana Marin Sewer Capital Projects	0	0	40,000	0%
Net Capital Improvement Project Outlays	\$96,305	\$381,472	\$4,952,000	8%

Notes to Capital Improvement Projects Schedule:

- (1) RW Expansion Costs for the Central Service Area will be funded by a Federal Title XVI grant of \$1.5M and the remainder will be funded by a 1% interest rate State Revolving Fund Loan.
- (2) Funding includes a \$7M Bank Loan plus reimbursement from Caltrans for 100% of costs charged to jobs 1.7118.01-1.7118.03, 1.7118.07 & 1.7118.10.
- (3) Funding provided 100% by Caltrans.
- (4) Funding provided 100% by NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2015**

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Description	COST THRU JUNE 2015	SEPTEMBER 2015	FYTD TOTAL	FY 15/16 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
CONSULTING SERVICES/STUDIES						
1-7140-00 a. Stafford Dam Emergency Action Plan	\$0	\$0	\$27,589	\$40,000	\$12,411	\$27,589
1-6600-81 b. STP Taste & Odor Consultant	19,268	2,379	16,601	15,000	(1,601)	35,869
1-4048-00 c. Hydropneumatic Tank Inspections	0	0	0	50,000	50,000	0
1-4050-00 d. 2015 Urban Water Management Plan	10,797	0	23,729	10,000	(13,729)	34,526
1-4054-00 e. Insured Property Valuation Assessment	0	0	0	40,000	40,000	0
1-7126-00 f. Local Water Supply Enhancement Study	0	0	0	100,000	100,000	0
1-7060-00 g. Retiree Health Liability Actuarial Update	9,000	0	0	5,000	5,000	9,000
1-4055-00 h. Stafford Lake Sanitary Survey	0	0	0	30,000	30,000	0
5-4053-00 i. NMWD/NSD Central Svc Area Expansion Study	0	1,937	1,937	30,000	28,064	1,937
2-4051-00 j. Gallagher Well #2 Hydrogeologic Study	0	0	167	58,000	57,833	167
	\$39,065	\$4,315	\$70,022	\$378,000	\$307,978	\$109,087

North Marin Water District Financial Statement Notes

Note 1 - Restricted Cash

Connection Fee Fund: Cash available from collection of Connection Fees. The fee is charged to developers based upon the estimate of cost necessary to construct capacity to serve the new development. These funds are restricted by law for expansion of the water or sewer facilities within the service area where the development occurs. Funds are disbursed from the Connection Fee Reserve as expenditures are incurred to increase system capacity to serve new development. The fund balance accrues interest monthly.

Wohler Pipeline Financing Fund: In December 2002 the Sonoma County Water Agency sold \$6.8 million (par) of 30-year revenue bonds to finance the Wohler to Forestville Pipeline. NMWD's share of the debt is \$844,050 ($\$6,800,000 \times 11.2 / 90.4$). In January 2003 the District established this designated cash and corresponding reserve account and transferred \$844,050 of FRC money into the fund. The Wohler Pipeline Financing Fund is credited with interest monthly.

Collector #6 Financing Fund: The Sonoma County Water Agency received a \$15.8 million State Revolving Fund loan commitment at an interest rate of 2.8% repayable over 20 years for construction of Collector #6. NMWD's share of Collector #6 is \$1,950,000 ($\$15,800,000 \times 11.2 / 90.4$). In January 2003 the District established this designated cash and corresponding reserve account and transferred \$1,950,000 of FRC money into the fund. The Collector #6 Financing Fund is credited with interest monthly.

Revenue Bond Redemption Fund: Comprised of one year of debt service as required by West Marin revenue bond covenants. These funds are restricted for payment of bond principal, interest and administration fees. The fund balance does not accrue interest.

Bank of Marin Project Fund: The District received an \$8 million loan from the Bank of Marin in October 2011 to fund the Aqueduct Energy Efficiency Project. The 20-year, 3.54% annual percentage rate loan requires monthly payments of \$46,067 and will be fully amortized on 10/27/31. In June 2012 the Board authorized reallocating \$1 million of this loan to West Marin Water to repay Novato Water \$223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

Deer Island RWF Replacement Fund: The State Revolving Fund (SRF) loan agreement required the District to agree to establish and maintain a Water Recycling Capital Reserve Fund (WRCRF) for the expansion, major repair, or replacement of the Deer Island Recycled Water Treatment Plant. The WRCRF is maintained in compliance with the "Policy for Implementing the State Revolving fund for Construction of Wastewater Treatment Facilities" in effect at the time the agreement was signed by the District. The September 2003 Recycled Water Master Plan prepared by Nute Engineering recommended limiting the reserve to fund replacement of the RWF electrical and mechanical equipment (including transmission pumps) as they wear out. The cost of said equipment was \$1,483,000 which, at Nute's recommended 6% interest rate factor and 25-year life, renders an annual funding requirement \$115,000. The fund balance accrues interest monthly.

Recycled Water Capital Replacement and Expansion Fund: The 2011 Interagency Agreements for Recycled Water between NSD, LGVSD & NMWD require that any payments to the Distributor (NMWD) by the End User (Consumers) in excess of actual costs (marginal payments) shall be deposited in this fund. Operation and Maintenance Costs are defined as the actual cost of: labor (including general and administrative overhead plus tools and supplies normally applied), equipment and vehicle charges, consumables (such as chemicals and electrical power), and spare parts and/or replaced components necessary to reliably treat and deliver recycled water to the End Users. Operation and Maintenance Costs do not include costs for major capital replacement or process changes.

Tax Receipts held in Marin County Treasury: Balance of tax proceeds collected and disbursed by the County of Marin for repayment of the Olema (OL-2) general obligation bond debt. The County credits interest to these funds quarterly.

STP SRF Loan Fund – Marin County Treasury: The 2004 Stafford Treatment Plant State Revolving Fund (SRF) loan agreement requires the District to build a Reserve Fund equal to one year of payments (\$1,044,474) in the Marin County Treasury during the first ten years of the 20-year repayment period. Every January 1 and July 1, commencing January 1, 2010, the District deposits with the County 10% of the semi-annual SRF payment. The County credits the fund with interest quarterly, and will use the Reserve to pay the last 2 semi-annual SRF loan payments.

RWS North/South SRF Payment Fund: The State Water Resource Control Board Agreements for the seven Clean Water State Revolving Fund Loans made for expansion of the Recycled Water System distribution system require that the District establish a reserve fund equal to one year's debt service (\$614,299) prior to the construction completion date.

Note 2 - Designated Cash

Liability Contingency Fund: Established in 1986 when the District first elected to self-insure its general liability risk. This reserve was funded with \$1 million initially and \$200,000 annually thereafter until it reached a balance of \$2 million. In FY98 the West Marin Water System was included in the fund and built-up a proportional reserve of \$74,000 over several years. Commencing FY93, \$1 million of the reserve was made available to fund loans to eligible employees under the District's Employer Assisted Housing Program. In August 2008, \$500,000 was transferred into this reserve from the Self-Insured Workers' Compensation Fund and made available to fund Employer Assisted Housing Program loans. Currently there are \$1,234,200 in Employer Assisted Housing Loans outstanding (see Note 3). In March 2005, \$652,400 was expended from the fund to purchase a home at 25 Giacomini Road in Point Reyes Station. The home is rented to an employee who provides after-hours presence in the community to respond to emergencies. In 2006, \$8,885 was added from the sale of surplus property in West Marin. The fund balance does not accrue interest.

Self-Insured Workers' Compensation Fund: Commencing July 2011, the District began self-insuring its workers' compensation liability. The savings accrued through self-insuring the liability is reserved in this fund for possible future claims expense. The District carries a workers' compensation excess policy for claims that exceed \$750,000. See schedule on page 21.

Retiree Medical Benefits Fund: NMWD pays the cost of health insurance for retirees between the ages of 55 and 65 and spouse under any group plan offered by CalPERS. The retiree must be at least 55 and have a minimum of 12 years of NMWD service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at \$3,830 per year (\$319/month). In August 2003, NMWD transferred \$2.55 million (\$2.3 million for current retirees plus \$250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add \$1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. In 2013 an Actuarial Analysis calculated NMWD's total actuarial liability at \$4.2 million. This reserve fund earns interest monthly, and currently has a balance of \$3.3 million. Accounting Standards require that the \$4.2M reserve be fully funded in 20 years.

Drought Contingency (Rate Stabilization) Fund: In August 2008, the Board directed staff to establish this reserve with \$135,000 from the Self-Insured Workers' Compensation Fund for the Novato district to draw upon during dry years. A threshold of 3.2 billion gallons of potable consumption was established as a benchmark for 'normal' years. During any fiscal year that water sales volume exceeds 3.2BG, the incremental revenue generated is deposited into the Drought Contingency Reserve. In those years when sales volume falls below the benchmark, funds are withdrawn from the reserve to maintain the budgeted revenue forecast. The goal is to build a reserve equal to 20% (currently \$2,500,000) of budgeted annual water commodity sales. In FY09 \$50,335 was added to the reserve. The fund was fully depleted in FY10. The fund balance accrues interest monthly.

Maintenance Accrual Fund: Established in FY91 to provide a source of maintenance money for replacement of treatment, storage, transmission and distribution facilities as they wear out. The annual contribution from operating reserves was initially \$200,000. Net polybutylene claim settlement proceeds

of \$671,060 were closed into the fund in FY93. In FY94 the annual contribution was reduced to \$100,000. The District's goal is to build a reserve equal to 10% of the net book value of Novato's existing plant, currently \$7.0M. Funds are borrowed from the Maintenance Accrual Fund to offset the shortfall in unrestricted Cash & Investments. The fund balance does not accrue interest.

Conservation Incentive Rate Fund: In 2004 and 2005, a Conservation Incentive Tier Rate was enacted in Novato and West Marin respectively. Monies derived from this tier-rate charge are set aside in the Conservation Incentive Rate Reserve, and used for conservation programs designated by the Board. The fund balance accrues interest monthly.

Operating Reserve Fund: This reserve, comprised of four months of budgeted operating expenditures (less depreciation) as recommended by the District's financial advisors, serves to ensure adequate working capital for operating, capital, and unanticipated cash flow needs that arise during the year. The fund balance does not accrue interest.

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are seven employee-housing loans currently outstanding totaling \$1,234,200: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$300,000 loan dated October 2006, a \$150,000 loan dated November 2007, a \$245,000 loan dated June 2010, and a \$250,000 loan dated March 2015.

Personal Computer Loans: Up to \$3,500 may be loaned to an employee for a period of up to 36 months under the District's Personal Computer Loan Program. Loans are repaid with interest at the rate earned on the District's investment portfolio at the time of the loan plus one percent. Currently there is one employee loan outstanding totaling \$224.

Note 4 – Depreciation

Assets are assigned a useful life based on consultations with the District Chief Engineer and a survey of other water agencies. Depreciation is computed on a straight-line basis over the estimated useful life of the various classes of property as follows:

<u>Facility</u>	<u>Life (Years)</u>
Aqueduct.....	150
Dam.....	100
STP & RWS Structures.....	40
STP & RWS Mains.....	50
STP & RWS Pumping Equipment.....	25
STP & RWS Water Treatment Equipment.....	20
Storage & Transmission Facilities.....	50
Distribution Facilities.....	50
Buildings.....	35
Office, Laboratory, Construction & Shop Tools & Equipment.....	10
Vehicles 1 ton or greater.....	10
All other vehicles.....	5
Sewer Mains.....	40
Sewer Pumps.....	10

Note 5 - Capitalization Policy

The Government Finance Officers Association *Guide for State and Local Governments* recommends that a capitalization policy incorporate a minimum threshold of \$5,000 and an estimated useful life of at least two years. It also cautions that federal grant and loan requirements prevent the use of capitalization thresholds in excess of \$5,000. Thus NMWD's capitalization threshold is \$5,000.

Note 6 – Bond & Loan

Servicing Schedule for Fiscal Year 2015-2016

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY16		6/30/16 Outstanding Balance
							Interest Expense	Principal Paid	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$1,708	\$15,909	\$34,384
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$291,064	\$753,410	\$11,612,245
3 Novato	Bank Loan Marin	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$201,703	\$280,339	\$5,702,962
Novato Total							\$494,475	\$1,049,658	\$17,349,591
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$67,709	\$205,658	\$2,615,529
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$99,530	\$180,310	\$3,726,692
6 RW South	SRF Loans (3)	2013	2.2%	\$5,359,858	Varies	Varies	\$110,416	\$223,216	\$4,737,899
Recycled Water Total							\$277,655	\$609,184	\$11,080,120
7 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$221	\$2,364	\$4,443
8 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$3,113	\$11,000	\$51,000
9 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$3,300	\$9,000	\$57,000
10 WM Water	Bank Loan Marin	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$29,608	\$41,156	\$843,497
West Marin Water Total							\$36,242	\$63,520	\$955,940
FY16 Total							\$808,372	\$1,722,362	\$29,385,651

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges. The first payment was made in December 2009.
3. In October 2011 Bank of Marin made a 20-year 3.54% (APR) loan of \$8 million to fund the District's share of the Aqueduct Energy Efficiency Project. See Note 15, and note to loan 11 below.
4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of \$4,264,545 for construction of the Deer Island Recycled Water Facility. With the addition of \$38,015 in Construction Period Interest, the loan principal totaled \$4,302,560. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled \$4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.

6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling \$5,361,952 for the Recycled Water South Service Area Expansion Project. The projects were completed on September 4, 2013, and the first payment was made in December of 2013.
7. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$46,000 to assist in the funding emergency West Marin Water system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek in response to the drought.
8. The Paradise Ranch Estates private water system was created by David Adams and Sons in 1952 to provide water to 85 homes in the PRE subdivision located north of Inverness Park. Problems with water quality and quantity developed and in 1969 the Marin County Health Department issued a boil-water order to all customers of the company. In 1972 the County declared a moratorium on issuance of building permits. A suit by property owners resulted in an agreement reached in Marin Superior Court in late 1978 directing Adams to finance a District feasibility study for the takeover of the system. This culminated in formation of Improvement District PRE-1 and an election authorizing issue of \$240,000 of 5% 40-year revenue bonds, which, in conjunction with a \$720,000 Farmers Home Administration grant, financed system rehabilitation. Service was provided from the Point Reyes System by installation of an additional well, expansion of the treatment plant, and a 6-inch pipeline connection at the Inverness Park pump station extending 1.6 miles along Sir Francis Drake Boulevard to the newly reconstructed Paradise Ranch Estates distribution system. On 4/22/80 the USDA purchased the revenue bond issue in its entirety.
9. In 1981 work commenced on rehabilitating the Point Reyes Inverness Park water system. 18,865 feet of pipeline was either replaced or installed, a 300,000-gallon tank was added in Point Reyes Station and a 100,000-gallon tank was added in Inverness Park. Total cost of these improvements was \$820,015. A 72% grant combined with a \$217,800 5% 40-year revenue bond acquired 8/28/81 by the Farmers Home Administration financed the project.
10. In June 2012 the Board authorized reallocating \$1 million of the Bank of Marin loan to West Marin Water to repay Novato Water \$223,000 owed for loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. See note to loan 3 above.

Note 7 – Unemployment Insurance Reserve

NMWD uses the "Reimbursable Method" of paying for Unemployment Costs. Under this method, the District reimburses the State Employment Development Department for all unemployment benefits paid on our behalf. The reserve is maintained at an amount equal to the higher of the average claim amount paid over the last 5 years or 52 times the maximum weekly benefit amount (currently $\$450 \times 52 = \$23,400$).

Note 8 – Payroll Benefits

Payroll Benefits payable includes payroll taxes; vacation, sick, and holiday leave; Section 125 payments; cancer, long term care and disability insurance premiums; union dues; and employee benefit fund.

Note 9 - Interest Policy on Inter-District Loans

In the event an improvement district expends all of its Undesignated Funds, it shall borrow funds from that improvement district's Board Designated Fund reserves to meet ongoing requirements. In the event an improvement district expends all of its Board Designated Fund reserves, it may receive a loan from the Novato Improvement District in an amount sufficient to meet its ongoing requirements. Restricted Funds shall not be used to finance ongoing normal operating expenses.

No interest shall be paid by an improvement district on funds borrowed from that improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period. Interest shall be calculated at the higher of: 1. The weighted average interest rate of Novato improvement district debt (2.77% at 6/30/15); or 2. The average interest rate earned on the District treasury since the close of the previous accounting period; plus \$50 per month.

Note 10 – Budget Augmentations

Note 11 – Prior Period Adjustment

Note 12 – Net Pension Liability

NMWD participates in the CalPERS 2.5% at age 55 retirement plan. Per CalPERS Actuarial Valuation as of June 30, 2013 (most recent data available) NMWD had an accrued liability of \$36.2 million and assets with a market value of \$25.9 million, rendering an unfunded liability of \$10.3 million (\$36.2 - \$25.9), and a funded ratio of 71.7% (\$25.9 / \$36.2), up 4.4% from June 30, 2012.

Note 13 – Explanation of Financial Statement Components

The District's financial statement is comprised of four components: 1) Statement of Net Position, 2) Sources and Uses of Funds Statement – All Service Areas Combined, 3) Income Statement and Cash Flow by Service Area, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position (page 4) reports the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to the District's creditors (liabilities). The difference between assets and liabilities is reported as *net position*. Over time, increases or decreases in the fund balance may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Sources and Uses of Funds Statement – All Service Areas Combined (page 8) compares fiscal year-to-date performance against the Board approved annual budget – presented in the adopted budget format. This Sources and Uses of Funds Statement varies from the income statement in that it includes capital expenditures, debt principal repayment, connection fee revenue, and cash infusions from debt issuance.

The Income Statement and Cash Flow by Service Area (page 9) presents the net income (loss) for the fiscal year-to-date (FYTD) period for each of the District's four service areas. The income and expenses on this report are presented in conformity with Generally Accepted Accounting Principles (GAAP) and comply with Governmental Accounting Standards Board pronouncements. Accordingly, all income and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the success of each service area's operations and can be used to determine whether the service area has successfully recovered all costs through user fees and other charges.

Also included at the bottom of page 9 is a statement of Cash Flow by Service Area. The primary purpose of this statement is to reconcile in an informative manner the difference between the net income/(loss) for the period of each service area with the resultant change in cash balance that occurred over the same period.

Notes to the Financial Statements (page 31) provide a summary of significant accounting policies and assumptions and other information of value to the financial statement reader.

Other Supplementary Information includes Detail Income Statements presented in accordance with GAAP for each of the four service areas (pages 10, 14, 16, 19). These statements present income and expenditures in close detail for further analysis. Other supplementary schedules of note include the Vehicle Fleet Analysis (page 25), Equipment Expenditures (page 22) and Capital Improvement Project Expenditures (page 27), which show outlays to date, compared with budget authority.

Note 14 –Connection Fee Transfers from Novato Water To Recycled Water

The following Connection Fee (FRC) reserve amounts have been transferred to the Recycled Water fund:

	Expansion Local Share			SRF RWF Expansion				Transfer
	North	South	Central	NBWRA	Loan	SRF Loan	Total	Executed
FY07				\$29,725			\$29,725	
FY08				\$50,478	\$22,795		\$73,273	
FY09				\$150,455	\$22,795		\$173,250	
FY10	\$133,659			\$75,198	\$22,795		\$231,652	\$133,659
FY11				\$133,319	\$22,795		\$156,114	
FY12	\$233,478	\$265,500		\$115,883	\$22,795		\$637,656	
FY13				\$315,023	\$22,795	\$464,572	\$802,390	\$1,970,400
FY14	\$236,291	\$723,525	\$4,024	\$63,035	\$22,795	\$500,529	\$1,550,200	\$1,550,200
FY15		\$17,563	(\$4,024)	\$38,283	\$22,795	\$614,299	\$688,916	\$688,916
FY16	\$0	\$0	\$0	\$64,665	\$0	\$216,362	\$281,027	\$281,027
	\$603,428	\$1,006,589	\$0	\$1,036,065	\$182,359	\$1,795,762	\$4,624,203	\$4,624,202

Note 15 –Debt Service Coverage Ratio

Debt Service Coverage Ratio is the ratio of net income/(loss) plus interest expense, depreciation, and connection fee revenue for the fiscal year to the sum of the fiscal year's principal and interest payments on the District's total debt.

	FY12	FY13	FY14	FY15	FY16 Budgeted
Net Income/(Loss)	(\$217,163)	\$2,036,943	\$3,815,820	\$1,050,523	\$1,124,000
Depreciation	\$2,726,598	\$2,784,648	\$3,128,302	\$3,183,725	\$3,404,000
Interest Expense	\$654,484	\$778,762	\$830,830	\$847,951	\$826,000
Connection Fees	\$1,005,680	\$876,350	\$152,800	\$801,600	\$576,000
Total Available For Debt Service	\$4,169,599	\$6,476,703	\$7,927,751	\$5,883,799	\$5,930,000
Annual Debt Service	\$1,770,894	\$2,118,314	\$2,448,968	\$2,534,473	\$2,532,000
Debt Service Coverage Ratio	2.35	3.06	3.24	2.32	2.34

Bank of Marin Debt Service Coverage Calculation¹	FY12	FY13	FY14	FY15	FY16 Budgeted
Change in Net Assets ²		\$5,035,889	\$1,999,996	\$13,177,468	\$4,700,000
Interest Expense		\$778,762	\$830,830	\$847,951	\$826,000
Depreciation & Amortization		\$2,784,670	\$3,128,302	\$3,183,725	\$3,404,000
Total Available for Debt Service		\$11,598,266	\$5,959,128	\$18,395,993	\$8,930,000
Bank of Marin Annual Debt Service		\$552,800	\$552,800	\$552,800	\$552,800
Bank of Marin Coverage Ratio		20.98	10.78	33.28	16.15

¹ Per the October 27, 2011 Bank of Marin loan agreement, each June 30, beginning June 30, 2012, the Debt Service Coverage Ratio shall not be less than 1.2 to 1. "Debt Service Coverage Ratio" shall mean the ratio of (i) Borrower's change in net assets plus interest, depreciation, and amortization during the fiscal-year period ending on the Determination Date to the sum of the scheduled principal and interest payments on the Loan during the twelve-month period following the Determination Date.

² See page 9

6

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR September 2015
October 20, 2015

1.

Novato Potable Water Prod - RR & STP Combined - in Million Gallons - FYTD

Month	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12	16 vs 15 %
July	252	319	385	389	371	-21%
August	274	301	360	396	373	-9%
September	206	276	332	346	347	-25%
FYTD Total	732	895	1,077	1,131	1,091	-18%

West Marin Potable Water Production - in Million Gallons - FY to Date

Month	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12	16 vs 15 %
July	6.6	8.6	9.3	9.8	9.2	-23%
August	7.0	8.5	9.3	9.7	9.4	-18%
September	6.4	7.8	8.5	8.3	8.7	-18%
FYTD Total	20.0	24.9	27.1	27.9	27.4	-20%

Stafford Treatment Plant Production - in Million Gallons - FY to Date

Month	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12	16 vs 15 %
July	108	83	98	49	115	30%
August	79	61	83	83	126	29%
September	38	26	56	72	77	46%
FYTD Total	225	170	237	204	318	32%

Recycled Water Production - in Million Gallons - FY to Date

Month	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12	16 vs 15 %
July	21.3	21.8	27.6	11.2	11.0	-2%
August	26.2	26.0	26.2	10.5	12.2	1%
September	15.7	19.2	18.6	8.5	9.6	-18%
FYTD Total*	63.3	66.9	72.4	30.2	32.8	-5%

*Excludes potable water input into the RW system: FYTD16 = 4.9MG; FYTD15=4.5MG; FYTD14=3.4MG.

2. Stafford Lake Data

	September Average		September 2014		September 2015	
Rainfall this month	0.23	Inches	0.30	Inches	0.04	Inches
Rainfall this FY to date	0.30	Inches	0.31	Inches	0.04	Inches
Lake elevation*	182.8	Feet	177.4	Feet	182.7	Feet
Lake storage**	583	MG	372	MG	581	MG

* Spillway elevation is 196.0 feet

** Lake storage less 390 MG = quantity available for delivery

Temperature (in degrees)

	Minimum	Maximum	Average
September 2014 (Novato)	58	96	70
September 2015 (Novato)	57	89	71

3. Number of Services

September 30	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY16	FY15	Incr %	FY16	FY15	Incr %	FY16	FY15	Incr %	FY16	FY15	Incr %
Total meters	20,756	20,747	0.0%	48	48	0.0%	784	821	-4.5%	-	-	-
Total meters active	20,517	20,502	0.1%	44	44	0.0%	776	777	-0.1%	-	-	-
Active dwelling units	23,979	23,949	0.1%	0	0	-	823	823	0.0%	229	229	0.0%

4. Oceana Marin Monthly Status Report (July)

Description	September 2014	September 2015
Effluent Flow Volume (MG)	0.370	0.356
Irrigation Field Discharge (MG)	0	0
Treatment Pond Freeboard (ft)	5.1	9
Storage Pond Freeboard (ft)	6.0	4.2

5. Developer Projects Status Report (September)

Job No.	Project	% Complete	% This month
1.2768.00	OMA Village Water Facilities	90	15
1.2778.00	Novato Shell Loop	95	5

District Projects Status Report - Const Dept (September)

Job No.	Project	% Complete	% This month
1.7067.00	S. Novato Blvd- Rowland to Sunset 12" R/R	98	6
2.7153.00	Upsize 4" pipe from Bear Valley Tanks	75	30
2.6602.23	PR Well No. 2 Replacement	20	20

Employee Hours to Date, FY 15/16

As of Pay Period Ending September 30, 2015
Percent of Fiscal Year Passed = 25%

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	411	1,400	37	Construction	1,406	4,949	28
Engineering	271	1,480	18	Engineering	1,258	4,980	25

6. Safety/Liability

	Industrial Injury with Lost Time				Liability Claims Paid	
	Lost Days	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
FY 16 through September	0	0	0	0	2	28,317
FY 15 through September	64	32,256	1	0	2	2,174

Days without a lost time accident through September 30, 2015= 121 days

7. Energy Cost

FYE	September			Fiscal Year-to-Date thru September		
	Kwh	¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2016 Stafford TP	45,652	18.6¢	\$283	193,399	18.2¢	\$382
Pumping	127,593	17.6¢	\$747	376,532	17.9¢	\$742
Other*	43,168	24.3¢	\$349	127,046	25.3¢	\$357
	216,413	19.1¢	\$1,380	696,977	19.4¢	\$1,482
2015 Stafford TP	66,941	17.6¢	\$393	213,222	17.6¢	\$407
Pumping	145,588	16.6¢	\$804	472,085	16.7¢	\$859
Other*	43,661	23.5¢	\$342	136,226	23.3¢	\$345
	256,190	18.0¢	\$1,539	821,532	18.0¢	\$1,611
2014 Stafford TP	67,231	17.1¢	\$382	222,104	17.1¢	\$412
Pumping	197,998	15.7¢	\$973	565,828	16.0¢	\$997
Other*	53,078	21.7¢	\$360	149,594	21.9¢	\$360
	318,306	17.0¢	\$1,746	937,526	17.2¢	\$1,773

*Other includes West Marin Facilities

8. Water Conservation Update

	Month of September 2015	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebate (\$100 each)	24	72	3,343
Retrofit Certificates Filed	19	60	5,377
Cash for Grass Rebates Paid Out	25	68	762
Washing Machine Rebates	9	30	6,629
Water Smart Home Survey	23	61	2,181

9. Utility Performance Metric

<u>SERVICE DISRUPTIONS</u>	September 2015 No. of Customers Impacted	September 2014 No. of Customers Impacted
PLANNED		
Duration Between 0.5 and 4 hours	23	6
Duration Between 4 and 12 hours		1
Duration Greater than 12 hours		
UNPLANNED		
Duration Between 0.5 and 4 hours	21	9
Duration Between 4 and 12 hours		25
Duration Greater than 12 hours		
<u>SERVICE LINES REPLACED</u>	September 2015	September 2014
Polybutylene	19	6
Copper (Replaced or Repaired)	0	3

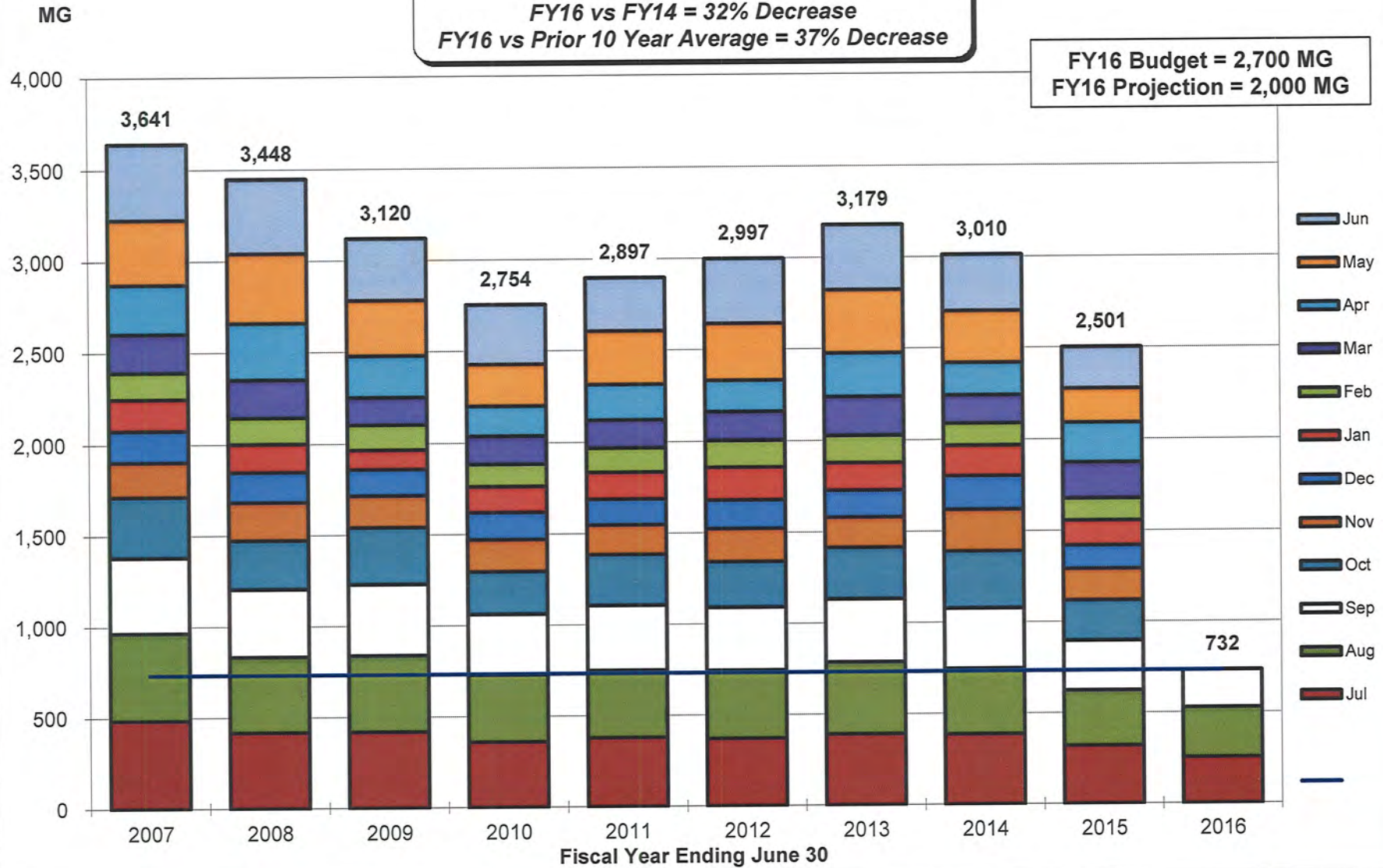
10/6/15

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Novato Potable Water Production

FY16 vs FY15 = 18% Decrease
FY16 vs FY14 = 32% Decrease
FY16 vs Prior 10 Year Average = 37% Decrease

FY16 Budget = 2,700 MG
FY16 Projection = 2,000 MG



NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2015

10/9/2015

Type	Sep-15	Sep-14	Action Taken September 2015
<u>Consumers' System Problems</u>			
Service Line Leaks	22	18	Notified Consumer
Meter Leak Consumer's Side	0	0	~
House Plumbing	0	0	~
Noisy Plumbing	0	0	~
Seepage or Other	0	0	~
House Valve / Meter Off	5	3	Notified Consumer
Nothing Found	9	8	Notified Consumer
Low Pressure	0	1	~
High Pressure	0	0	~
Water Waster Complaints	0	0	~
Total	36	30	
<u>Service Repair Reports</u>			
Register Replacements	0	0	~
Meter Replacement	4	0	Replaced
Meter Box Alignment	0	0	~
Meter Noise	0	0	~
Dual Service Noise	0	0	~
Box and Lids	0	0	~
Water Off/On Due To Repairs	7	10	Notified Consumer
Misc. Field Investigation	3	2	Notified Consumer
Total	14	12	
<u>Leak NMWD Facilities</u>			
Main-Leak	0	1	~
Mains-Nothing Found	0	0	~
Mains-Damage	0	0	~
Service- Leak	7	15	Repaired
Services-Nothing Found	1	1	Notified Consumer
Service-Damaged	0	0	~
Fire Hydrant-Leak	2	3	Repaired
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	0	~
Meter Replacement	0	0	~
Meters-Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	4	9	Replaced
Total	14	29	
<u>High Bill Complaints</u>			
Consumer Leaks	5	7	Notified Consumer
Meter Testing	0	0	~
Meter Misread	8	7	Notified Consumer
Nothing Found	26	39	Notified Consumer
Projected Consumption	0	0	~
Excessive Irrigation	0	1	~
Total	39	54	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2015

10/9/2015

Type	Sep-15	Sep-14	Action Taken September 2015
<u>Low Bill Reports</u>			
Meter Misread	0	0	~
Stuck Meter	0	1	~
Nothing Found	0	1	~
Projected Consumption	0	0	~
Minimum Charge Only	0	0	~
Total	0	2	
<u>Water Quality Complaints</u>			
Taste and Odor	1	1	<i>Customer reported bitter taste in water. (Atherton Ave)</i> Slight chlorine odor. Chlorine levels normal for NMWD supply. Customer was notified of results.
Color	1	0	<i>Customer reported brown water. (Calle Paseo)</i> NSD crew was flushing sewer lines from fire hydrant. Customer stated water cleared.
Turbidity	0	0	~
Suspended Solids	0	0	~
Other	1	3	<i>Customer reported water in the street had chlorine odor. (Dawes St)</i> Neighbor had leak in pool. Customer was notified.
Total	3	4	
TOTAL FOR MONTH:	106	131	-19%
<u>Fiscal YTD Summary</u>			
Consumer's System Problems	142	103	38% Increase In Consumer Service Leaks
Service Repair Report	33	34	-3% Decrease In Meter Replacements
Leak NMWD Facilities	78	113	-31% Decrease In Service Leaks
High Bill Complaints	78	115	-32% Decrease In Nothing Found
Low Bills	1	5	-80% Decrease In Stuck Meter
Water Quality Complaints	11	16	-31% Decrease In Taste & Odor
Total	343	386	-11%

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2015

10/9/2015

Type	Sep-15	Sep-14	Action Taken September 2015
<u>"In House" Generated and Completed Work Orders</u>			
<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	204	221	
<u>Change Meter:</u> leaks, hard to read	3	7	
<u>Possible Stuck Meter</u>	0	0	
<u>Repair Meter:</u> registers, shut offs	0	0	
<u>Replace Boxes/Lids</u>	2	0	
<u>Hydrant Leaks</u>	0	0	
<u>Trims</u>	12	21	
<u>Dig Outs</u>	26	36	
<u>Letters to Consumer:</u>			
meter obstruction, trims, bees, gate access, etc.	0	0	
get meter number, kill service, etc.	0	0	
	247	285	

Bill Adjustments Under Board Policy:

September 15 vs. September 14

Sep-15	27	\$7,634
Sep-14	34	\$17,598

Fiscal Year to Date vs. Prior FYTD

15/16 FYTD	63	\$16,291
14/15 FYTD	71	\$29,065

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Customer Service Questionnaire Quarterly Report
Quarter Ending 09/30/15



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Customer Service Questionnaire Quarterly Report

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Quarter Ending 09/30/15

Customer Comments	Staff Response to Negative Comments	Issues NMWD Should Address In The Future
<p>Water Quality</p> <p>Leaks Rich was great! Helpful & professional. Thank You. Thank you for your quick response. Very helpful. Thank You. Your staff is outstanding .Job well done. Joe arrived within 5 minutes of my call! Great Service! Darrell was helpful. Service person was very helpful. Thank You. Darrell was amazing. Great customer service. The technician was very helpful. Excellent service. Was the guy having a bad day? He was not a happy camper. He needed some people skills. Very satisfied with the service. Thank You.</p> <p>Billing I could not have asked for better service. Good Service.</p> <p>Pressure</p> <p>Noisy Pipes</p> <p>Other</p>	<p>FSR verified correct read & no leaks.</p>	

MEMORANDUM

To: Board of Directors

October 16, 2015

From: David L. Bentley, Auditor-Controller

Subj: Auditor-Controller's Monthly Report of Investments for September 2015

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RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$11,441,523 and a market value of \$11,449,218. During September the cash balance decreased by \$641,454. The market value of securities held increased by \$1,627 during the month. The ratio of total cash to budgeted annual operating expense, excluding the \$961,941 unexpended balance of the Bank of Marin loan, stood at 71%, down 3% from the prior month.

At September 30, 2015, 17% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 37% in Time Certificate of Deposits, 9% in Corporate Medium Term Notes, 18% in US Treasury Notes, and 9% in Federal Agency Securities. The weighted average maturity of the portfolio was 233 days, compared to 242 days at the end of August. The LAIF interest rate for the month was 0.34%, compared to 0.33% the previous month. The weighted average Portfolio rate was 0.60%, compared to 0.59% the previous month. Including interest paid by The Bay Club Company on the StoneTree Golf Club Recycled Water Facilities Loan, the District earned \$9,408 in interest revenue during September, with 46% earned by Novato Water, 45% earned by Recycled Water (by virtue of the StoneTree Golf Course Loan) and the balance distributed to the other districts.

**NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
September 30, 2015**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	9/30/2015 Market Value	Yield ²	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	\$1,967,823	\$1,968,563	0.34% ³	17%
Time Certificate of Deposit								
TCD	Sallie Mae Bank	n/a	10/23/13	10/23/15	\$248,000	\$248,000	0.80%	2%
TCD	BMW Bank	n/a	12/11/13	12/11/15	248,000	248,000	0.70%	2%
TCD	Key Bank	n/a	3/19/14	3/21/16	248,000	248,000	0.45%	2%
TCD	Barclays Bank	n/a	4/15/14	4/15/16	248,000	248,000	0.55%	2%
TCD	Americanwest Bank	n/a	5/30/14	5/31/16	249,000	249,000	0.50%	2%
TCD	Enerbank	n/a	6/30/14	6/30/16	249,000	249,000	0.65%	2%
TCD	Investors Bank	n/a	7/21/14	7/21/16	249,000	249,000	0.70%	2%
TCD	Comenity Capital Bank	n/a	8/18/14	8/18/16	249,000	249,000	0.80%	2%
TCD	Ally Bank	n/a	10/2/14	10/3/16	248,000	248,000	0.95%	2%
TCD	Cardinal Bank	n/a	11/12/14	11/14/16	249,000	249,000	0.80%	2%
TCD	Goldman Sachs	n/a	12/10/14	12/12/16	248,000	248,000	1.00%	2%
TCD	First Niagara Bank	n/a	4/30/15	5/1/17	249,000	249,000	0.75%	2%
TCD	Discover Bank	n/a	5/6/15	5/8/17	248,000	248,000	0.85%	2%
TCD	Capital One Bank	n/a	6/10/15	6/12/17	248,000	248,000	0.90%	2%
TCD	Flagship Cmnty Bank	n/a	6/24/15	6/24/17	249,000	249,000	0.75%	2%
TCD	American Express Bank	n/a	7/8/15	7/10/17	248,000	248,000	1.15%	2%
TCD	Capital One National Assoc	n/a	8/5/15	8/7/17	248,000	248,000	1.20%	2%
					\$4,223,000	\$4,223,000	0.78%	37%
US Treasury Notes								
Treas	1,000 - 0.50%	n/a	3/26/14	6/15/16	\$999,640	\$1,001,602	0.55%	9%
Treas	1,000 - 1.00%	n/a	8/4/14	9/30/16	1,003,572	1,006,120	0.65%	9%
					\$2,003,211	\$2,007,722	0.60%	18%
Federal Agency Securities								
FFCB	1.70% MTN	n/a	9/15/14	10/28/16	\$505,533	\$507,212	0.68%	4%
FHLB	0.58% MTN	n/a	11/7/14	11/14/16	499,635	500,342	0.64%	4%
					\$1,005,169	\$1,007,553	0.66%	9%
Corporate Medium Term Notes								
MTN	General Electric	AA+	1/29/13	10/9/15	\$1,000,037	\$1,000,097	0.70%	9%
					\$1,000,037	\$1,000,097	0.70%	9%
Other								
Agency	Marin Co Treasury	AA+	Various	Open	\$630,140	\$630,140	0.22%	6%
Other	Various	n/a	Various	Open	612,143	612,143	0.42%	5%
TOTAL IN PORTFOLIO					\$11,441,523	\$11,449,219	0.60%	100%

Weighted Average Maturity = **233 Days**

LAIF: State of California Local Agency Investment Fund.

MTN: Medium Term Note - Maturity of 5 years or less.

TCD: Time Certificate of Deposit, Treas: US Treasury Notes with maturity of 5 years or less.

FFCB: Federal Farm Credit Bank, FHLB: Federal Home Loan Bank

Agency: STP State Revolving Fund Loan Reserve.

Other: Comprised of 4 accounts used for operating purposes. US Bank Operating Account, US Bank STP SRF Loan Account, Bank of Marin AEEP Checking Account & NMWD Petty Cash Fund.

1 Original cost less repayment of principal and amortization of premium or discount.

2 Yield defined to be annualized interest earnings to maturity as a percentage of invested funds.

3 Earnings are calculated daily - this represents the average yield for the month ending September 30, 2015.

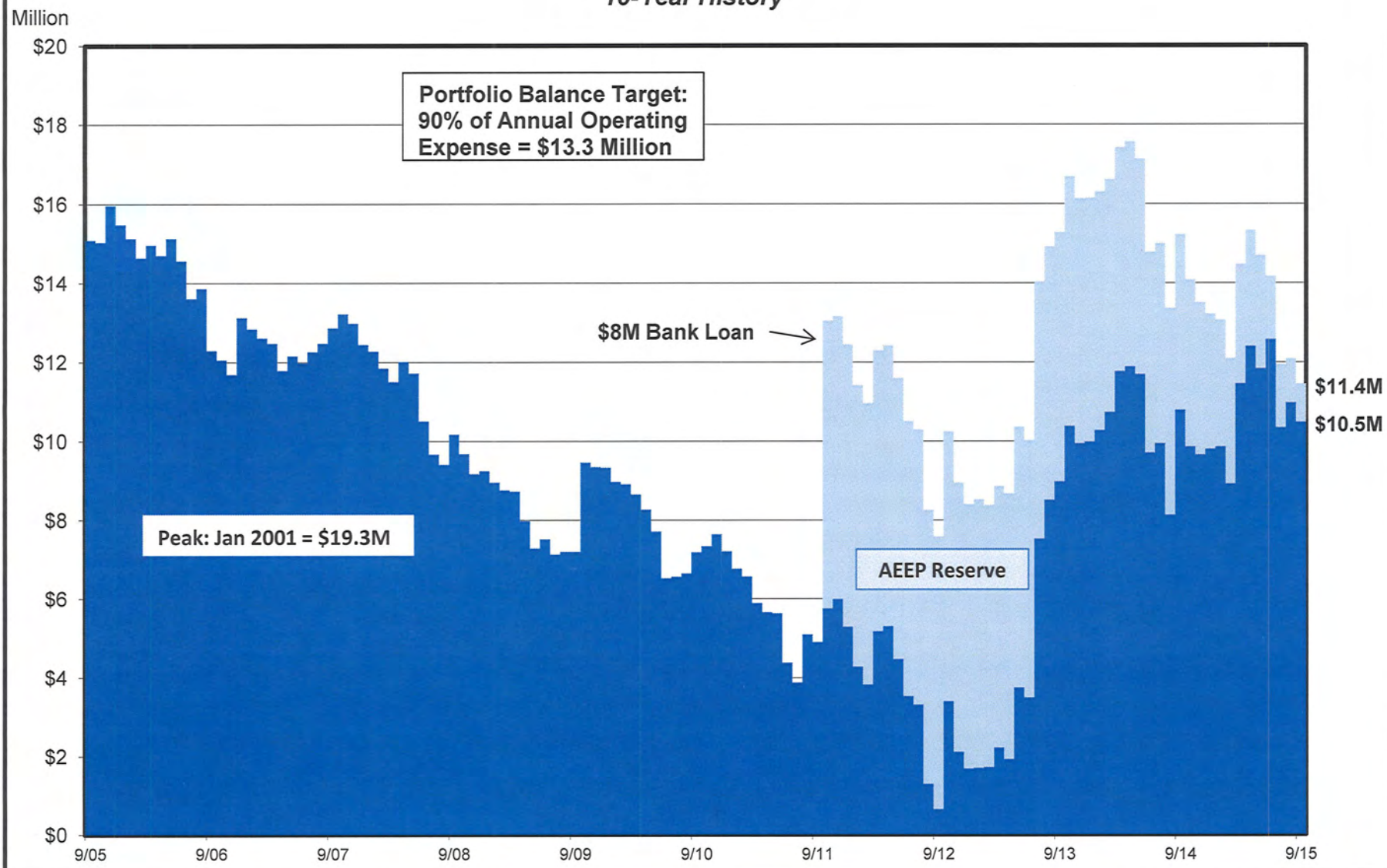
Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
StoneTree Golf Course Loan	6/30/06	2/28/24	\$3,612,640	\$1,902,179	2.40%
Employee Housing Loans (6)	Various	Various	1,234,200	1,234,200	Contingent
Employee Computer Loan (1)	1/8/2015	1/4/2016	893	224	1.52%
TOTAL INTEREST BEARING LOANS			\$4,847,733	\$3,136,603	

The District has the ability to meet the next six months of cash flow requirements.

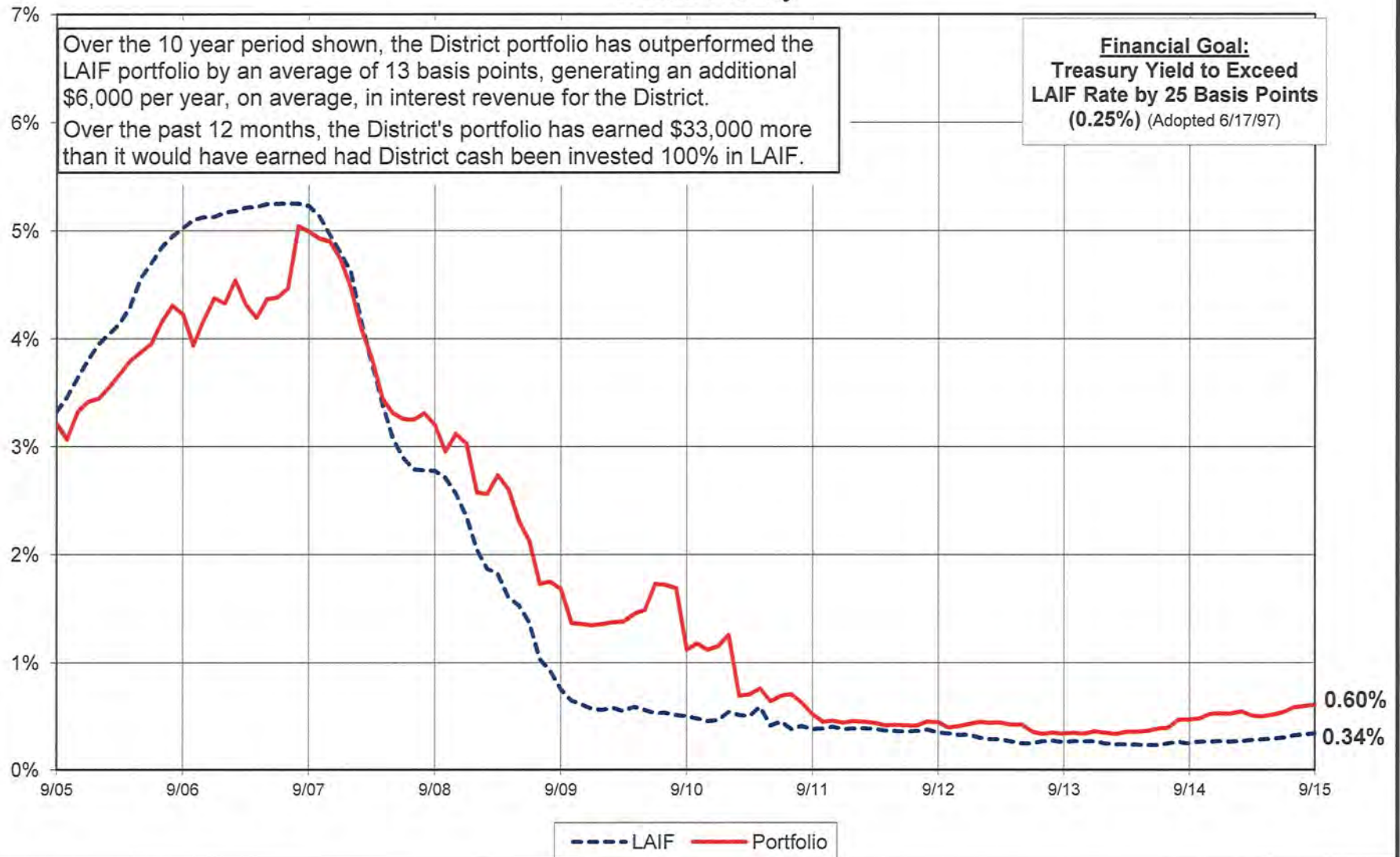
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NMWD Portfolio Balance 10-Year History



NMWD Portfolio Rate of Return State of CA Local Agency Investment Fund vs District Portfolio 10-Year History



7

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, Chief Engineer 
Subject: Water Service Agreement – Mendocino Lane Extension (45 Mendocino Lane - Novato)
APN 132-051-53

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October 16, 2015

RECOMMENDED ACTION: The Board approve authorization of this agreement.

FINANCIAL IMPACT: None: Developer Funded

The Mendocino Lane Extension Project (see attached vicinity map) will extend water facilities to 45 Mendocino Lane, an existing residence in a 2.1 acre lot which is currently served by private well water. The applicant had previously requested water facilities in 2000 but did not move forward with the project at that time. New water facilities required include one 5/8-inch domestic water meter (with a 1-inch lateral), a 3/4-inch double check valve (DCV) back flow preventer, 80 feet of 6-inch PVC pipe, and one residential fire hydrant. The aforementioned facilities will receive high pressure Zone 2 water from the San Mateo Tank.


New water demand for the project is one (1) EDU. Sewer Service is provided by an on-site septic system.

Environmental Document Review

This project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15301.

RECOMMENDATION:

That the Board approve authorization of this agreement.

Approved by GM 

Date 10/16/2015



RESOLUTION NO. 15-
AUTHORIZATION OF EXECUTION
OF
HIGH PRESSURE
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
WITH
ARTHUR AND PATRICIA RAVICZ

BE IT RESOLVED by the Board of Directors of NORTH MARIN WATER DISTRICT that the President and Secretary of this District be and they hereby are authorized and directed for and on behalf of this District to execute that certain water service facilities construction agreement between this District and Arthur and Patricia Ravicz, individuals, providing for the installation of water distribution facilities to provide domestic water service to that certain real property known as 45 MENDOCINO LANE, Marin County Assessor's Parcel Number 132-051-53, NOVATO, CALIFORNIA.

* * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 20th day of October, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

(SEAL)

Katie Young, Secretary
North Marin Water District

PART ONE
HIGH PRESSURE
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
FOR
MENDOCINO LANE EXTENSION

THIS AGREEMENT, which consists of this Part One and Part Two, Standard Provisions, attached hereto and a part hereof, is made and entered into as of _____, 2015, by and between NORTH MARIN WATER DISTRICT, herein called "District," and ARTHUR AND PATRICIA RAVICZ, Individuals, herein called "Applicants."

WHEREAS, the Applicant is the owner of real property in the District commonly known as 45 Mendocino Lane, Novato (Marin County Assessor's Parcel 132-051-53 and

WHEREAS, the Applicant has utilized a private well to supply water for the existing single family residence on said land and is now requesting potable water service from the District.

NOW THEREFORE, the parties hereto agree as follows:

1. The Applicant hereby applies to the District for water service to said real property and project and shall comply with and be bound by all terms and conditions of this agreement, the District's regulations, standards and specifications and shall construct or cause to be constructed the water facilities required by the District to provide water service to the real property and project. Upon acceptance of the completed water facilities, the District shall provide water service to said real property and project in accordance with its regulations from time to time in effect.

2. Prior to the District issuing written certification to the City, County or State that financial arrangements have been made for construction of the required water facilities, the Applicant shall complete such arrangements with the District in accordance with Section 5 of this agreement.

3. Prior to release or delivery of any materials by the District or scheduling of either construction inspection or installation of the facilities by the District, the Applicant shall:

a. deliver to the District vellum or mylar prints of any revised utility plans approved by the City or County to enable the District to determine if any revisions to the final water facilities construction drawings are required. The proposed facilities to be installed are shown on Drawing No. 1 2792.001, entitled, "MENDOCINO LANE EXTENSION", a copy of which is attached, marked Exhibit "A", and made a part hereof. (For purposes of recording, Exhibit "A" is not attached but is on file in the office of the District.)

b. grant or cause to be granted to the District without cost and in form satisfactory to the District all easements and rights of way shown on Exhibit "A" or otherwise required by the District for the facilities.

c. deliver to the District a written construction schedule to provide for timely withdrawal of guaranteed funds for ordering of materials to be furnished by the District and scheduling of either construction inspection or construction pursuant to Section 5 hereof.

4. Except for fire service, new water service shall be limited to the number and size of services for which Initial Charges are paid pursuant to this agreement. Initial Charges for new services, estimated District costs and estimated applicant installation costs are as follows:

Initial Charges

Meter Charges (Domestic) (Included in Estimated District Costs)One 5/8-inch @	\$	0.00	\$	0.00
Reimbursement Fund Charges (Domestic)One 5/8-inch @	\$	0.00	\$	420.00
Facilities Reserve Charges (Residence)One @	\$	28,600.00	\$	28,600.00

Subtotal - Initial Charges..... \$ 29,020.00

Estimated District Costs

Pipe, Fittings & Appurtenances.....	\$	5,450.00
District Construction Labor.....	\$	17,460.00
Engineering & Inspection.....	\$	2,178.00
Bulk Materials.....	\$	5,850.00

Subtotal –Estimated District Costs..... \$ 30,938.00

Estimated Applicant Installation Costs

Installation Labor.....	\$	0.00
Contractor Furnished – Pipe Fittings & Appurtenances.....	\$	0.00
Bulk Materials.....	\$	0.00

Subtotal- Estimated Applicant Installation Costs..... \$ 0.00

TOTAL ESTIMATED WATER FACILITIES COSTS..... \$ 59,958.00

(Bulk materials are such items as crushed rock, imported backfill, concrete, reinforcing steel, paving materials, and the like, which are to be furnished by the contractor performing the work.)

5. Financial Arrangements to be made by the Applicant shall consist of the following:

Initial Charges and Estimated District Costs

The Applicant shall either pay to the District or provide a two (2) year irrevocable letter of credit in form satisfactory to the District and payable at sight at a financial institution in the Novato area the sum of Initial Charges and Estimated District Costs as set forth in Section 4 hereof in the amount of **\$ 59,958**. If the Applicant provides the two (2) year irrevocable letter of credit, the District shall

immediately draw down Initial Charges and shall draw upon the remaining funds guaranteed by the letter at any time the District deems appropriate to recover the Estimated District Costs which normally will be at least thirty (30) days prior to the anticipated start of construction for the ordering of materials to be furnished by the District.

Estimated Installation Costs

Installation By District: Due to the proprietary nature of construction required to install said facilities, the District reserves the right to install the facilities utilizing District construction forces. The Applicant shall either pay to the District the total Estimated Installation Costs set forth in Section 4 hereof in the amount of **\$59,958** or shall include such amount in the irrevocable letter of credit provided for the Initial Charges and Estimated District Costs set forth first above. The District shall draw upon installation funds guaranteed by the letter at any time the District deems appropriate which normally will be at least thirty (30) days prior to the anticipated start of construction.

Whenever an irrevocable letter of credit is required by this agreement, the Applicant may substitute a certificate of deposit at a financial institution in the Novato area provided the certificate may be cashed at sight by the District at any time.

6. High pressure water service will be rendered to 45 Mendocino Lane Water Facilities in accordance with District Regulation 12 entitled "High Pressure Service". The Applicant shall install a private pressure regulating device for service to said lot as required by local ordinances and plumbing codes. Said private pressure regulating devices shall be in accordance with District Standard 28 but shall not be a part of the District's water system. The maintenance and operation of said devices shall be the responsibility of the property owner.

7. Water service through the facilities to be installed pursuant to this agreement will not be furnished to any building unless the building is connected to a public sewer system or to a waste water disposal system approved by all governmental agencies having regulatory jurisdiction. This restriction shall not apply to temporary water service during construction.

8. All estimated costs set forth in this agreement shall be subject to periodic review and revision at the District's discretion. In the event the Applicant has not completed financial arrangements with the District in accordance with Section 5 hereof prior to expiration of six (6) months from the date of this agreement, all Initial Charges and estimated costs set forth in Section 4 hereof shall be revised to reflect then current District charges and estimates. In the event the Applicant has not diligently commenced construction of improvements required by the District prior to expiration of one (1) year from the date of this agreement, the District may, at its option, terminate this agreement or require amendment of this agreement and review of all Initial Charges and estimated costs

contained herein. The Applicant shall pay any balance due upon demand or furnish a guarantee of such payment satisfactory to the District.

9. This agreement shall bind and benefit the successors and assigns of the parties hereto; however, this agreement shall not be assigned by the Applicant without the prior written consent of the District. Assignment shall be made only by a separate document prepared by the District at the Applicant's written request.

NORTH MARIN WATER DISTRICT
"District"

Jack Baker, President

ATTEST:

Katie Young, Secretary

Arthur and Patricia Ravicz
Individuals
"Applicants"

(SEAL)

Arthur Ravicz

Patricia Ravicz

NOTES: *If the Applicant executing this agreement is a corporation, a certified copy of the bylaws or resolutions of the Board of Directors of said corporation authorizing designated officers to execute this agreement shall be provided.*

This agreement must be executed by the Applicant and delivered to the District within thirty (30) days after it is authorized by the District's Board of Directors. If this agreement is not signed and returned within thirty days, it shall automatically be withdrawn and void. If thereafter a new agreement is requested, it shall incorporate the Initial Charges (connection fees) and cost estimates then in effect.

ALL SIGNATURES MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC.

8

MEMORANDUM

ITEM #8

To: Board of Directors

October 16, 2015

From: Dianne Landeros, Accounting/HR Supervisor 

Subject: Accept – Outside Auditor's 2015 Report and Management Report

t:\finance\audit\audit15\bod review outside auditor's 2015 report.doc

RECOMMENDED ACTION: Accept FY15 Financial Report and Management Letter

FINANCIAL IMPACT: None with this Review. Annual Audit Cost is \$18,770.

Chris Brown of Fedak & Brown LLP will be at the meeting to present the Comprehensive Annual Financial Report (CAFR) and the Management Report (Attachment 1) to the Board. Paul Kaymark, who made the presentations to the Board for the past seven years, has moved to another company.

The key statement in the Independent Auditor's Report found on page 8 is that: "In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the North Marin Water District as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." This "unmodified opinion" is the best, or highest, opinion that an outside auditor can render on an entity's financial statements.

The Management Report (Attachment 1) states that the auditor did not identify any deficiencies in the District's internal control that might result in material misstatement of the District's financial position. The auditor did not have any comments or recommendations regarding internal controls. This is the seventh year running that the auditor made no internal control recommendation.

Three accounting adjustments were made by staff this year after submitting the ledger to the outside auditor and are disclosed on the last page of the Management Report. These adjustments include accrual late receipt of invoices for the Aqueduct Energy Efficiency Project (\$172,206), corrections for prior period understatement of Novato potable water sales and overstatement of Recycled Water and West Marin water sales (\$75,393), and an adjustment to OPEB payable (\$9,058) for late receipt of a Medicare Part D Subsidy payment stopped several years ago. Three auditor recommended reclassification journal entries were made for CAFR reporting purposes only and had no effect on the net income.

The most significant entries made after the preliminary financials were to implement Government Accounting Standards Board Statement 68 which requires all local governments to report their unfunded pension obligations (Net Pension Liability) on their Statement of Net Position. In summary, the District implemented this new accounting statement which required recognition of a Net Pension Liability of \$6,701,264. The District now receives an annual actuarial report from CalPERS that provides most of the information for these adjustments. CalPERS reports are one year in arrears, which is why GASB directs that the financial statements report the previous year pension expense in the current year and defer the current year pension expense to next year.

Staff has reviewed the audited financial report and finds it acceptable.

RECOMMENDATION

Accept the Outside Auditor's FY14/15 Financial Report and Management Letter.



NORTH MARIN WATER DISTRICT

Novato, California

Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 2015 and 2014





NORTH MARIN WATER DISTRICT

Name	Title	Elected/ Appointed	Current Term
Jack Baker	President	Elected	12/11 - 12/15
John C. Schoonover	Vice-President	Elected	12/13 - 12/17
Rick Fraites	Director	Elected	12/13 - 12/17
Stephen Petterle	Director	Elected	12/11 - 12/15
Dennis J. Rodoni	Director	Elected	12/11 - 12/15

**Chris DeGabriele, General Manager
North Marin Water District
999 Rush Creek Place
Novato, California 94945
(415) 897-4133 – www.nmwd.com**

North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
Novato, California 94945

Prepared by:
Finance Department
David Bentley, Auditor-Controller
Dianne Landeros, Accounting/Human Resources Supervisor

**North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014**

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Introductory Section



999 Rush Creek Place
P.O. Box 146
Novato, CA 94948

PHONE
415.897.4133

FAX
415.892.8043

EMAIL
info@nmwd.com

WEB
www.nmwd.com

October 20, 2015

Board of Directors
North Marin Water District

It is our pleasure to submit the Annual Financial Report for the North Marin Water District for the fiscal years ended June 30, 2015 and 2014, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that the Governmental Accounting Standards Board believes necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. 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 after the Independent Auditors' Report.

District Structure and Leadership

The North Marin Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The North Marin Water District has been providing water service to its customers since 1948. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The North Marin Water District employs 52 (51.7 full-time equivalent) employees, some of whom are part-time, plus a small cadre of temporary and seasonal employees as the workload dictates. There are currently 21 office positions and 31 field positions. The District's Board of Directors meets on the first and third Tuesday of each month. Meetings are publicly noticed and citizens are encouraged to attend.

District Services

The District provides water service to the greater Novato area and to areas of West Marin (Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates). The District provides sewer service to the Oceana Marin subdivision adjacent to Dillon Beach.

The District provides water service to approximately 61,000 residents in the greater Novato area through 20,498 potable water service connections and 44 recycled water connections. The District also provides water service to approximately 1,800 residents in the Point Reyes service area of West Marin County through 778 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 229 service connections.

District Services, continued

Residential customers comprise approximately 93% of the District's customer base and consume approximately 80% of the water produced annually by the District. The District purchases approximately 80% of its Novato water supply from the Sonoma County Water Agency (Agency) with the balance derived from the District's Stafford Lake Reservoir and some recycled water. The District purchased approximately 1.9 billion gallons and 2.6 billion gallons of water in fiscal years 2015 and 2014, respectively, from the Agency.

Economic Condition, Outlook and Major Initiatives

The North Marin Water District (North Marin) carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business by placing customer needs and welfare first. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work.

The Russian River water delivery system operated by the Agency typically provides 80% of Novato's water supply, but continues to have limited capacity in summer months. Novato Rainfall in FY 2015 totaled 26.19", which was close to the historical average annual rainfall. On April 1, 2015, the Governor imposed outdoor water use restrictions to achieve a 25% statewide reduction in CA potable urban water use through February 28, 2016. On May 19 the North Marin Board of Directors implemented the State mandate to activate mandatory restrictions on water use to achieve a 24% reduction compared to the same billing periods in 2013. In 2015, ample water was available in Lake Sonoma for fish, agriculture and urban use on the lower Russian River system and no restrictions on the Russian River water deliveries were imposed. North Marin's Stafford Lake water treatment plant produced 573 million gallons of water to augment Russian River supplies with local water supply during the fiscal year. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island combined to provide 147 million gallons of highly-treated recycled wastewater to irrigate turf within the District's service territory.

The Agency has deferred its plan to construct previously contemplated Russian River water production and delivery facilities (pumps and pipelines) to fulfill the Restructured Agreement contract requirements for increased Russian River water. The Agency is now focused on compliance with the Biological Opinion in the Russian River watershed issued by the National Marine Fisheries Service, laying out the requirements to preserve, protect and restore the fisheries and maintain the existing Russian River water supplies. Additionally, state legislation passed in November 2009 (SB7X-7) requires a 20% reduction in per capita water use by 2020. North Marin must achieve more water conservation and development of recycled water to further stretch its local source of supply in future years.

A commodity rate increase averaging 3% for customers in the Novato service area was authorized by the Board of Director's effective June 1, 2015. No increase in the bimonthly service charge was implemented. At \$672 per year, the cost of water service for a typical Novato single family home using 100,500 gallons of water per year remains a good value for Novato customers.

In West Marin, normal year supply conditions existed on Lagunitas Creek. Work on the grant funded \$1.4M Gallagher Well Pipeline was completed by the close of calendar year 2014.

District Water Supply

Stafford Lake – Local Source Provides 20% of the District's Supply

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (acre-feet) (1,450 MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In fiscal year 2015 and 2014, 1,759 AF (573 MG) and 1,470 AF (479 MG), respectively, was produced by the Stafford Lake Water Treatment Plant.

Russian River – Provides 80% of the District's Annual Supply

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). The Coyote Dam and Lake Mendocino impound the Eel River diversions and winter runoff from the local watershed. Warm Springs Dam and Lake Sonoma impound winter runoff from the Dry Creek and Warm Springs local watersheds. Lakes Mendocino and Sonoma combined can store 367,500 acre feet to meet the regions' water supply needs, which totaled 45,868 acre feet in fiscal year 2015. Releases from the lakes flow to a point about 10 miles upstream of Guerneville where six deep Ranney Collector wells collect river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

During the fiscal years 2015 and 2014, the District received 5,916 AF (1,928 MG) and 7,767 AF (2,531 MG), respectively, of Russian River water. The District has an agreement in place with the Agency to provide sufficient supply to meet the District's current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened species under the Endangered Species Act. The Biological Opinion for water supply in the Russian River watershed has been issued by the National Marine Fisheries Service laying out the requirements to preserve, protect and restore the fisheries and maintain the existing Russian River water supplies. The District continues to actively support the necessary development of the Russian River water supply and protection of the Russian River fisheries.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefit likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the “prudent person” standard. The objective of the Investment Policy is safety, maturity and yield. District funds are invested in the State Treasurer’s Local Agency Investment Fund, corporate medium-term notes and time certificates of deposit.

Water Rates and District Revenues

Revenue from user charges generated from District customers supports District operations. Accordingly, water and sewer rates are reviewed annually. Water and sewer rates are user charges imposed on customers for services and are the primary component of the District’s revenue. Water rates are comprised of a commodity (water use) charge and a bimonthly service charge; whereas, sewer rates are comprised exclusively of a fixed charge.

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Fedak & Brown LLP has conducted the audit of the District’s financial statements. Their unmodified Independent Auditor’s Report appears in the Financial Section.

Awards and Acknowledgements

For the sixth consecutive year, the District was awarded the Government Finance Officers Association of the United States and Canada’s (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for its 2014 Consolidated Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

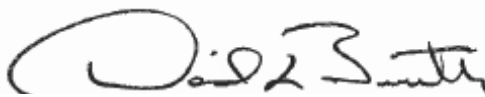
A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for 2015.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the North Marin Water District’s fiscal policies.

Respectfully submitted,



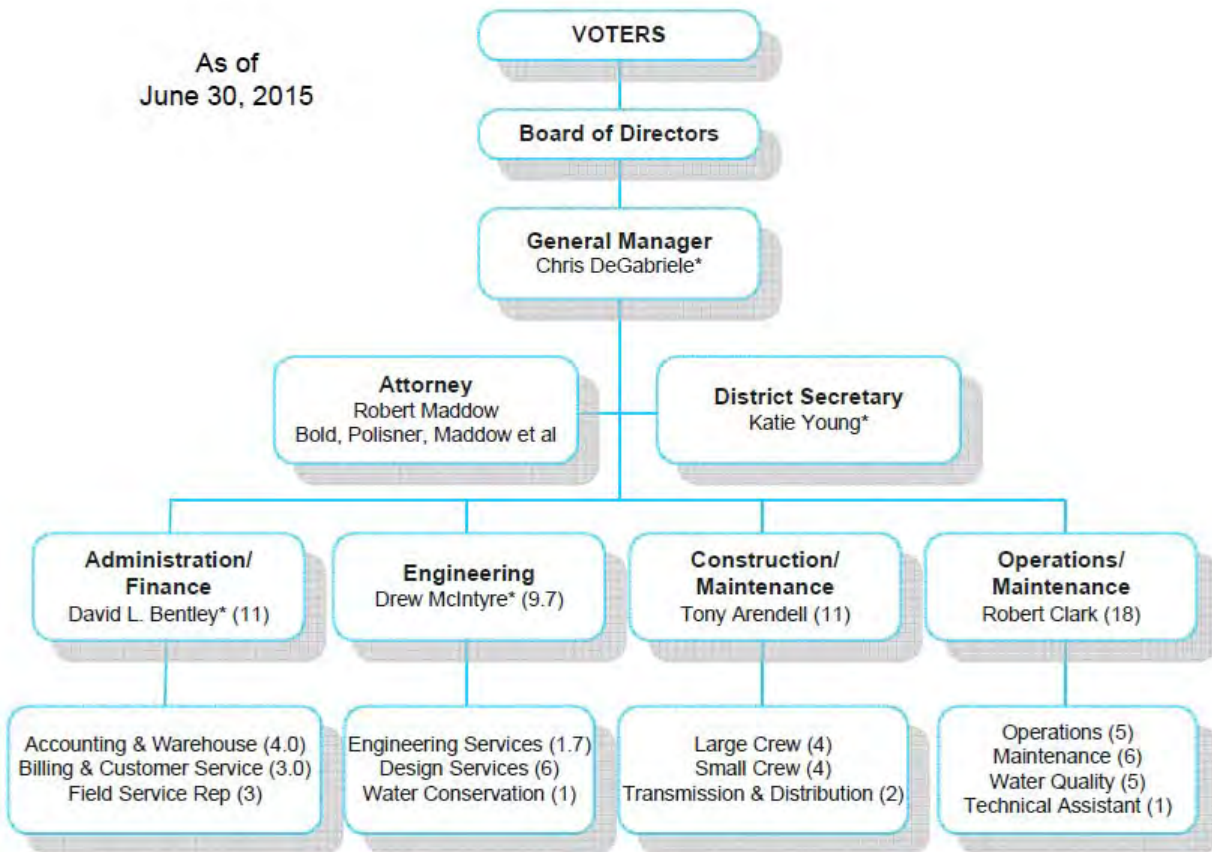
Chris DeGabriele
General Manager



David L. Bentley
Auditor-Controller

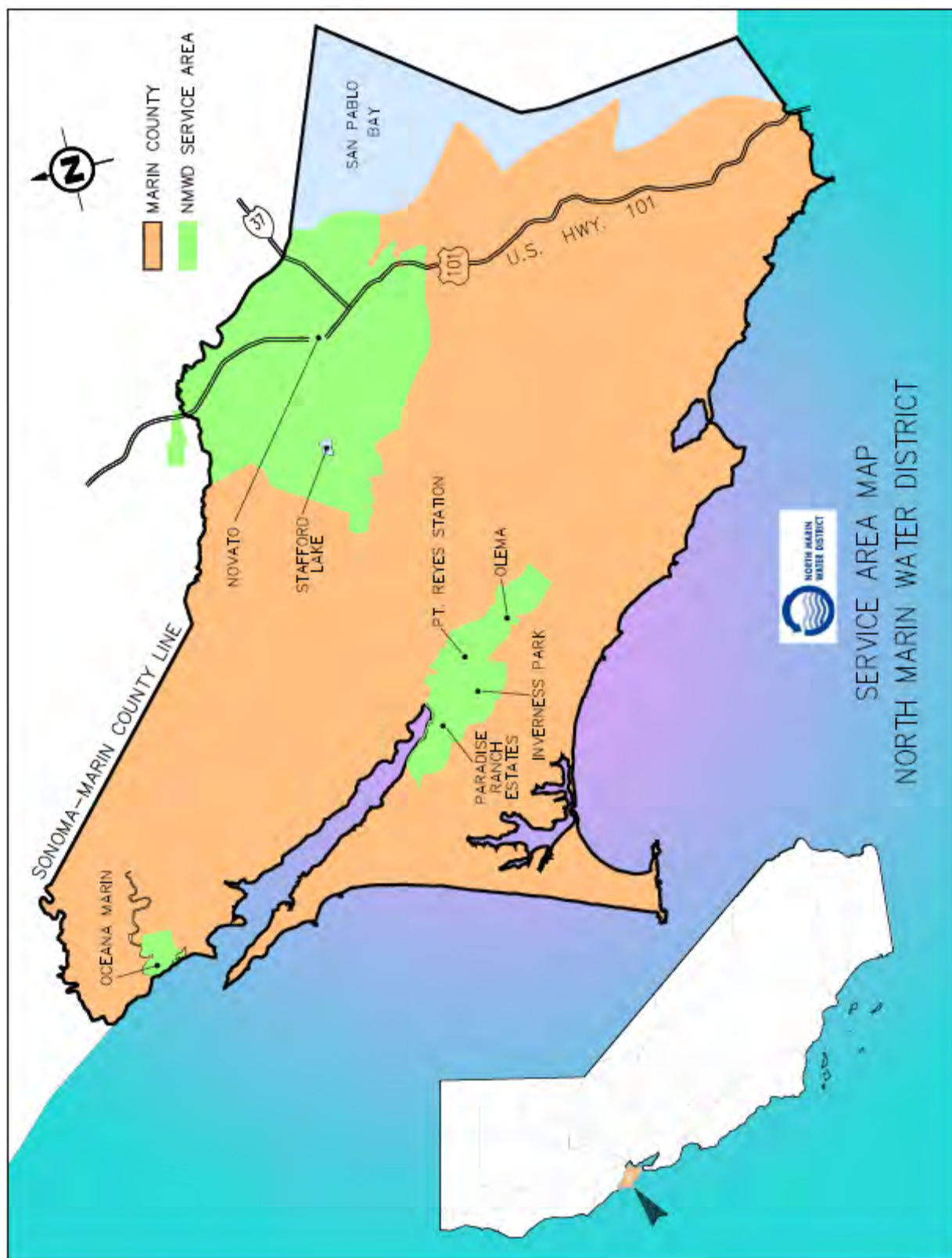
North Marin Water District Organizational Chart

As of
June 30, 2015



* Also serves as District Officer

* Also Serves as District Officer





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**North Marin Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

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Financial Section



Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Independent Auditor's Report

Board of Directors
North Marin Water District
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of the North Marin Water District (District), which comprises the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Marin Water District as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 10 through 14 and the required supplementary information on pages 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Matters

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 7, the supplementary information of combining schedules on pages 51 through 54, and the statistical section on pages 55 through 70 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information of combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Prior Period Restatement

As part of our audits of the June 30, 2015 and 2014 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the June 30, 2014 and 2013 financial statements. In our opinion, the adjustments are appropriate and have been properly applied.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 71 and 72.



Fedak & Brown LLP
Cypress, California
October 20, 2015

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2015

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the North Marin Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2015, the District's net position increased 3.0% or \$2,671,715 to \$88,155,270. In fiscal year 2014, the District's net position increased 4.7% or \$4,027,352 to \$85,483,555.
- In 2015, the District's operating revenues decreased 14.9% or \$2,691,112 to \$18,081,317. In 2014, the District's operating revenues increased 12.1% or \$2,515,791 to \$20,772,429.
- In 2015, the District's operating expenses before depreciation decreased 6.3% or \$843,198. In 2014, the District's operating expenses before depreciation increased 7.3% or \$1,028,011.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. You can think of the District's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation or accounting standards, as well as changes in Federal and State water quality standards.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2015

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 19 through 47.

Statements of Net Position

Condensed Statements of Net Position					
	2015	As Restated* 2014	Change	As Restated* 2013	Change
Assets:					
Current assets	\$ 10,041,136	14,752,587	(4,711,451)	16,549,860	(1,797,273)
Non-current assets	12,208,592	9,429,420	2,779,172	8,549,393	880,027
Capital assets, net	111,476,381	98,696,826	12,779,555	96,202,212	2,494,614
Deferred outflows of resources:	757,200	-	757,200	-	-
Total assets and deferred outflows of resources	\$ 134,483,309	122,878,833	757,200	121,301,465	-
Liabilities:					
Current liabilities	\$ 6,152,009	4,724,639	1,427,370	3,571,752	1,152,887
Non-current liabilities	37,994,020	32,670,639	5,323,381	36,273,510	(3,602,871)
Deferred inflows of resources:	2,182,010	-	2,182,010	-	-
Total liabilities and deferred inflows of resources	\$ 46,328,039	37,395,278	8,932,761	39,845,262	(2,449,984)
Net position:					
Net investment in capital assets	\$ 82,037,287	71,538,168	10,499,119	65,839,724	5,698,444
Restricted for capital projects and debt	2,170,429	2,156,020	14,409	2,186,452	(30,432)
Unrestricted	3,947,554	11,789,367	(7,841,813)	13,430,027	(1,640,660)
Total net position	88,155,270	85,483,555	2,671,715	81,456,203	4,027,352
Total liabilities, deferred inflows of resources and net position	\$ 134,483,309	122,878,833	11,604,476	121,301,465	1,577,368

* As Restated is as a result of prior period adjustments recognized. See Note 14 for further detail.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$88,155,270 and \$85,483,555 as of June 30, 2015 and 2014, respectively.

By far the largest portion of the District's net position (93% and 84% as of June 30, 2015 and 2014, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2015 and 2014, the District showed a positive balance in its unrestricted net position of \$3,947,554 and \$11,789,367 respectively. See note 13 for the amount of spendable net position that may be utilized in future years.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2015

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	As Restated* 2014	Change	As Restated* 2013	Change
Revenue:					
Operating revenue	\$ 18,081,317	20,772,429	(2,691,112)	18,256,638	2,515,791
Non-operating revenue	425,399	549,736	(124,337)	348,443	201,293
Total revenue	18,506,716	21,322,165	(2,815,449)	18,605,081	2,717,084
Expense:					
Operating expense	13,325,658	14,168,856	(843,198)	13,140,845	1,028,011
Depreciation and amortization	3,183,725	3,128,302	55,423	2,793,360	334,942
Non-operating expense	946,811	3,141,911	(2,195,100)	633,933	2,507,978
Total expense	17,456,194	20,439,069	(2,982,875)	16,568,138	3,870,931
Net income(loss) before cap. con.	1,050,522	883,096	167,426	2,036,943	(1,153,847)
Capital contributions	9,714,111	3,144,256	6,569,855	3,357,870	(213,614)
Change in net position	10,764,633	4,027,352	6,737,281	5,394,813	(1,367,461)
Net position, beginning of year	85,483,555	81,456,203	4,027,352	76,061,390	5,394,813
Prior period adjustment	(8,092,918)	-	(8,092,918)	-	-
Net position, end of year	\$ 88,155,270	85,483,555	2,671,715	81,456,203	4,027,352

* As Restated is as a result of prior period adjustments recognized. See Note 14 for further detail.

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 3.0% or \$2,671,715 to \$88,155,270 which was due primarily to a \$10,764,633 increase from operations, which was offset by an \$8,092,918 decrease related to a prior period adjustment. (See note 14 for further information). In fiscal year 2014, the District's net position increased 4.7% or \$4,027,352 to \$85,483,555, which was comprised of an increase of \$2,006,596 from operations combined with a prior period adjustment increase in the amount of \$2,020,756. (See note 14 for further information).

A closer examination of the sources of changes in net position:

In 2015, the District's operating revenues decreased 14.9% or \$2,691,112 to \$18,081,308 due primarily to water consumption sales affected by drought restrictions. In 2014, the District's operating revenues increased 12.1% or \$2,515,791 to \$20,772,429 due primarily to implemented rate increases.

In 2015, the District's operating expenses before depreciation decreased 6.3% or \$843,198 due primarily to a decrease of \$1,601,595 in source of supply which was offset by increases of \$372,017 in general and administrative, \$310,800 in transmission and distribution, and \$90,755 in water treatment expense. In 2014, the District's operating expenses before depreciation increased 7.3% or \$1,028,011 due primarily to increases of \$883,262 in source of supply, \$167,127 in water conservation, and \$76,038 in transmission and distribution, which were offset by decreases of \$148,654 in general and administrative, \$56,816 in water treatment.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2015

Total District Revenues

	2015	As Restated* 2014	Change	As Restated* 2013	Change
Operating revenues:					
Water consumption sales	\$ 13,180,015	15,480,438	(2,300,423)	13,987,034	1,493,404
Monthly meter service charge	4,312,108	4,308,584	3,524	3,630,425	678,159
Sewer service charges	186,864	177,970	8,894	157,992	19,978
Water conservation	11,970	4,410	7,560	1,260	3,150
Other charges and services	390,360	801,027	(410,667)	479,927	321,100
Total operating revenues	18,081,317	20,772,429	(2,691,112)	18,256,638	2,515,791
Non-operating revenues:					
Property tax revenue	94,391	90,071	4,320	88,088	1,983
Investment earnings	86,011	66,612	19,399	22,002	44,610
Interest earnings from note – BPGL	49,296	54,059	(4,763)	58,711	(4,652)
Rental revenue	89,657	89,593	64	71,850	17,743
Other non-operating revenues	106,044	139,401	(33,357)	107,792	31,609
Total non-operating revenues	425,399	439,736	(14,337)	348,443	91,293
Total revenues	\$ 18,506,716	21,212,165	(2,705,449)	18,605,081	2,607,084

* As Restated is as a result of prior period adjustments recognized. See Note 14 for further information.

In 2015 and 2014, total District revenues increased \$2,705,449 and \$2,607,084, respectively.

Total District Expenses

	2015	As Restated* 2014	Change	As Restated* 2013	Change
Operating expenses:					
Source of supply	\$ 4,624,655	6,226,250	(1,601,595)	5,342,988	883,262
Pumping	352,007	362,997	(10,990)	351,816	11,181
Water facilities operations	751,940	785,143	(33,203)	716,780	68,363
Water treatment	2,020,865	1,930,110	90,755	1,986,926	(56,816)
Transmission and distribution	2,727,168	2,416,368	310,800	2,340,330	76,038
Sewage collection and treatment	108,928	120,548	(11,620)	127,903	(7,355)
Customer service	588,579	587,067	1,512	552,202	34,865
General and administrative	1,673,156	1,301,139	372,017	1,449,793	(148,654)
Improvement projects	-	-	-	-	-
Water conservation	478,360	439,234	39,126	272,107	167,127
Depreciation and amortization	3,183,725	3,128,302	55,423	2,793,360	334,942
Total operating expenses	16,509,383	17,297,158	(787,775)	15,934,205	1,362,953
Non-operating expenses:					
Interest expense – long-term debt	847,950	830,830	17,120	778,763	52,067
Amortization of deferred charges	-	-	-	88,876	(88,876)
Allowance for impairment of emp. loans	-	(110,000)	110,000	(280,000)	170,000
Other non-operating expenses	98,861	2,311,081	(2,212,220)	46,294	2,264,787
Total non-operating expenses	946,811	3,031,911	(2,085,100)	633,933	2,397,978
Total expenses	\$ 17,456,194	20,329,069	(2,872,875)	16,568,138	3,760,931

* As Restated is as a result of prior period adjustments recognized. See Note 14 for further detail.

In 2015 and 2014, total District expenses decreased by \$2,872,875 and increased by \$3,760,931, respectively.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2015

Capital Asset Administration

Changes in capital asset amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2015</u>
Capital assets:				
Non-depreciable assets	\$ 6,922,245	16,499,988	(4,893,378)	18,528,855
Depreciable assets	136,363,804	5,063,459	(758,376)	140,668,887
Accumulated depreciation	<u>(44,589,223)</u>	<u>(3,183,725)</u>	<u>51,587</u>	<u>(47,721,361)</u>
Total capital assets, net	<u>\$ 98,696,826</u>	<u>18,379,722</u>	<u>(5,600,167)</u>	<u>111,476,381</u>

Changes in capital asset amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 13,666,696	4,873,071	(11,617,522)	6,922,245
Depreciable assets	124,183,143	12,383,025	(202,364)	136,363,804
Accumulated depreciation	<u>(41,647,627)</u>	<u>(3,128,302)</u>	<u>186,706</u>	<u>(44,589,223)</u>
Total capital assets, net	<u>\$ 96,202,212</u>	<u>14,127,794</u>	<u>(11,633,180)</u>	<u>98,696,826</u>

At the end of fiscal year 2015 and 2014, the District's investment in capital assets amounted to \$111,476,381 and \$98,696,826, respectively, (net of accumulated depreciation). This investment in capital assets includes: land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress, etc. (See Note 7 for further information)

Debt Administration

Changes in long-term debt amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2015</u>
Long-term debt:				
Bonds payable	\$ 159,916	-	(23,916)	136,000
Loans payable	<u>32,687,391</u>	<u>212,607</u>	<u>(1,662,607)</u>	<u>31,237,391</u>
Total long-term debt	<u>\$ 32,847,307</u>	<u>212,607</u>	<u>(1,686,523)</u>	<u>31,373,391</u>

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
Long-term debt:				
Bonds payable	\$ 181,652	-	(21,736)	159,916
Loans payable	<u>34,241,714</u>	<u>42,079</u>	<u>(1,596,402)</u>	<u>32,687,391</u>
Total long-term debt	<u>\$ 34,423,366</u>	<u>42,079</u>	<u>(1,618,138)</u>	<u>32,847,307</u>

(See Note 11 for further information)

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at 999 Rush Creek Place, Novato, California 94945, Telephone: (415) 897-4133.

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Basic Financial Statements

**North Marin Water District
Statements of Net Position
June 30, 2015 and 2014**

Assets and Deferred Outflows of Resources	2015	As Restated 2014
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,139,225	5,234,452
Restricted – cash and cash equivalents (note 2)	3,804,189	3,317,531
Accrued interest receivable	18,767	13,561
Accounts receivable – water and sewer sales and services	2,994,131	3,612,141
Accounts receivable – governmental agencies	1,000,009	1,649,222
Accounts receivable – other	33,255	38,212
Capital grants and loan proceeds receivable	213,409	65,159
Note receivable – Black Point Golf Links – current portion (note 3)	206,155	201,276
Notes receivable – employee computer loans (note 4)	445	590
Materials and supplies inventory	556,658	582,837
Prepaid expenses and deposits	74,893	37,606
Total current assets	<u>10,041,136</u>	<u>14,752,587</u>
Non-current assets:		
Restricted – investments (note 2)	9,244,351	6,244,026
Note receivable – Black Point Golf Links (note 3)	1,730,041	1,936,194
Notes receivable – employee housing assistance loans, net (note 5)	1,234,200	1,249,200
Capital assets, not being depreciated (note 7)	18,528,855	6,922,245
Depreciable capital assets, net (note 7)	<u>92,947,526</u>	<u>91,774,581</u>
Total non-current assets	<u>123,684,973</u>	<u>108,126,246</u>
Deferred outflows of resources:		
Deferred pension outflows (note 12)	<u>757,200</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>134,483,309</u>	<u>122,878,833</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,554,478	2,325,903
Accrued wages and related payables	265,707	224,157
Accrued claims payable (note 8)	58,720	24,956
Customer advances and deposits	659,502	566,556
Accrued interest payable – long-term debt	116,943	118,124
Long-term liabilities – due within one year:		
Compensated absences (note 9)	153,698	148,657
Bonds payable (note 11)	20,000	23,916
Loans payable (note 11)	<u>1,322,961</u>	<u>1,292,370</u>
Total current liabilities	<u>6,152,009</u>	<u>4,724,639</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 9)	461,090	445,971
Other post-employment benefits payable (note 10)	801,236	693,647
Bonds payable (note 11)	116,000	136,000
Loans payable (note 11)	29,914,430	31,395,021
Net pension liability (note 12)	<u>6,701,264</u>	<u>-</u>
Total non-current liabilities	<u>37,994,020</u>	<u>32,670,639</u>
Deferred inflows of resources:		
Deferred pension inflows (note 12)	<u>2,182,010</u>	<u>-</u>
Total liabilities and deferred inflows of resources	\$ <u>46,328,039</u>	<u>37,395,278</u>
Net position: (note 13, 14)		
Net investment in capital assets	\$ 82,037,287	71,538,168
Restricted for capital projects and debt service	2,170,429	2,156,020
Unrestricted	<u>3,947,554</u>	<u>11,789,367</u>
Total net position	<u>88,155,270</u>	<u>85,483,555</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>134,483,309</u>	<u>122,878,833</u>

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	2015	As Restated 2014
Operating revenues:		
Water consumption sales	\$ 13,180,015	15,480,438
Bi-monthly meter service charge	4,312,108	4,308,584
Sewer service charges	186,864	177,970
Water conservation	11,970	4,410
Other charges and services	390,360	801,027
Total operating revenues	<u>18,081,317</u>	<u>20,772,429</u>
Operating expenses:		
Source of supply	4,624,655	6,226,250
Pumping	352,007	362,997
Water facilities operations	751,940	785,143
Water treatment	2,020,865	1,930,110
Transmission and distribution	2,727,168	2,416,368
Sewage collection and treatment	108,928	120,548
Customer service	588,579	587,067
General and administrative	1,673,156	1,301,139
Water conservation	478,360	439,234
Total operating expenses	<u>13,325,658</u>	<u>14,168,856</u>
Operating income before depreciation	4,755,659	6,603,573
Depreciation expense – capital recovery	<u>(3,183,725)</u>	<u>(3,128,302)</u>
Operating income	<u>1,571,934</u>	<u>3,475,271</u>
Non-operating revenues(expenses):		
Property tax revenue	94,391	90,071
Investment earnings	86,011	66,612
Interest earnings from note receivable – BPGL	49,296	54,059
Rental revenue	89,657	89,593
Interest expense – long-term debt	(847,950)	(830,830)
Change in allowance for impairment of employee housing loans	-	110,000
Other non-operating revenues	106,044	139,401
Other non-operating expenses	<u>(98,861)</u>	<u>(2,311,081)</u>
Total non-operating revenues, net	<u>(521,412)</u>	<u>(2,592,175)</u>
Net income before capital contributions	<u>1,050,522</u>	<u>883,096</u>
Capital contributions:		
State of California – Caltrans	7,070,554	1,625,948
Developers and others	337,332	399,005
Contributed capital assets	-	6,600
Connection fees	801,600	152,800
Capital grants – federal	-	138,073
Capital grants – state and local	<u>1,504,625</u>	<u>821,830</u>
Capital contributions	<u>9,714,111</u>	<u>3,144,256</u>
Change in net position	<u>10,764,633</u>	<u>4,027,352</u>
Net position, beginning of year	<u>85,483,555</u>	<u>81,456,203</u>
Prior period adjustment (note 14)	<u>(8,092,918)</u>	
Net position, end of year	<u>\$ 88,155,270</u>	<u>85,483,555</u>

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	As Restated 2014
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 19,549,198	20,879,614
Cash paid to employees for salaries and wages	(4,701,050)	(4,410,443)
Cash paid to vendors and suppliers for materials and services	<u>(7,183,437)</u>	<u>(9,834,446)</u>
Net cash provided by operating activities	<u>7,664,711</u>	<u>6,634,725</u>
Cash flows from non-capital financing activities:		
Property tax revenue	<u>94,391</u>	<u>90,071</u>
Net cash provided by non-capital financing activities	<u>94,391</u>	<u>90,071</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(15,989,420)	(5,445,989)
Proceeds from capital contributions and connection fees	9,565,861	5,554,717
Proceeds from principal issued on long-term debt	212,607	42,079
Principal paid on long-term debt	(1,686,521)	(1,618,138)
Interest paid on long-term debt	<u>(849,131)</u>	<u>(784,522)</u>
Net cash used in capital and related financing activities	<u>(8,746,604)</u>	<u>(2,251,853)</u>
Cash flows from investing activities:		
Purchases of investments	(2,951,499)	(3,233,004)
Principal received on notes receivable	201,274	196,513
Principal received(issued) on employee computer loans, net	145	1,548
Investment earnings	<u>129,013</u>	<u>94,370</u>
Net cash used in investing activities	<u>(2,621,067)</u>	<u>(2,940,573)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,608,569)</u>	<u>1,532,370</u>
Cash and cash equivalents, beginning of year	<u>8,551,983</u>	<u>7,019,613</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,943,414</u></u>	<u><u>8,551,983</u></u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 1,139,225	5,234,452
Restricted assets – cash and cash equivalents	<u>3,804,189</u>	<u>3,317,531</u>
Total cash and cash equivalents	<u><u>\$ 4,943,414</u></u>	<u><u>8,551,983</u></u>

Continued on next page

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Cash Flows, continued
For the Year Ended June 30, 2015 and 2014

	2015	As Restated 2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,571,934	3,475,271
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	3,183,725	3,128,302
Rental revenue	89,657	89,593
Other non-operating revenue	106,044	139,401
Other non-operating expenses	(98,861)	(2,311,081)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	618,010	(178,961)
Accounts receivable – governmental agencies	649,213	9,103
Accounts receivable – other	4,957	48,049
Materials and supplies inventory	19,579	19,800
Prepaid expenses and other deposits	(37,287)	9,490
(Increase)Decrease in deferred outflows of resources:	2,175,524	-
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	1,228,575	824,858
Accrued wages and related payables	41,550	16,618
Accrued claims payable	33,764	2,480
Customer advances and deposits	92,946	1,255,769
Compensated absences	20,160	(1,405)
Other post-employment retirement benefits	107,589	107,438
Net pension liability	(4,324,378)	-
Increase(Decrease) in deferred inflows of resources:	2,182,010	-
Total adjustments	6,092,777	3,159,454
Net cash provided by operating activities	\$ 7,664,711	6,634,725
Non-cash investing, capital and financing transactions:		
Change in fair value of investments	\$ 1,088	11,756
Contributed capital	-	6,600

See accompanying notes to the basic financial statements

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The North Marin Water District (District) is an independent special district formed in April 1948, which operates under the authority of Division 12 of the California Water Code. The District's service area includes the City of Novato, adjacent areas, plus annexed areas in West Marin County. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The District's operations are accounted for by the following service areas, some of which were originally established as Improvement Districts. Although the Improvement Districts are legally separate organizations, they are reported herein as if they were part of the primary government because the primary government controls the Improvement Districts and the Board of Directors serve as their governing board. The following service areas are reported as blended component units.

Novato Water System – The Novato Water System is the primary service division of the District and represents the basic primary component of the District.

West Marin Water System formally *Point Reyes Service Area*. – This service area began in 1970 as a separate voter-approved Improvement District. Point Reyes was consolidated with the Olema Improvement District in 1996 and the Paradise Ranch Estate Improvement District in 2002, forming the West Marin Water System.

Oceana Marin Sewer Service – By agreement with a private developer, this service area was formed to provide sewer service to area residents commencing in June 1973.

Novato Recycled Water System – This enterprise fund was formed by the District in 2007 to account for the operation of the District's recycled water treatment and distribution system.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the cost of providing water or wastewater disposal to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and sewer service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and sewer service charges, along with water purchases and wastewater disposal, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which the District gives (receives) value without directly receiving (giving) value in exchange.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*, effective for financial statements for fiscal years beginning after June 15, 2014. The District implemented this new pronouncement in the current year. The purpose of the implementation of this statement to the District is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*, effective for financial statements for periods beginning after December 15, 2013. The District implemented this new pronouncement in the current year. At June 30, 2015, there was no effect of the implementation of this statement to the District.

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The District implemented this new pronouncement in the current year. The effect of the implementation of this statement to the District is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy directing the District's Auditor-Controller to deposit funds in financial institutions.

Changes in market value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

5. Property Taxes

The County of Marin Assessor's Office assesses all real and personal property within the County each year. The County of Marin Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Marin Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

6. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

7. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for capitalizing equipment purchases at \$5,000. Donated assets are recorded at estimated cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Dam – 100 years
- Transmission and distribution systems – 50 to 150 years
- Treatment plant – 20 to 50 years
- Sewer mains and pumps – 10 to 40 years
- Buildings and storage facilities – 35 to 50 years
- Equipment and vehicles – 5 to 10 years

9. Compensated Absences

The District's employees have a vested interest in accrued vacation time. All vacation hours will eventually be either used or paid-off by the District. Employees earn vacation time on a semi-monthly basis. Employees normally earn and use their current vacation time with a small portion being unused each year. As this occurs, the District incurs a future obligation to pay for these unused hours and accrues a liability for such accumulated and unpaid vacation time.

Full-time District employees earn sick leave at a rate of one day per month. District employees may elect to be paid for accumulated and unused sick leave in excess of 90 days, at a rate of one-half of the value of such accumulated amount. The District has accrued a liability for such excess amounts.

10. Pensions

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

10. Pensions, continued

GASB 68 requires 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 (VD): June 30, 2013
- Measurement Date (MD): June 30, 2014
- Measurement Period (MP): July 1, 2013 to June 30, 2014

11. Water and Sewer Sales

Water sales are billed on a bi-monthly cyclical basis. Estimated unbilled water and sewer sales and service charges through June 30th have been accrued as of year-end.

12. Capital Contributions

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

13. Capital and Operating Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

14. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

15. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

16. Reclassification

The District has reclassified certain prior year information to conform to current year presentations.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(2) Cash and Investments

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	2015	2014
Cash and cash equivalents	\$ 1,139,225	5,234,452
Restricted – cash and cash equivalents	3,804,189	3,317,531
Restricted – investments	9,244,351	6,244,026
Total cash and investments	<u>\$ 14,187,765</u>	<u>14,796,009</u>

Cash and investments as of June 30, consist of the following:

	2015	2014
Cash on hand	\$ 350	350
Deposits with financial institutions	423,665	382,168
Deposits with County of Marin Treasury	630,140	528,020
Investments	13,133,610	13,885,471
Total cash and investments	<u>\$ 14,187,765</u>	<u>14,796,009</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio *	Maximum Investment in One Issuer
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase agreements	30 days	100%	None
Money Market Mutual Funds	N/A	20%	10%
California Local Agency Investment Fund (LAIF)	N/A	100%	None
California Asset Management Program (CAMP)	N/A	100%	None

* Excluding amounts held by bond trustee that are not subject to California Government Code.

** Except when authorized by the District's legislative body in accordance with Government Code Section 53601

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(2) Cash and Investments, continued

Custodial Credit Risk, continued

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 or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investments at June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25-60 months</u>	<u>More than 60 months</u>
Local Agency Investment Fund	\$ 3,890,723	3,890,723	-	-	-
Certificates-of-deposit	4,223,000	1,986,000	2,237,000	-	-
Corporate medium-term notes	2,001,510	2,001,510	-	-	-
U.S. Treasury note	2,009,609	1,002,031	1,007,578	-	-
U.S. Agency securities	1,008,770	-	1,008,770	-	-
Total	\$ 13,133,612	8,880,264	4,253,348	-	-

Investments at June 30, 2014, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25-60 months</u>	<u>More than 60 months</u>
Local Agency Investment Fund	\$ 7,643,726	7,643,726	-	-	-
Certificates-of-deposit	3,226,000	1,240,000	1,986,000	-	-
Corporate medium-term notes	2,010,509	-	2,010,509	-	-
U.S. Treasury note	1,001,133	-	1,001,133	-	-
Olema general obligation bond	4,103	4,103	-	-	-
Total	\$ 13,885,471	8,887,829	4,997,642	-	-

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(2) Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Credit ratings at June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings</u>	
				<u>AA+ to AA-</u>	<u>AA+ to A-</u>
Local Agency Investment Fund	\$ 3,890,723	N/A	3,890,723	-	-
Certificates-of-deposit	4,223,000	N/A	4,223,000	-	-
Corporate medium-term notes	2,001,510	A-	-	2,001,510	-
U.S. Treasury note	2,009,608	AA+	-	2,009,608	-
U.S. Agency securities	1,008,769	AA+	-	1,008,769	-
Total	<u>\$ 13,133,610</u>		<u>8,113,723</u>	<u>5,019,887</u>	<u>-</u>

Credit ratings at June 30, 2014, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings</u>	
				<u>AA+ to AA-</u>	<u>AA+ to A-</u>
Local Agency Investment Fund	\$ 7,643,726	N/A	7,643,726	-	-
Certificates-of-deposit	3,226,000	N/A	3,226,000	-	-
Corporate medium-term notes	2,010,509	A-	-	2,010,509	-
U.S. Treasury note	1,001,133	AA+	-	1,001,133	-
Olema general obligation bond	4,103	A+	-	4,103	-
Total	<u>\$ 13,885,471</u>		<u>10,869,726</u>	<u>3,015,745</u>	<u>-</u>

(3) Note Receivable – Black Point Golf Links

The District has entered into a contractual agreement with Black Point Golf Links whereby the golf course agreed to reimburse the District for construction costs incurred for a new recycled water facility, in-lieu of connection fees. The reimbursement is collected in bi-monthly installments through February 2024, including interest at a rate of 2.400%. As of June 30th, the amount receivable under the contract is as follows:

The balance at June 30, consists of the following:

	<u>2015</u>	<u>2014</u>
Note receivable – Black Point Golf Links – current portion	\$ 206,155	201,276
Note receivable – Black Point Golf Links	<u>1,730,041</u>	<u>1,936,194</u>
Note receivable – Black Point Golf Links	<u>\$ 1,936,196</u>	<u>2,137,470</u>

(4) Notes Receivable – Employee Computer Loans

The District allows employees to purchase personal computers and to secure a loan from the District to pay for the purchase of the computer up to \$3,500 per person. These employee computer loans are repaid to the District over a period of up to 36 months through payroll deduction with interest rates applied that are based on the District's investment portfolio return rate at the origination of the loan plus one percent. As of June 30, 2015 and 2014 the District had various outstanding loans totaling \$445 and \$590, respectively.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(5) Notes Receivable – Employee Housing Assistance Loans

The District's Employer Assisted Housing Program (Program) allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District's service area. This will allow the employee to respond rapidly to customer calls or emergencies affecting the operation of the District. Repayment is due upon sale of the employee's residence, termination of employment, or other events as described in the Program documents. Interest earned on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. The balance of the outstanding loans may be offset by an allowance representing the impairment in value due to the decline in market value of the homes financed since the loan inception date. The following is a listing of employee housing assistance loans and their corresponding origination dates as follows:

The balance at June 30, consists of the following:

<u>Origination</u>	<u>2015</u>	<u>2014</u>
August 2004	\$ 250,000	250,000
Sept. 2004	39,200	39,200
October 2006	300,000	300,000
Sept. 2007	-	140,000
Nov. 2007	150,000	150,000
July 2008	-	125,000
October 2008*	-	-
June 2010	245,000	245,000
March 2015	250,000	-
Sub-total	1,234,200	1,249,200
Allowance	-	-
Total	<u>\$ 1,234,200</u>	<u>1,249,200</u>

* In October 2013, The District acquired the 1st trust deed in the October 2008 note receivable, and combined it with the 2nd trust deed ownership of \$192,585; therefore, capitalizing the purchase of the home as a capital asset. The home was subsequently sold in March 2015.

(6) Internal Balances

Due To/From Other Funds and Transfers

Transfers between funds as of June 30, 2015 was as follows:

<u>Purpose</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Capital Contribution	Novato Water	Novato Recycled	\$ <u>688,916</u>

Transfers between funds as of June 30, 2014 was as follows:

<u>Purpose</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Capital Contribution	Novato Water	Novato Recycled	\$ <u>1,550,201</u>

In 2015 and 2014, the Novato Water system transferred \$688,916 and \$1,550,201, respectively, in net position to the Novato Recycled system for the local share of the North/South Recycled Water Expansion, SRF loan payments and grant administration costs. (See the Supplementary Schedules on pages 51 through 54 for further information)

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(7) Capital Assets

Construction-In-Progress

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at June 30 are as follows:

The balance of construction-in-progress at June 30, consists of the following projects:

	2013	2014	2015
Developer construction – Novato Water	\$ 965,313	641,858	422,113
Developer construction – Novato Recycled	-	-	-
Developer construction – West Marin Water	-	5,239	25,540
Developer construction – Oceana Marin Sewer	5,000	-	-
Other construction – Novato Water	1,619,299	4,280,383	16,048,994
Other construction – Novato Recycled	8,806,758	4,024	251,219
Other construction – West Marin Water	565,161	497,995	297,599
Other construction – Oceana Marin Sewer	232,074	19,655	10,299
Total construction-in-progress per year	<u>\$ 12,193,605</u>	<u>5,449,154</u>	<u>17,055,764</u>

Changes in capital assets for the year were as follows:

	Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	5,449,154	16,499,988	(4,893,378)	17,055,764
Total non-depreciable assets	<u>6,922,245</u>	<u>16,499,988</u>	<u>(4,893,378)</u>	<u>18,528,855</u>
Depreciable assets:				
Distribution system	78,604,783	3,086,559	-	81,691,342
Treatment plant	21,060,231	22,214	-	21,082,445
Storage facilities	18,872,517	1,736,532	(22,328)	20,586,721
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,632,131	-	(117,495)	5,514,636
Sewer facilities	1,154,525	21,934	-	1,176,459
Structures and improvements	2,485,107	-	(582,214)	1,902,893
Other plant and equipment	3,064,680	196,220	(36,339)	3,224,561
Total depreciable assets	<u>136,363,804</u>	<u>5,063,459</u>	<u>(758,376)</u>	<u>140,668,887</u>
Accumulated depreciation:				
Distribution system	(24,047,885)	(1,590,402)	-	(25,638,287)
Treatment plant	(6,191,347)	(698,072)	-	(6,889,419)
Storage facilities	(5,347,407)	(388,246)	-	(5,735,653)
Transmission system	(3,342,608)	(87,288)	-	(3,429,896)
Source facilities	(1,742,807)	(105,152)	-	(1,847,959)
Sewer facilities	(500,466)	(36,995)	-	(537,461)
Structures and improvements	(1,140,870)	(53,915)	15,248	(1,179,537)
Other plant and equipment	(2,275,833)	(223,655)	36,339	(2,463,149)
Total accumulated depreciation	<u>(44,589,223)</u>	<u>(3,183,725)</u>	<u>51,587</u>	<u>(47,721,361)</u>
Total depreciable assets, net	<u>91,774,581</u>	<u>1,879,734</u>	<u>(706,789)</u>	<u>92,947,526</u>
Total capital assets, net	<u>\$ 98,696,826</u>	<u>18,379,722</u>	<u>(5,600,167)</u>	<u>111,476,381</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(7) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	12,193,605	4,873,071	(11,617,522)	5,449,154
Total non-depreciable assets	<u>13,666,696</u>	<u>4,873,071</u>	<u>(11,617,522)</u>	<u>6,922,245</u>
Depreciable assets:				
Distribution system	68,070,235	10,550,206	(15,658)	78,604,783
Treatment plant	21,060,231	-	-	21,060,231
Storage facilities	18,396,517	476,000	-	18,872,517
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,294,920	337,211	-	5,632,131
Sewer facilities	917,452	237,073	-	1,154,525
Structures and improvements	1,905,340	579,767	-	2,485,107
Other plant and equipment	3,048,618	202,768	(186,706)	3,064,680
Total depreciable assets	<u>124,183,143</u>	<u>12,383,025</u>	<u>(202,364)</u>	<u>136,363,804</u>
Accumulated depreciation:				
Distribution system	(22,492,024)	(1,555,861)	-	(24,047,885)
Treatment plant	(5,492,576)	(698,771)	-	(6,191,347)
Storage facilities	(4,961,686)	(385,721)	-	(5,347,407)
Transmission system	(3,255,321)	(87,287)	-	(3,342,608)
Source facilities	(1,637,856)	(104,951)	-	(1,742,807)
Sewer facilities	(456,334)	(44,132)	-	(500,466)
Structures and improvements	(1,096,658)	(44,212)	-	(1,140,870)
Other plant and equipment	(2,255,172)	(207,367)	186,706	(2,275,833)
Total accumulated depreciation	<u>(41,647,627)</u>	<u>(3,128,302)</u>	<u>186,706</u>	<u>(44,589,223)</u>
Total depreciable assets, net	<u>82,535,516</u>	<u>9,254,723</u>	<u>(15,658)</u>	<u>91,774,581</u>
Total capital assets, net	<u>\$ 96,202,212</u>	<u>14,127,794</u>	<u>(11,633,180)</u>	<u>98,696,826</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(8) Accrued Claims Payable

As of July 1, 2011, the District re-commenced self-insuring its workers' compensation obligation and established a risk financing internal service fund where assets are set aside for claim settlements associated with the risk of loss up to certain limits for workers' compensation claims.

Settled claims have not exceeded the accrued coverage amounts in any of the last three fiscal years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The accrued claims payable balance includes an amount for claims that have been incurred but not paid.

The balance at June 30, consists of the following:

	<u>2015</u>	<u>2014</u>
Accrued claims payable, beginning of year	\$ 24,956	22,476
Current year claims recognized	2,256	20,116
Current year claims paid	(247)	(20,116)
Prior year claims incurred	97,442	16,653
Prior year claims paid	(65,687)	(14,173)
Accrued claims payable, end of year	<u>\$ 58,720</u>	<u>24,956</u>

(9) Compensated Absences

Compensated absences comprise unpaid vacation and sick leave which is accrued as earned.

Changes to compensated absences for 2015, were as follows:

<u>Balance</u> <u>2014</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2015</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 594,629	1,039,956	(1,019,797)	614,788	153,698	461,090

Changes to compensated absences for 2014, were as follows:

<u>Balance</u> <u>2013</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2014</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 596,033	970,349	(971,753)	594,629	148,657	445,971

(10) Other Post-Employment Benefits Payable

During the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

Other Post-Employment Benefits – Eligibility

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District.

Members in the post employment benefit plan consisted of the following members as of June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Active plan members	52	51	51
Retirees and beneficiaries receiving benefits	33	32	34
Separated plan members entitled to but not yet receiving benefits	3	3	3
Total plan membership	<u>88</u>	<u>86</u>	<u>88</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(10) Other Post-Employment Benefits Payable, continued

Other Post-Employment Benefits – Benefits Offered

The District offers other post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS medical coverage, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors. For retirees between the ages of 55 to 65 with a minimum of 12 years services, who retired prior to January 1, 2013, the District's contribution toward the chosen medical plan will be 90% of the Kaiser Basic Medical Plan premium amount. For retirees between the ages of 55 to 65 with a minimum of 12 years services, who retire on or after January 1, 2013, the District's contribution toward the chosen plan will be 85% of the Kaiser Basic Medical Plan premium amount. The District will make a monthly contribution toward the cost of health insurance coverage for all other retirees based on the contract effective at the time of their retirement.

Funding Policy

The District's *Annual Required Contribution (ARC)* is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 6.1% of the annual covered payroll.

The District funds the benefits on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual Cost

For the years ended June 30, 2015 and 2014, the District's annual ARC cost after adjustments were \$286,640 and \$286,640, respectively. The District's net other post employment benefits payable obligation amounted to \$801,236 and \$693,647 for the years ended June 30, 2015 and 2014, respectively. The District contributed \$166,521 and \$168,750 in retiree benefit contributions for current retiree OPEB premiums for the years ended June 30, 2015 and 2014, respectively.

The balance at June 30, consists of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 286,640	286,640	286,640
Interest on net OPEB obligation	28,108	23,448	18,989
Interest earnings on irrevocable trust balance	-	-	-
Adjustment to annual required contribution	<u>(40,638)</u>	<u>(33,900)</u>	<u>(27,454)</u>
Total annual OPEB expense	<u>274,110</u>	<u>276,188</u>	<u>278,175</u>
Contributions made:			
Contributions made to irrevocable trust	-	-	-
Retiree benefit payments paid outside of a trust	<u>(166,521)</u>	<u>(168,750)</u>	<u>(166,699)</u>
Total contributions made	<u>(166,521)</u>	<u>(168,750)</u>	<u>(166,699)</u>
Total change in net OPEB payable obligation	107,589	107,438	111,476
OPEB payable - beginning of year	<u>693,647</u>	<u>586,209</u>	<u>474,733</u>
OPEB payable - end of year	<u>\$ 801,236</u>	<u>693,647</u>	<u>586,209</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(10) Other Post-Employment Benefits Payable, continued

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended		Annual OPEB Cost	Contributions Made to Trust	Retiree Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2015	\$	274,110	-	166,521	60.75%	\$ 801,236
2014		276,188	-	168,750	61.10%	693,647
2013		278,175	-	166,699	59.93%	586,209

The most recent valuation (dated July 1, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$3,130,628. There are no Plan Assets invested in an irrevocable trust. The District funds on a pay-as-you-go basis, plus designates \$1,500 per employee per year, and maintains net position equal to the remaining net other post employment benefits payable obligation. The Board of Directors of the District has designated \$3,457,561 and \$3,310,725, as of June 30, 2015 and 2014, respectively, of net position to reserve for the actuarial accrued liability. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2015 was \$4,701,050. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 66.6%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2012	
Actuarial cost method	Projected Unit Credit	
Amortization method	30-year level dollar, open period	
Remaining amortization period	24 years as of the valuation date	
Asset valuation method	20 year level contribution	
Actuarial assumptions:		
Investment rate of return	4.00%	
Projected salary increase	3.00%	
Inflation - discount rate	4.00%	
Healthcare cost trend rate	<u>Fiscal Year</u>	<u>Percentage</u>
	2012	8.0%
	2013	7.0%
	2014	6.0%
	2015+	5.0%

See Page 50 for the Schedule of Funding Status for the postemployment defined benefit plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(11) Long-term Debt

Changes in long-term debt amounts for 2015 were as follows:

	Balance 2014	Additions	Principal Payments	Balance 2015	Current Portion
Long-term debt:					
Bonds payable:					
1975 General obligation bonds – OL-2	\$ 3,916	-	(3,916)	-	-
1980 Revenue bonds – PRE-1	72,000	-	(11,000)	61,000	11,000
1981 Revenue bonds – PR-6	84,000	-	(9,000)	75,000	9,000
Total bonds payable	159,916	-	(23,916)	136,000	20,000
Loans payable:					
1977 U.S. EDA loan – Novato Water	65,445	-	(15,152)	50,293	15,909
1977 U.S. EDA loan – West Marin Water	9,057	-	(2,250)	6,807	2,363
2005 DWR loan – Novato Water	13,101,375	-	(735,720)	12,365,655	374,468
2005 SWRCB loan – Novato Recycled	3,022,026	-	(200,839)	2,821,187	205,658
2011 SWRCB loan – Novato Recycled	9,267,978	-	(397,767)	8,870,211	403,526
2011 B of M loan – Novato Water	6,297,090	-	(271,020)	6,026,070	279,944
2011 B of M loan – West Marin Water	924,420	-	(39,859)	884,561	41,093
2015 SWRCB Loan – Novato Recycled	-	212,607	-	212,607	-
Total loans payable	32,687,391	212,607	(1,662,607)	31,237,391	1,322,961
Total long-term debt	\$ 32,847,307	212,607	(1,686,523)	31,373,391	1,342,961

Changes in long-term debt amounts for 2014 were as follows:

	Balance 2013	Additions	Principal Payments	Balance 2014	Current Portion
Long-term debt:					
Bonds payable:					
1975 General obligation bonds – OL-2	\$ 7,652	-	(3,736)	3,916	3,916
1980 Revenue bonds – PRE-1	82,000	-	(10,000)	72,000	11,000
1981 Revenue bonds – PR-6	92,000	-	(8,000)	84,000	9,000
Total bonds payable	181,652	-	(21,736)	159,916	23,916
Loans payable:					
1977 U.S. EDA loan – Novato Water	79,875	-	(14,430)	65,445	15,152
1977 U.S. EDA loan – West Marin Water	11,201	-	(2,144)	9,057	2,250
2005 DWR loan – Novato Water	13,819,824	-	(718,449)	13,101,375	365,676
2005 SWRCB loan – Novato Recycled	3,218,157	-	(196,131)	3,022,026	200,839
2011 SWRCB loan – Novato Recycled	9,590,697	42,079	(364,798)	9,267,978	397,767
2011 B of M loan – Novato Water	6,559,082	-	(261,992)	6,297,090	270,827
2011 B of M loan – West Marin Water	962,878	-	(38,458)	924,420	39,859
Total loans payable	34,241,714	42,079	(1,596,402)	32,687,391	1,292,370
Total long-term debt	\$ 34,423,366	42,079	(1,618,138)	32,847,307	1,316,286

Bonds Payable

1975 General Obligation Bonds – Issue OL-2

In 1975, the District issued general obligation bonds totaling \$70,000 to acquire and improve the Olema Water Company owned by W. Robert Phillips and others and to service that area. The bonds were purchased by the U.S. Department of Agriculture (USDA), then upon demand of the USDA the bonds were repurchased by the District's Novato Water segment on June 1, 1991. The interest rate paid to the Novato Water segment on the bonds was thereafter reset to the higher of the rate earned by the District's investments or the average rate of the Novato Water segment general obligation bond debt.

The bonds matured in 2015. Principal and interest are payable annually on January 1st and at a rate of 5.000%. At June 30, 2015 the bonds were paid-in-full.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(11) Long-Term Debt, continued

Bonds Payable, continued

1980 Revenue Bonds – Issue PRE-1

On August 22, 1980, the District issued revenue bonds totaling \$240,000 for the system rehabilitation of the Paradise Ranch Estates (PRE) water distribution system.

The bonds are scheduled to mature in 2020. Principal is payable annually on April 1st and interest is payable semi-annually on October 1st and April 1st at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,000	3,050	14,050
2017	12,000	2,500	14,500
2018	12,000	1,900	13,900
2019	13,000	1,300	14,300
2020	13,000	650	13,650
Total	61,000	9,400	70,400
Less current portion	(11,000)		
Total non-current	\$ 50,000		

1981 Revenue Bonds – Issue PR-6

On August 28, 1981, the District issued revenue bonds totaling \$217,800 to finance the further work needed to rehabilitate the Point Reyes and Inverness Park water systems including the addition of a 300,000 gallon tank in Point Reyes Station and a 100,000 gallon tank in Inverness Park.

The bonds are scheduled to mature in 2022. Principal is payable annually on July 1st and interest is payable semi-annually on July 1st and January 1st at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,000	3,525	12,525
2017	10,000	3,050	13,050
2018	10,000	2,550	12,550
2019	11,000	2,025	13,025
2020	11,000	1,475	12,475
2021-2022	24,000	1,200	25,200
Total	75,000	13,825	88,825
Less current portion	(9,000)		
Total non-current	\$ 66,000		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(11) Long-Term Debt, continued

Loans Payable

1977 U.S. EDA Loan – Novato Water segment

In August 1977, the District secured a loan with the U.S. Economic Development Administration (EDA) to assist in the funding emergency Novato Water system projects in response to a severe drought.

The loan is scheduled to mature in 2018. Principal and interest are payable annually on July 1st at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,909	2,504	18,413
2017	16,716	1,708	18,424
2018	17,668	787	18,455
Total	50,293	4,999	55,292
Less current portion	(15,909)		
Total non-current	\$ 34,384		

1977 U.S. EDA Loan – West Marin segment

In August 1977, the District secured a loan with the U.S. Economic Development Administration (EDA) to assist in the funding emergency West Marin system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek, in response to a severe drought.

The loan is scheduled to mature in 2018. Principal and interest are payable annually on July 1st at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,363	340	2,703
2017	2,483	220	2,703
2018	1,961	145	2,106
Total	6,807	705	7,512
Less current portion	(2,363)		
Total non-current	\$ 4,444		

2005 DWR Loan – Novato Water segment

In 2005, the District entered into an agreement with the California Department of Water Resources (DWR) for a loan in an amount not-to-exceed \$16,528,850 with an interest rate of 2.39% per annum for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due each year on January 1st and July 1st.

The loan is scheduled to mature in fiscal year 2030. The loan will be repaid semi-annually over a 20-year period based on the repayment schedule below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 374,468	147,769	522,237
2017	762,413	282,062	1,044,475
2018	780,744	263,730	1,044,474
2019	799,515	244,959	1,044,474
2020	818,737	225,738	1,044,475
2021-2025	4,398,597	823,775	5,222,372
2026-2030	4,431,181	268,956	4,700,137
Total	12,365,655	2,256,989	14,622,644
Less current portion	(374,468)		
Total non-current	\$ 11,991,187		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(11) Long-Term Debt, continued

Loans Payable

2005 SWRCB Loan – Novato Recycled Water segment

In 2005, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount of \$4,302,560 with an interest rate of 2.4% per annum for the construction of a recycled water facility.

As noted in Note 3, the District entered into a contractual agreement with Black Point Golf Links whereby the golf course agreed to reimburse the District for construction costs incurred for the new recycled water facility, in-lieu of connection fees. Black Point Golf Links, as the major customer of the recycled water facility, contributes significantly to the repayment of this loan through the repayment of the note receivable to the District.

The loan is scheduled to mature in 2027. Principal and interest are payable annually on June 19th at a rate of 2.4%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 205,658	67,709	273,367
2017	210,594	62,773	273,367
2018	215,648	57,719	273,367
2019	220,824	52,543	273,367
2020	226,124	47,243	273,367
2021-2025	1,214,676	152,159	1,366,835
2026-2027	527,663	19,071	546,734
Total	2,821,187	459,217	3,280,404
Less current portion	(205,658)		
Total non-current	\$ 2,615,529		

2011 DWR Loan – Novato Recycled Water segment – North and South Service Areas

In fiscal year 2011, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$4,364,335 with an interest rate of 2.60% per annum for the construction of the Recycled Water Expansion project – North Service Area. As of June 30, 2013, eligible costs for reimbursement were \$4,364,335 plus \$11,270 in capitalized interest charges for a total loan of \$4,375,605. Principal and interest payments of \$281,892 are due and payable annually on the loan until fiscal year 2033.

In fiscal year 2012, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$5,480,740 with an interest rate of 2.20% per annum for the construction of the Recycled Water Expansion project – South Service Area. As of June 30, 2014, eligible costs for reimbursement were \$5,357,887 plus \$4,065 in capitalized interest charges for a total loan of \$5,361,952. Principal and interest payments of \$332,407 are due and payable annually on the loan until fiscal year 2034. Future annual debt service payments on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 403,526	210,773	614,299
2017	413,125	201,174	614,299
2018	422,954	191,345	614,299
2019	433,018	181,281	614,299
2020	443,323	170,976	614,299
2021-2025	2,380,053	691,442	3,071,495
2026-2030	2,677,378	394,117	3,071,495
2031-2034	1,696,834	80,531	1,777,365
Total	8,870,211	2,121,639	10,991,850
Less current portion	(403,526)		
Total non-current	\$ 8,466,685		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(11) Long-Term Debt, continued

Loans Payable, continued

2011 Bank of Marin Loan – Novato Water and West Marin Water segments

In October 2013, the District entered into a loan agreement with the Bank of Marin for a 20-year \$8.0 million construction loan with an interest rate of 3.42% per annum for the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. The loan is scheduled to mature in September of fiscal year 2033. A principal and interest payment of \$46,067 is payable monthly on the 27th day of each month. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 321,037	231,763	552,800
2017	332,811	219,989	552,800
2018	344,363	208,437	552,800
2019	356,315	196,485	552,800
2020	368,180	184,620	552,800
2021-2025	2,044,014	719,986	2,764,000
2026-2030	2,424,399	339,601	2,764,000
2031-2032	719,512	17,555	737,067
Total	6,910,631	2,118,436	9,029,067
Less current portion	(321,037)		
Total non-current	\$ 6,589,594		

2015 SWRCB Loan – Novato Recycled Water segment – Central Service Area

In fiscal year 2015, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$9,900,000 for the construction of the Recycled Water Expansion project – Central Service Area. As of June 30, 2015, eligible costs for reimbursement were \$212,607. Principal and interest payments of will be determined upon completion of the project. The loan as anticipated to start repayment upon project completion anticipated during fiscal year 2017.

(12) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

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, 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.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(12) Defined Benefit Pension Plan, continued

Benefits Provided, continued

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired on or after January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012 and have not been separated from service from such agency for more than six months, the retirement benefit is 2.5% @ 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, the retirement benefit is 2.0% @ 62 years of age; 3 year final compensation.

The Plans' provision and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	15.701%	6.25%

As of June 30, 2015, an actuarial report was not prepared by CalPERS for the District's PEPRA tier. CalPERS made this determination as a result of the District not having PEPRA eligible employees between the period January 1, 2013 and June 30, 2013, the valuation date of the actuarial report provided.

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 July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year ended June 30, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan 2015
Contributions – employer	\$ 669,066
Contributions – employer side fund payoff	-
Contributions – employee (paid by employer)	167,080
Total employer paid contributions	<u>\$ 836,146</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(12) Defined Benefit Pension Plan, continued

Contributions, continued

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Pension Liability
	2015
Miscellaneous Plan	\$ 6,701,264

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the pool. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The Districts' proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Districts' proportionate share of the pension liability for the Plan as of the actuarial's valuation date June 30, 2013 for the measurement date June 30, 2014, was as follows:

	Miscellaneous
Proportion – June 30, 2013 (Valuation Date)	0.10769%
Proportion – June 30, 2014 (Measurement Date)	0.10769%
Change – Increase (Decrease)	0.00000%

As a result of the implementation of the GASB 68 pronouncement at June 30, 2015, the District recognized pension expense of \$702,222 and \$ 0 at June 30, 2015 and 2014, respectively.

As of the fiscal year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 669,066	-
Net differences between projected and actual earnings on plan investments	-	(2,182,010)
Change in employer's proportion of differences between the employer's contributions and the employer's proportionate share of contributions	88,134	-
Total	\$ 757,200	(2,182,010)

As of June 30 2015, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$669,066 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(12) Defined Benefit Pension Plan, continued

Contributions, continued

As a result of the implementation of the GASB 68 at June 30, 2015, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense (income) as follows.

Actuarially Determined Deferred Outflows and (Inflows) - Miscellaneous Plan			
Fiscal Year Ending June 30:	Adjustment Due to Differences in Proportions	Difference between Projected and Actual Earnings on Pension Plan Investments	Net, Deferred Outflows/(Inflows) of Resources
2016	\$ 31,477	(545,502)	\$ (514,025)
2017	31,477	(545,502)	(514,025)
2018	25,180	(545,502)	(520,322)
2019	-	(545,504)	(545,504)
2020	-	-	-
Thereafter	-	-	-
Total	\$ 88,134	(2,182,010)	\$ (2,093,876)

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation report was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. Further details of the Experience Study can be found on the CalPERS website.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(12) Defined Benefit Pension Plan, continued

Discount Rate

The Discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determine using a building-block method in which best-estimate ranges of 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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Year 11+**
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100.0%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(12) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset) \$	12,079,630	6,701,264	2,237,730

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 48-49 for Required Supplementary Schedules.

(13) Net Position

Calculation of net position per fund as of June 30, 2015, were as follows:

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 17,839,979	251,219	426,550	11,107	18,528,855
Depreciable capital assets, net	68,183,356	18,587,093	5,346,050	831,027	92,947,526
Capital project loan proceeds unused	956,017	614,299	646,876	-	2,217,192
Current:					
Bonds payable	-	-	(20,000)	-	(20,000)
Loans payable	(670,321)	(609,184)	(43,456)	-	(1,322,961)
Non-current:					
Bonds payable	-	-	(116,000)	(282,895)	(398,895)
Loans payable	(17,771,697)	(11,294,821)	(847,912)	-	(29,914,430)
Total net investment in capital assets	68,537,334	7,548,606	5,392,108	559,239	82,037,287
Restricted net position:					
Connection fee reserve	-	-	176,345	-	176,345
Wohler pipeline reserve	398,456	-	-	-	398,456
Collector No. 6 reserve	1,566,630	-	-	-	1,566,630
Cash reserve for debt service	-	-	30,101	-	30,101
Accrued interest for debt service	-	-	(1,103)	-	(1,103)
Total restricted net position	1,965,086	-	205,343	-	2,170,429
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	556,658	-	-	-	556,658
Prepaid expenses and deposits	73,830	-	-	1,063	74,893
Non-current:					
Note receivable – Black Point Golf Links	-	1,730,041	-	-	1,730,041
Notes receivable – employee housing loans, net	1,234,200	-	-	-	1,234,200
Total non-spendable net position	1,864,688	1,730,041	-	1,063	3,595,792
Spendable net position are designated as follows:					
Other post-employment benefits reserve	3,523,518	-	-	-	3,523,518
Operating reserve	(5,166,838)	1,044,477	336,140	614,465	(3,171,756)
Total spendable net position	(1,643,320)	1,044,477	336,140	614,465	351,762
Total unrestricted net position	221,368	2,774,518	336,140	615,528	3,947,554
Total net position	\$ 70,723,788	10,323,124	5,933,591	1,174,767	88,155,270

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(13) Net Position, continued

Calculation of net position per fund as of June 30, 2014, were as follows:

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 6,291,113	4,025	606,644	20,463	6,922,245
Depreciable capital assets, net	67,875,520	19,041,202	4,021,117	836,742	91,774,581
Capital project loan proceeds unused	4,435,827	614,299	638,523	-	5,688,649
Current:					
Bonds payable	-	-	(23,916)	-	(23,916)
Loans payable	(651,655)	(598,605)	(42,110)	-	(1,292,370)
Non-current:					
Bonds payable	-	-	(136,000)	-	(136,000)
Loans payable	(18,812,255)	(11,691,398)	(891,368)	-	(31,395,021)
Total net investment in capital assets	<u>59,138,550</u>	<u>7,369,523</u>	<u>4,172,890</u>	<u>857,205</u>	<u>71,538,168</u>
Restricted net position:					
Connection fee reserve	-	-	170,481	-	170,481
Wohler pipeline reserve	395,314	-	-	-	395,314
Collector No. 6 reserve	1,554,276	-	-	-	1,554,276
Olema bond reserve	3,916	-	-	-	3,916
Cash reserve for debt service	-	-	33,485	-	33,485
Accrued interest for debt service	-	-	(1,452)	-	(1,452)
Total restricted net position	<u>1,953,506</u>	<u>-</u>	<u>202,514</u>	<u>-</u>	<u>2,156,020</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	582,837	-	-	-	582,837
Prepaid expenses and deposits	36,364	-	-	1,242	37,606
Non-current:					
Note receivable – Black Point Golf Links	-	1,936,194	-	-	1,936,194
Notes receivable – employee housing loans, net	<u>1,249,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,200</u>
Total non-spendable net position	<u>1,868,401</u>	<u>1,936,194</u>	<u>-</u>	<u>1,242</u>	<u>3,805,837</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	3,310,725	-	-	-	3,310,725
Operating reserve	<u>3,480,197</u>	<u>699,341</u>	<u>219,179</u>	<u>274,088</u>	<u>4,672,805</u>
Total spendable net position	<u>6,790,922</u>	<u>699,341</u>	<u>219,179</u>	<u>274,088</u>	<u>7,983,530</u>
Total unrestricted net position	<u>8,659,323</u>	<u>2,635,535</u>	<u>219,179</u>	<u>275,330</u>	<u>11,789,367</u>
Total net position	<u>\$ 69,751,379</u>	<u>10,005,058</u>	<u>4,594,583</u>	<u>1,132,535</u>	<u>85,483,555</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(14) Adjustment to Net Position

Accounts Receivable – Unbilled Receivable

In fiscal year 2015, the District determined that the prior year calculation of unbilled accounts receivable related to the 2014 fiscal year under accrued what should have been reported as unbilled receivables. Accordingly, the District has recorded a prior period adjustment to net position in the amount of \$394,808 at June 30, 2014.

Capital Contributions

In fiscal year 2014, the District determined that capital contributions related to the Caltrans Aqueduct Energy Efficiency and Marin-Sonoma Narrows capital construction projects which had accumulated in advances for construction which should have been recognized as capital contribution income at June 30, 2014 and 2013. Accordingly, the District recorded prior period adjustments of \$1,625,948 at June 30, 2014 and \$358,925 at June 30, 2013, the most recent prior period presented.

Net Pension Liability – GASB 68 Implementation

In fiscal year 2015, the District implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability. Following the implementation the District recognized the pension liability and recorded a prior period adjustment of \$11,025,642 at June 30, 2015, the most recent period presented. The District recorded a prior period adjustment to reclassify from expense to deferred outflows of resources, the prior year's proportionate share of employer pension contribution, including the District's side fund payoff, totaling \$2,932,724 at June 30, 2015.

Previously recorded net position of \$83,103,874 and \$81,097,278 has been adjusted to \$85,483,555 and \$81,456,203 as of June 30, 2014 and 2013, respectively. In addition, the effect of the implementation of GASB 68 is recorded as an adjustment to the beginning net position of June 30, 2015. The effect of the above adjustment is summarized as follows:

The adjustment to net position is as follows:

Net position at July 1, 2012, as previously stated	\$ 76,061,390
Effect of adjustment to record capital contributions	358,925
Change in net position at June 30, 2013, as previously stated	<u>5,035,888</u>
Net position at June 30, 2013, as restated	<u>81,456,203</u>
Effect of adjustment to record unbilled receivables	394,808
Effect of adjustment to record capital contributions	1,625,948
Change in net position at June 30, 2014, as previously stated	<u>2,006,596</u>
Total change in net position at June 30, 2014, as restated	<u>4,027,352</u>
Net position at June 30, 2014, as restated	<u>\$ 85,483,555</u>
Effect of adjustment to record net pension liability	\$ (11,025,642)
Effect of adjustment to record deferred pension outflows	<u>2,932,724</u>
Total adjustment to net position	<u>(8,092,918)</u>
Change in net position at June 30, 2015	<u>10,764,633</u>
Net position at June 30, 2015	<u>\$ 88,155,270</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(15) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2015 and 2014 was \$4,852,525 and \$4,396,985, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage including a \$10.0 million excess general liability policy with a \$1.0 million self-insured retention limit, a \$54,624,000 property and equipment policy, a \$1.0 million public official's liability policy and a \$500,000 employee fidelity bond.

(17) Commitments and Contingencies

Wohler/Collector No. 6 Agreement

The District is party to an agreement with the Sonoma County Water Agency (SCWA) that provides, among other matters, that the District is obligated to pay for a prorated share of certain SCWA's costs to improve or expand the SCWA's water utility plant. The agreement expires on June 30, 2040 and is subject to renewal for 40-year terms. Under the agreement, the District is obligated to pay promptly all billings from the SCWA and may not withhold payment pending resolution of disputes, if any, which might exist between the District and SCWA. At June 30, 2015, the District's reserve balances for these obligations were \$398,456 (Wohler Pipeline) and \$1,566,630 (Collector #6).

Novato Sanitary District

The District has entered into a contract with the Novato Sanitary District (NSD) which requires NSD to supply secondary treated effluent of sufficient quantity to the District for the recycled water treatment operation. The District pays NSD \$20 per year for an annual lease of the site for the Deer Island Recycled Water Treatment Facility which is owned and operated by the District.

Solar Power Services, Facilities and Site Agreement

In February 2012, the District entered into a Solar Power Services Agreement to purchase all the solar power generated from the Solar Power Generating Facility constructed near the District's Stafford Treatment Plant facilities at a Take-or-Pay price of \$0.1700 per kilowatt hour escalating 3.0% annually to \$0.2981 per kilowatt hour over a 20-year contract period. Also, in February 2013, the District executed a 20-year lease with the Solar Services company to construct the Solar Power Generating Facility on District land for a land lease of \$100 for the period (or \$5 per year).

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(17) Commitments and Contingencies, continued

Construction Contracts

The District has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from advances for construction. The District also improves and modifies its existing infrastructure and finances such improvements from its reserves. The District has committed to approximately \$2,738,262 in remaining costs of existing District capital projects as of June 30, 2015.

Grant Awards

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

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(18) Subsequent Event

Events occurring after June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure as of October 20, 2015, which is the date the financial statements were available to be issued.

(19) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 72

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 73

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans as pensions that are within their respective scopes.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(19) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 73, continued

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after December 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 76

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2015 and 2014

(19) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 76, continued

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

Required Supplementary Information

North Marin Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2015
Last Ten Years*

	<u>6/30/2014 (a)</u>
Plan's Proportion of the Net Pension Liability/(Asset)	<u>0.10769%</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ <u>6,701,264</u>
Plan's Covered-Employee Payroll (b)	\$ <u>4,106,287</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	<u>163.20%</u>
Plan's Proportionate Share of its Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>83.47%</u>
Plan's Proportionate Share of Aggregate Employer Contributions (c), (d)	\$ <u>2,932,724</u>

Notes:

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (b) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll related ratios.
- (c) The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side is based fund (or unfunded liability) contributions made by the employer during the measurement period.
- (d) This data is not required to be displayed by GASB 68 for employer's participating in cost-sharing plans, but is being shown here because it is used in the calculation of the Plan's pension expense.
- * Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

North Marin Water District
Schedule of Pension Plan Contributions
As of June 30, 2015
Last Ten Years*

<u>Schedule of Pension Plan Contributions (a):</u>	<u>Fiscal Year</u> <u>2013-2014</u>
Actuarially Determined Contribution (b)	\$ 900,997
Contributions in Relation to the Actuarially Determined Contribution (b)	<u>(2,974,698)</u>
Contribution Deficiency (Excess)	\$ <u>(2,073,701)</u>
Covered Payroll (c), (d)	\$ <u>4,106,287</u>
Contribution's as a percentage of Covered-employee Payroll (c)	<u>72.44%</u>

Notes:

- (e) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (f) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employer's may choose to make additional contributions towards their side fund or unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- (g) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- (h) Payroll from prior year (\$3,986,686) was assumed to increase by the 3.00 percent payroll growth assumption.
- * Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**North Marin Water District
Schedule of Funding Status
For the Years Ended June 30, 2015 and 2014**

Other Post-Employment Benefits Payable

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	\$ -	3,130,628	3,130,628	0.00%	\$ 4,348,543	71.99%
July 1, 2009	-	2,601,556	2,601,556	0.00%	4,418,559	58.88%
July 1, 2006	-	2,637,574	2,637,574	0.00%	4,262,790	61.87%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016 based on the year ending June 30, 2015. (See Notes 10 and 12 for District other post-employment benefits reserve designations)

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Supplemental Information

Combining Schedules

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2015

<i>Assets and Deferred Outflows of Resources</i>	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	\$ -	507,885	287,140	344,200	1,139,225
Restricted – cash and cash equivalents	2,336,568	614,299	853,322	-	3,804,189
Accrued interest receivable	18,767	-	-	-	18,767
Accounts receivable – water and sewer sales	2,583,756	301,044	107,901	1,430	2,994,131
Accounts receivable – governmental agencies	1,000,009	-	-	-	1,000,009
Accounts receivable – other	33,255	-	-	-	33,255
Capital grants and loan proceeds receivable	-	212,607	802	-	213,409
Note receivable – Black Point Golf Links	-	206,155	-	-	206,155
Notes receivable – employee computer loans	445	-	-	-	445
Materials and supplies inventory	556,658	-	-	-	556,658
Prepaid expenses and deposits	73,830	-	-	1,063	74,893
Total current assets	6,603,288	1,841,990	1,249,165	346,693	10,041,136
Non-current assets:					
Restricted – investments	9,244,351	-	-	-	9,244,351
Note receivable – Black Point Golf Links	-	1,730,041	-	-	1,730,041
Notes receivable – employee housing loans, net	1,234,200	-	-	-	1,234,200
Capital assets, not being depreciated	17,839,979	251,219	426,550	11,107	18,528,855
Depreciable capital assets, net	68,183,356	18,587,093	5,346,050	831,027	92,947,526
Total non-current assets	96,501,886	20,568,353	5,772,600	842,134	123,684,973
Deferred outflows of resources:					
Deferred pension outflows	757,200	-	-	-	757,200
Total assets and deferred outflows of resources	\$ 103,862,374	22,410,343	7,021,765	1,188,827	134,483,309
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 3,505,160	48,547	-	771	3,554,478
Accrued wages and related payables	205,121	21,745	28,250	10,591	265,707
Accrued claims payable	54,796	1,472	1,783	669	58,720
Customer advances and deposits	629,678	-	27,795	2,029	659,502
Accrued interest payable – long-term debt	2,515	111,450	2,978	-	116,943
Long-term liabilities – due within one year:					
Compensated absences	153,698	-	-	-	153,698
Bonds payable	-	-	20,000	-	20,000
Loans payable	670,321	609,184	43,456	-	1,322,961
Total current liabilities	5,221,289	792,398	124,262	14,060	6,152,009
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	461,090	-	-	-	461,090
Other post-employment benefits payable	801,236	-	-	-	801,236
Bonds payable	-	-	116,000	-	116,000
Loans payable	17,771,697	11,294,821	847,912	-	29,914,430
Net pension liability	6,701,264	-	-	-	6,701,264
Total non-current liabilities	25,735,287	11,294,821	963,912	-	37,994,020
Deferred inflows of resources:					
Deferred pension inflows	2,182,010	-	-	-	2,182,010
Total liabilities and deferred inflows of resources	\$ 33,138,586	12,087,219	1,088,174	14,060	46,328,039
Net position:					
Net investment in capital assets	\$ 68,537,334	7,548,606	5,392,108	559,239	82,037,287
Restricted for capital projects and debt service	1,965,086	-	205,343	-	2,170,429
Unrestricted	221,368	2,774,518	336,140	615,528	3,947,554
Total net position	70,723,788	10,323,124	5,933,591	1,174,767	88,155,270
Total liabilities, deferred inflows of resources and net position	\$ 103,862,374	22,410,343	7,021,765	1,188,827	134,483,309

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2014

<i>Assets and Deferred Outflows of Resources</i>	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	As Restated Total
Current assets:					
Cash and cash equivalents	\$ 4,443,465	438,053	70,039	282,895	5,234,452
Restricted – cash and cash equivalents	1,860,743	614,299	842,489	-	3,317,531
Accrued interest receivable	13,561	-	-	-	13,561
Accounts receivable – water and sewer sales	3,241,158	236,034	132,623	2,326	3,612,141
Accounts receivable – governmental agencies	1,649,222	-	-	-	1,649,222
Accounts receivable – other	29,947	8,265	-	-	38,212
Capital grants and loan proceeds receivable	-	-	65,159	-	65,159
Note receivable – Black Point Golf Links	-	201,276	-	-	201,276
Notes receivable – employee computer loans	590	-	-	-	590
Materials and supplies inventory	582,837	-	-	-	582,837
Prepaid expenses and deposits	36,364	-	-	1,242	37,606
Total current assets	11,857,887	1,497,927	1,110,310	286,463	14,752,587
Non-current assets:					
Restricted – investments	6,244,026	-	-	-	6,244,026
Note receivable – Black Point Golf Links	-	1,936,194	-	-	1,936,194
Notes receivable – employee housing loans, net	1,249,200	-	-	-	1,249,200
Capital assets, not being depreciated	6,291,113	4,025	606,644	20,463	6,922,245
Depreciable capital assets, net	67,875,520	19,041,202	4,021,117	836,742	91,774,581
Total non-current assets	81,659,859	20,981,421	4,627,761	857,205	108,126,246
Deferred outflows of resources:					
Deferred pension outflows	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 93,517,746	22,479,348	5,738,071	1,143,668	122,878,833
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,267,636	57,520	-	747	2,325,903
Accrued wages and related payables	175,973	12,956	26,600	8,628	224,157
Accrued claims payable	23,492	411	795	258	24,956
Customer advances and deposits	543,809	-	21,247	1,500	566,556
Accrued interest payable – long-term debt	3,272	113,400	1,452	-	118,124
Long-term liabilities – due within one year:					
Compensated absences	148,657	-	-	-	148,657
Bonds payable	-	-	23,916	-	23,916
Loans payable	651,655	598,605	42,110	-	1,292,370
Total current liabilities	3,814,494	782,892	116,120	11,133	4,724,639
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	445,971	-	-	-	445,971
Other post-employment benefits payable	693,647	-	-	-	693,647
Bonds payable	-	-	136,000	-	136,000
Loans payable	18,812,255	11,691,398	891,368	-	31,395,021
Net pension liability	-	-	-	-	-
Total non-current liabilities	19,951,873	11,691,398	1,027,368	-	32,670,639
Deferred inflows of resources:					
Deferred pension inflows	-	-	-	-	-
Total liabilities and deferred inflows of resources	\$ 23,766,367	12,474,290	1,143,488	11,133	37,395,278
Net position:					
Net investment in capital assets	\$ 59,138,550	7,369,523	4,172,890	857,205	71,538,168
Restricted for capital projects and debt service	1,953,506	-	202,514	-	2,156,020
Unrestricted	8,659,323	2,635,535	219,179	275,330	11,789,367
Total net position	69,751,379	10,005,058	4,594,583	1,132,535	85,483,555
Total liabilities, deferred inflows of resources and net position	\$ 93,517,746	22,479,348	5,738,071	1,143,668	122,878,833

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	\$ 11,902,357	715,462	562,196	-	13,180,015
Bi-monthly meter service charge	4,116,559	28,611	166,938	-	4,312,108
Sewer service charges	-	-	-	186,864	186,864
Water conservation projects	11,970	-	-	-	11,970
Other charges and services	383,561	20	6,639	140	390,360
Total operating revenues	16,414,447	744,093	735,773	187,004	18,081,317
Operating expenses:					
Source of supply	4,390,548	212,245	21,862	-	4,624,655
Pumping	316,702	4,648	30,657	-	352,007
Water facilities operations	628,362	64,048	59,530	-	751,940
Water treatment	1,873,680	6,053	141,132	-	2,020,865
Transmission and distribution	2,528,492	68,939	129,737	-	2,727,168
Sewage collection and treatment	-	-	-	108,928	108,928
Customer service	562,254	777	23,457	2,091	588,579
General and administrative	1,557,530	42,559	51,463	21,604	1,673,156
Water conservation projects	460,400	-	17,960	-	478,360
Total operating expenses	12,317,968	399,269	475,798	132,623	13,325,658
Operating income before depreciation	4,096,479	344,824	259,975	54,381	4,755,659
Depreciation	(2,507,124)	(471,674)	(155,067)	(49,860)	(3,183,725)
Operating income(loss)	1,589,355	(126,850)	104,908	4,521	1,571,934
Non-operating revenues(expenses):					
Property tax revenue	-	-	46,032	48,359	94,391
Investment earnings	73,066	5,840	5,027	2,323	86,011
Interest earnings from note receivable – BPGL	-	49,296	-	-	49,296
Rental revenue	85,216	-	3,941	500	89,657
Interest expense – long-term debt	(522,290)	(287,110)	(38,795)	-	(847,950)
Other non-operating revenues	100,901	5,143	-	-	106,044
Other non-operating expenses	(49,902)	(17,169)	(3,119)	(28,671)	(98,861)
Total non-operating revenues, net	(313,009)	(244,000)	13,086	22,511	(521,412)
Net income(loss) before capital contributions	1,276,346	(370,850)	117,994	27,032	1,050,522
Capital contributions:					
State of California – Caltrans	7,070,554	-	-	-	7,070,554
Developers and others	317,030	-	20,302	-	337,332
Connection fees	763,600	-	22,800	15,200	801,600
Capital grants – state and local	326,713	-	1,177,912	-	1,504,625
Capital contributions	8,477,897	-	1,221,014	15,200	9,714,111
Change in net position	9,754,243	(370,850)	1,339,008	42,232	10,764,633
Net position transfer	(688,916)	688,916	-	-	-
Net position, beginning of year - as restated	69,751,379	10,005,058	4,594,583	1,132,535	85,483,555
Prior period adjustment	(8,092,918)	-	-	-	(8,092,918)
Net position, end of year	\$ 70,723,788	10,323,124	5,933,591	1,174,767	88,155,270

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	As Restated Total
Operating revenues:					
Water consumption sales	\$ 14,177,003	691,629	611,806	-	15,480,438
Bi-monthly meter service charge	4,112,544	27,002	169,038	-	4,308,584
Sewer service charges	-	-	-	177,970	177,970
Water conservation projects	4,410	-	-	-	4,410
Other charges and services	793,907	712	6,268	140	801,027
Total operating revenues	19,087,864	719,343	787,112	178,110	20,772,429
Operating expenses:					
Source of supply	6,033,812	171,265	21,173	-	6,226,250
Pumping	329,909	2,574	30,514	-	362,997
Water facilities operations	654,217	77,010	53,916	-	785,143
Water treatment	1,767,930	15,764	146,416	-	1,930,110
Transmission and distribution	2,244,648	25,154	146,566	-	2,416,368
Sewage collection and treatment	-	-	-	120,548	120,548
Customer service	560,499	-	24,333	2,235	587,067
General and administrative	1,222,340	21,502	41,561	15,736	1,301,139
Water conservation projects	429,444	-	9,790	-	439,234
Total operating expenses	13,242,799	313,269	474,269	138,519	14,168,856
Operating income before depreciation	5,845,065	406,074	312,843	39,591	6,603,573
Depreciation	(2,445,635)	(470,894)	(154,749)	(57,024)	(3,128,302)
Operating income(loss)	3,399,430	(64,820)	158,094	(17,433)	3,475,271
Non-operating revenues(expenses):					
Property tax revenue	-	-	45,184	44,887	90,071
Investment earnings	86,083	1,148	3,293	1,051	66,612
Interest earnings from note receivable – BPGL	-	54,059	-	-	54,059
Rental revenue	85,058	-	4,035	500	89,593
Interest expense – long-term debt	(508,269)	(306,608)	(40,916)	-	(830,830)
Allowance for impairment of employee housing loans	110,000	-	-	-	110,000
CalPERS side-fund payoff	(2,073,701)	-	-	-	(2,073,701)
Other non-operating revenues	139,252	-	149	-	139,401
Other non-operating expenses	(198,856)	(2,111)	(35,525)	(888)	(237,380)
Total non-operating revenues, net	(2,360,433)	(253,512)	(23,780)	45,550	(2,592,175)
Net income(loss) before capital contributions	1,038,997	(318,332)	134,314	28,117	883,096
Capital contributions:					
State of California – Caltrans	1,625,948	-	-	-	1,625,948
Developers and others	393,766	-	5,239	-	399,005
Contributed capital assets	6,600	-	-	-	6,600
Connection fees	99,600	-	22,800	30,400	152,800
Capital grants – federal	-	138,073	-	-	138,073
Capital grants – state and local	538,799	16,971	266,060	-	821,830
Capital contributions	2,664,713	155,044	294,099	30,400	3,144,256
Change in net position	3,703,710	(163,288)	428,413	58,517	4,027,352
Net position transfer	(1,550,201)	1,550,201	-	-	-
Net position, beginning of year – as restated	67,597,870	8,618,145	4,166,170	1,074,018	81,456,203
Net position, end of year – as restated	\$ 69,751,379	10,005,058	4,594,583	1,132,535	85,483,555

See accompanying notes to the basic financial statements

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Statistical Information Section

North Marin Water District Statistical Section

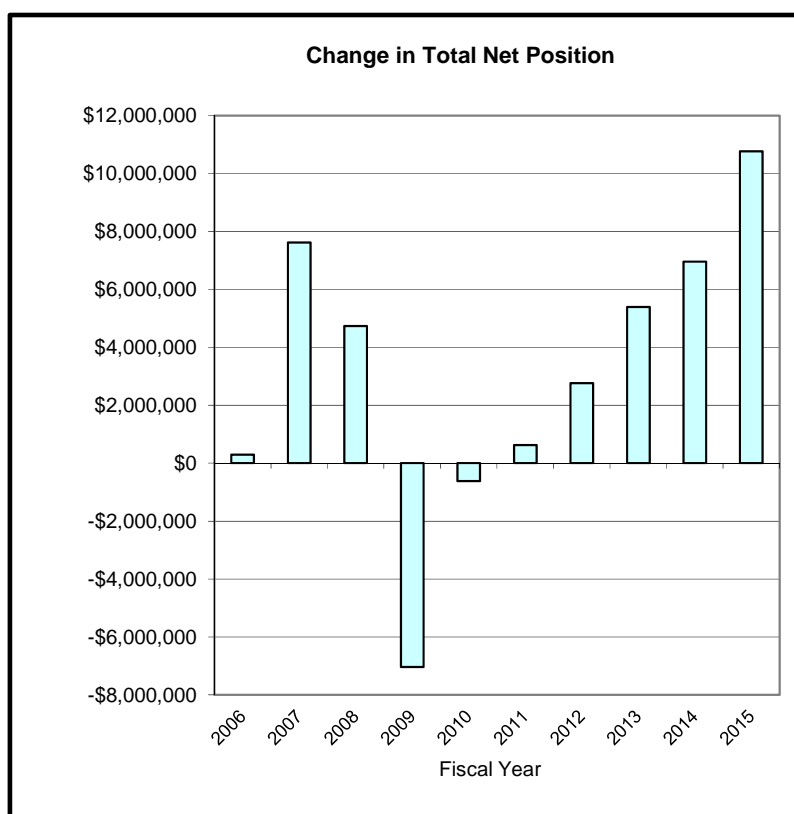
This part of the District's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

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Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	56-60
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	61-64
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	65-66
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	67-68
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	69-70

North Marin Water District **Changes in Net Position and Net Position by Component** **Last Ten Fiscal Years**

	Fiscal Year		
	2006	2007	2008
Change in net assets:			
Operating revenues (see schedule 2)	\$10,089,848	\$11,848,037	\$11,779,157
Operating expenses (see schedule 3)	(10,605,417)	(12,555,989)	(12,538,993)
Depreciation and amortization	(1,069,150)	(1,490,077)	(1,761,673)
Operating income(loss)	(\$1,584,719)	(\$2,198,029)	(\$2,521,509)
Net non-op revenue(expense) (see schedule 4)	(251,982)	1,178,739	197,211
Net income(loss) before capital contributions	(\$1,836,701)	(\$1,019,290)	(\$2,324,298)
Capital contributions	2,133,298	8,639,031	7,061,891
Change in net position	\$296,597	\$7,619,741	\$4,737,593
Net position by component:			
Net investment in capital assets	\$57,718,713	\$59,290,284	\$65,099,863
Restricted	7,130,109	4,994,444	4,743,194
Unrestricted	6,465,974	11,179,233	10,476,733
Total net position	\$71,314,796	\$75,463,961	\$80,319,790



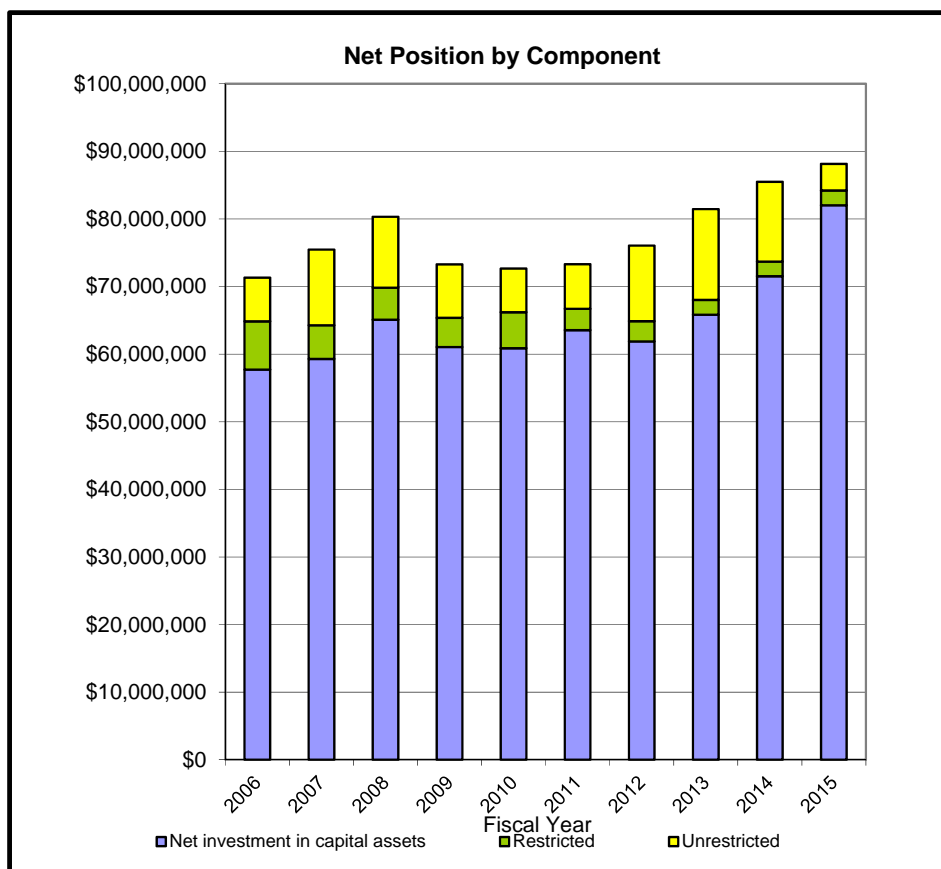
Source: North Marin Water District Audited Financial Statements

⁽¹⁾ Asset lives were adjusted in Fiscal Year 2009 which resulted in a large depreciation adjustment

North Marin Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years, continued

Schedule 1

Fiscal Year						
2009	2010	2011	2012	Restated* 2013	Restated* 2014	2015
\$12,526,294	\$12,381,493	\$13,797,012	\$15,435,733	\$18,256,638	\$20,772,429	\$18,081,317
(13,257,125)	(13,083,372)	(11,878,612)	(12,610,862)	(13,140,845)	(14,168,856)	(13,325,658)
(10,091,139) ⁽¹⁾	(2,659,883)	(2,660,418)	(2,726,598)	(2,793,360)	(3,128,302)	(3,183,725)
(\$10,821,970)	(\$3,361,762)	(\$742,018)	\$98,273	\$2,322,433	\$3,475,271	\$1,571,934
8,954	(255,218)	(414,563)	(531,318)	(285,490)	(2,592,175)	(521,412)
(\$10,813,016)	(\$3,616,980)	(\$1,156,581)	(\$433,045)	\$2,036,943	\$883,096	\$1,050,522
3,776,402	2,998,366	1,785,475	3,200,979	3,357,870	3,144,256	9,714,111
(\$7,036,614)	(\$618,614)	\$628,894	\$2,767,934	\$5,394,813	\$4,027,352	\$10,764,633
\$61,057,551	\$60,880,162	\$63,542,479	\$61,882,478	\$65,839,724	\$71,538,168	\$82,037,287
4,304,331	5,321,639	3,171,305	2,993,055	2,186,452	2,156,020	2,170,429
7,921,294	6,462,761	6,579,672	11,185,857	13,430,027	11,789,367	3,947,554
\$73,283,176	\$72,664,562	\$73,293,456	\$76,061,390	\$81,456,203	\$85,483,555	\$88,155,270

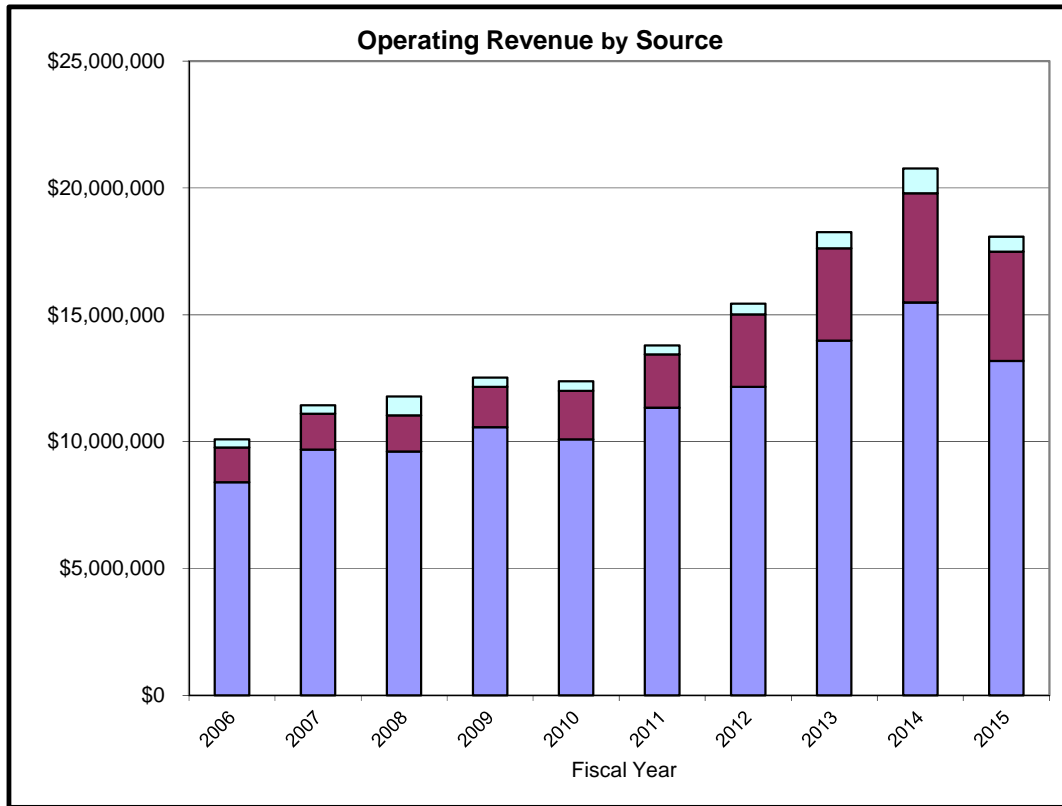


* As Restated is as a result of prior period adjustments recognized. See Note 14 for further detail.

**North Marin Water District
Operating Revenue by Source
Last Ten Fiscal Years**

Schedule 2

Fiscal Year	Water Sales	Bi-Monthly Service Charges	Other Charges and Services	Total Operating Revenue
2006	8,396,113	1,374,630	319,105	10,089,848
2007	9,693,104	1,412,428	335,692	11,441,224
2008	9,607,490	1,424,628	747,039	11,779,157
2009	10,573,368	1,581,407	371,519	12,526,294
2010	10,086,100	1,913,170	382,223	12,381,493
2011	11,334,728	2,109,255	353,029	13,797,012
2012	12,156,765	2,860,630	418,338	15,435,733
2013	13,987,034	3,630,425	639,179	18,256,638
2014	15,480,438	4,308,584	983,407	20,772,429
2015	13,180,015	4,312,108	589,194	18,081,317

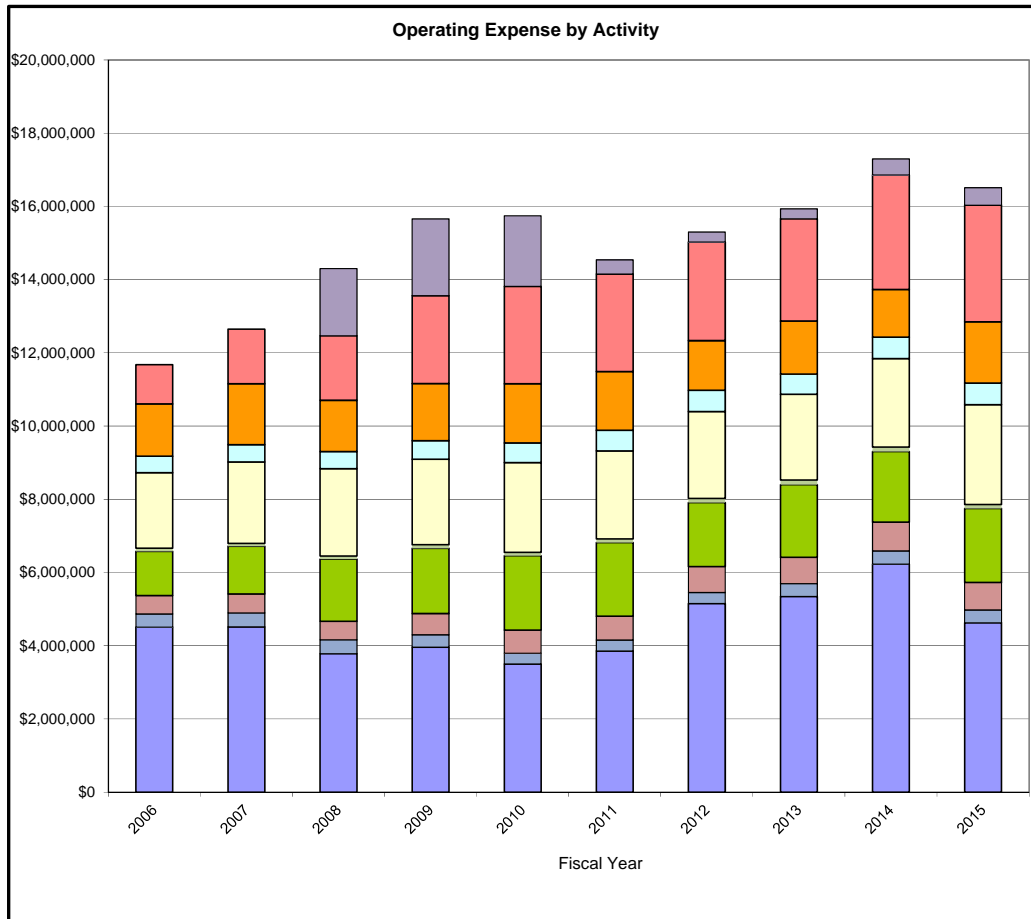


Source: North Marin Water District Audited Financial Statements

North Marin Water District Operating Expenses by Activity Last Ten Fiscal Years

Schedule 3

Fiscal Year	Source of Supply	Pumping	Operations	Water Treatment	Sewage Coll. & Treat.	Transmission & Distrib	Customer Service	General & Admin (2)	Other Op Expense	Deprec and Amortization (1)	Total Op Expense
2006	4,508,463	358,844	504,493	1,205,527	88,997	2,059,033	450,280	1,429,780	-	1,069,150	11,674,567
2007	4,513,365	381,723	518,996	1,303,084	78,331	2,222,327	474,082	1,663,330	-	1,490,077	12,645,315
2008	3,782,414	379,341	506,287	1,698,781	84,418	2,385,742	466,301	1,400,768	1,834,941	1,761,673	14,300,666
2009	3,960,788	339,236	578,868	1,781,516	98,715	2,335,067	505,218	1,561,044	2,096,673	2,400,106	15,657,231
2010	3,497,565	298,583	633,259	2,027,052	95,116	2,450,765	535,401	1,616,317	1,929,314	2,659,883	15,743,255
2011	3,856,027	299,462	648,743	2,012,125	103,054	2,400,638	564,940	1,605,455	388,168	2,660,418	14,539,030
2012	5,150,183	304,075	708,570	1,747,166	112,801	2,373,132	580,534	1,358,682	275,719	2,690,535	15,301,397
2013	5,342,988	351,816	716,780	1,986,926	127,903	2,340,330	552,202	1,449,793	272,107	2,793,360	15,934,205
2014	6,226,250	362,997	785,143	1,930,110	120,548	2,416,368	587,067	1,301,139	439,234	3,128,302	17,297,158
2015	4,624,655	352,007	752,140	2,020,865	108,928	2,727,168	588,579	1,673,156	478,360	3,183,725	16,509,583



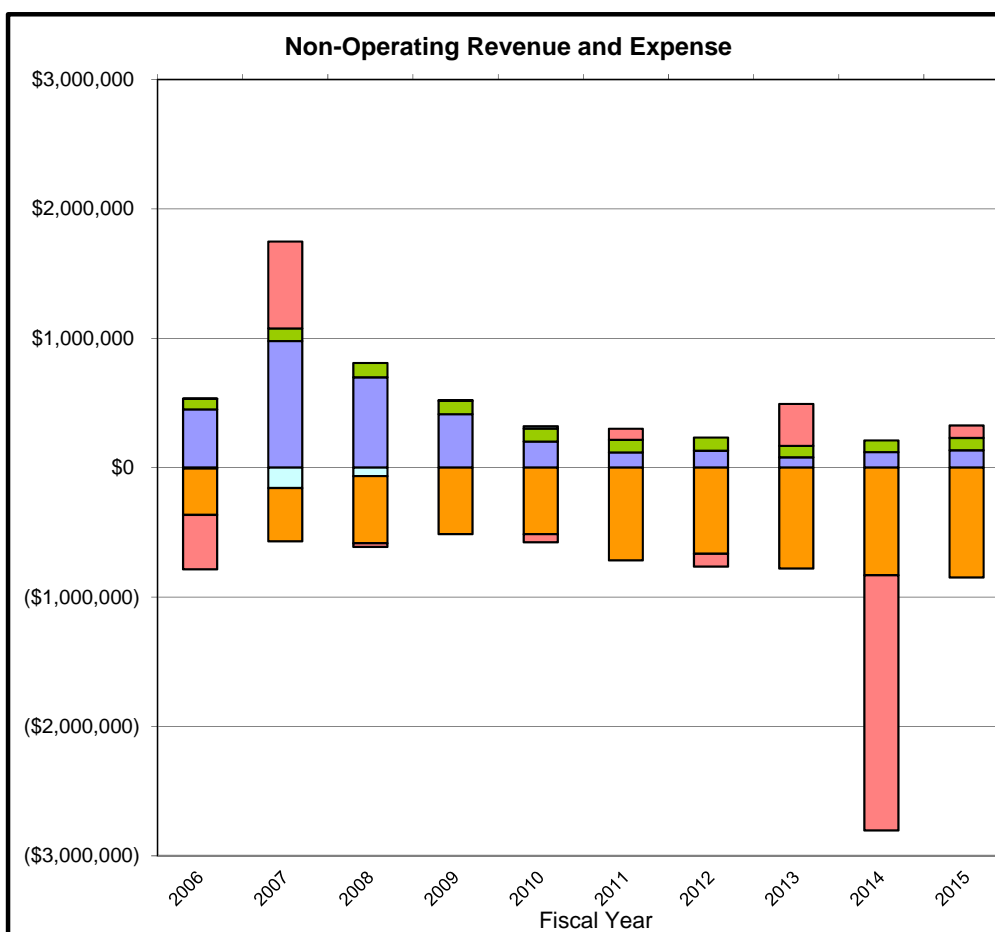
Source: North Marin Water District Audited Financial Statements

- (1) FY09 Excludes \$7,691,033 depreciation due to change in asset lives
(2) Reduced by overhead absorption

**North Marin Water District
Non-operating Revenues and Expenses
Last Ten Fiscal Years**

Schedule 4

Fiscal Year	Investment Income⁽¹⁾	Property Taxes	Gain/(Loss) on Asset Sales	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2006	450,799	82,137	(7,178)	(357,793)	(419,947)	(251,982)
2007	978,923	97,919	(157,126)	(411,543)	670,566	1,178,739
2008	699,107	110,129	(64,347)	(519,484)	(28,194)	197,211
2009	413,681	103,630	-	(513,314)	4,957	8,954
2010	202,459	100,220	17,796	(513,763)	(61,930)	(255,218)
2011	118,410	96,768	-	(715,491)	85,750	(414,563)
2012	130,974	101,559	-	(665,713)	(98,138)	(531,318)
2013	80,713	88,088	-	(778,763)	324,472	(285,490)
2014	120,671	90,071	-	(830,830)	(1,972,087)	(2,592,175)
2015	135,307	94,391	-	(847,950)	96,840	(521,412)



Notes:

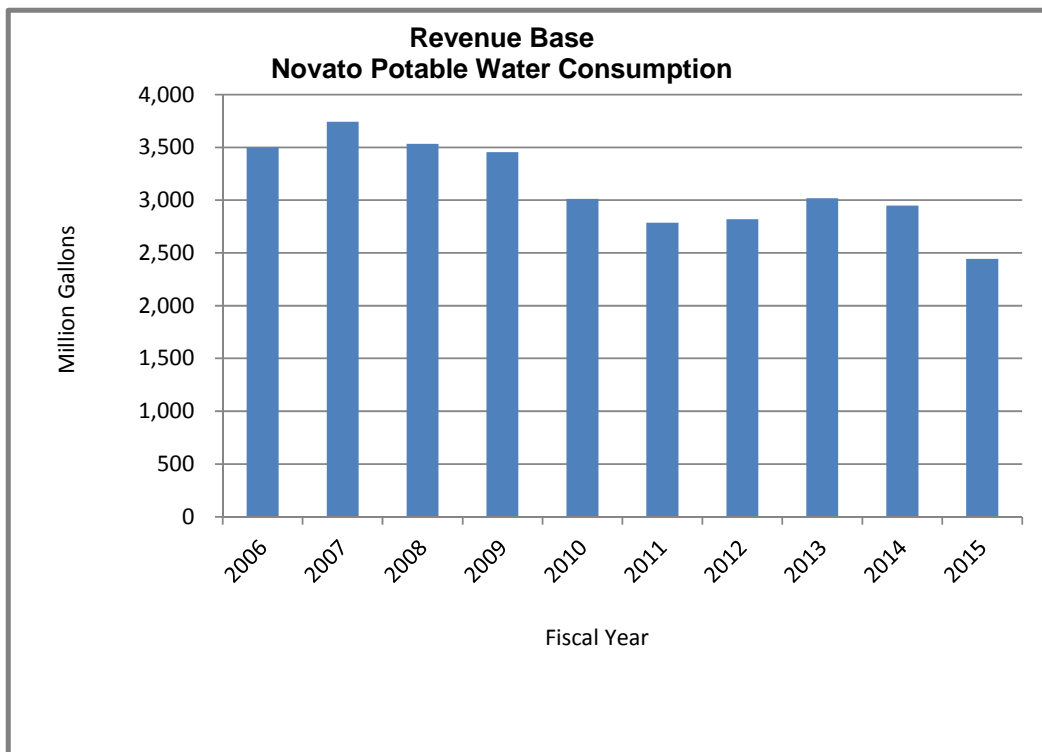
(1) Includes interest income and realized and unrealized gains and losses on investments.

Source: North Marin Water District Audited Financial Statements

**North Marin Water District
Revenue Base
Last Ten Fiscal Years**

Schedule 5

Fiscal Year	Novato Potable Water Consumption (Million Gallons)
2006	3,498
2007	3,743
2008	3,533
2009	3,454
2010	3,011
2011	2,786
2012	2,820
2013	3,018
2014	2,948
2015	2,444



Note: See Schedule 2 "Revenue by Source" for information regarding water sales.

Source: Novato Water District Billing System

**North Marin Water District
Customers by Type
Last Ten Fiscal Years**

Schedule 6

Fiscal Year	Customer Type						Total	
	Novato Potable & Recycled							
	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	Recycled			
						West Marin Water	Oceana Marin Sewer	
2006	18,054	702	1,232	205	-	753	218	21,164
2007	18,146	712	1,253	214	-	765	220	21,310
2008	18,157	717	1,278	214	-	758	223	21,347
2009	18,197	720	1,280	219	-	760	225	21,401
2010	18,208	730	1,280	220	3	769	225	21,435
2011	18,239	715	1,280	230	3	770	227	21,464
2012	18,298	720	1,246	226	2	777	227	21,496
2013	18,350	687	1,222	233	17	776	227	21,512
2014	18,491	699	1,222	231	44	776	229	21,692
2015	18,541	698	1,226	230	44	778	229	21,746

Source: North Marin Water District - Finance Department

**North Marin Water District
Novato Water Revenue Rates
Last Ten Fiscal Years**

Schedule 7

Bimonthly Service Charge										
Meter Size	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15
5/8" & 3/4"	\$10.00	\$10.00	\$10.00	\$13.20	\$14.40	\$20.00	\$25.00	\$30.00	\$30.00	\$30.00
1"	\$20.00	\$20.00	\$20.00	\$26.40	\$28.80	\$40.00	\$50.00	\$60.00	\$60.00	\$60.00
1 1/2"	\$24.00	\$24.00	\$24.00	\$32.40	\$35.30	\$49.00	\$61.00	\$73.00	\$73.00	\$73.00
2"	\$38.00	\$38.00	\$38.00	\$50.40	\$54.95	\$76.00	\$95.00	\$114.00	\$114.00	\$114.00
3"	\$75.00	\$75.00	\$75.00	\$99.60	\$108.55	\$151.00	\$189.00	\$227.00	\$227.00	\$227.00
4"	\$120.00	\$120.00	\$120.00	\$159.60	\$173.95	\$242.00	\$303.00	\$364.00	\$364.00	\$364.00
6"	\$251.00	\$251.00	\$251.00	\$334.80	\$364.95	\$507.00	\$634.00	\$761.00	\$761.00	\$761.00
8"	\$375.00	\$375.00	\$375.00	\$499.20	\$544.15	\$756.00	\$945.00	\$1,134.00	\$1,134.00	\$1,134.00

Water Use Rate (per 1,000 Gallons)										
User Type	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15
<u>Residential Zone A</u>										
Base Rate ⁽¹⁾	\$2.21	\$2.27	\$2.27	\$3.02	\$3.29	\$3.49	\$3.73	\$4.03	\$4.29	\$4.46
Tier 1: 616-1845 gpd	-	\$3.61	\$3.61	\$4.81	\$5.24	\$5.55	\$5.94	\$6.42	\$6.84	\$7.11
Tier 2: >1845 gpd	\$6.22	\$6.28	\$6.28	\$8.36	\$9.11	\$9.66	\$10.34	\$11.17	\$11.90	\$12.38
<u>Non-Residential Zone A</u>										
Base Rate ⁽¹⁾	\$2.21	\$2.41	\$2.61	\$3.48	\$3.62	\$3.84	\$4.11	\$4.44	\$4.73	\$4.92
Seasonal Rate	-	-	-	-	\$3.90	\$4.13	\$4.42	\$4.77	\$5.08	\$5.28

Notes:

(1) Rates shown exclude additional elevation rate applicable to customers in upper elevation zones

N/A - Rate class was not established during the period

Source: North Marin Water approved rates

**North Marin Water District
Ten Largest Water Customers by Revenue
Current Fiscal Year and Ten Years Ago**

Schedule 8

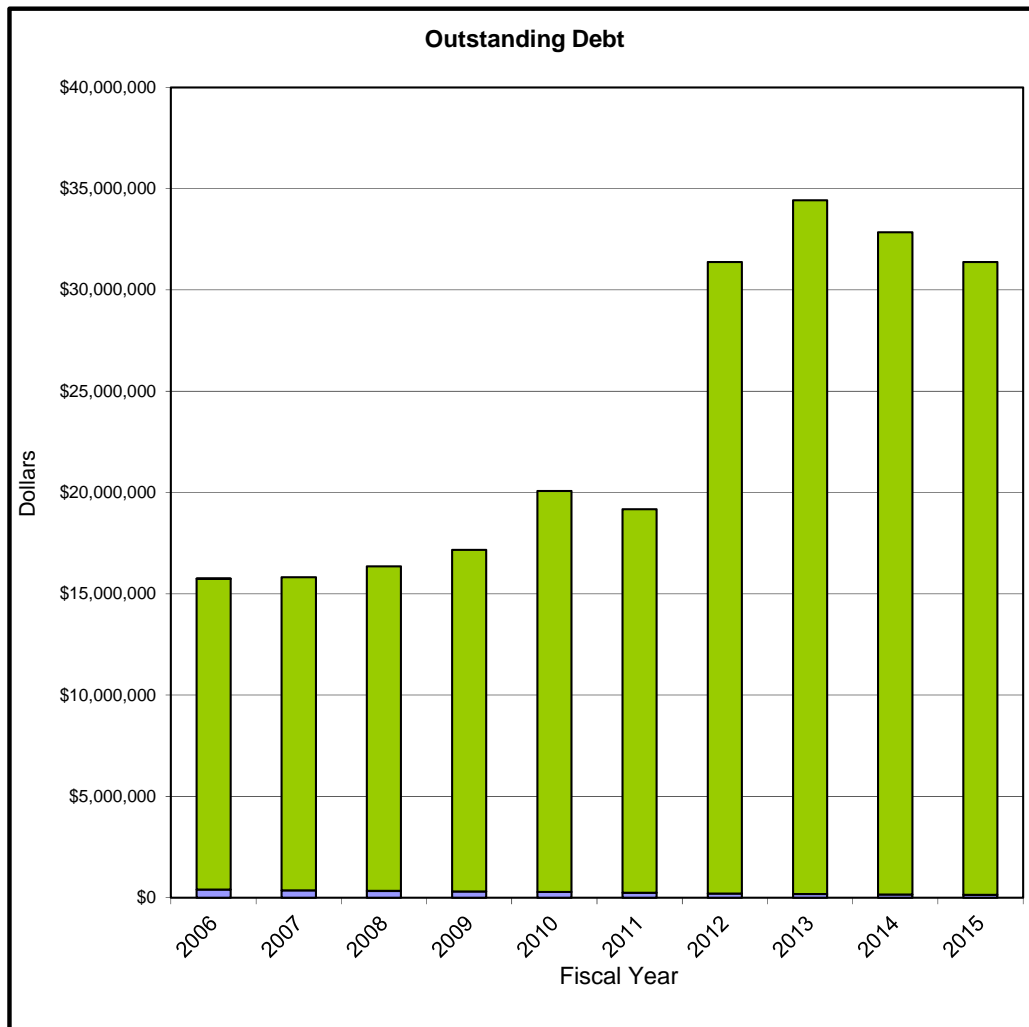
	FY 2014/15	% of Total	FY 2004/05	% of Total
1	City of Novato	2.3%	Coast Guard Spanish Housing	2.1%
2	StoneTree Golf Course	1.9%	Novato Unified School District	1.6%
3	Novato Unified School District	1.6%	City of Novato	1.5%
4	Fireman's Fund	0.9%	StoneTree Golf Course	1.4%
5	Biomarin Pharmaceutical	0.7%	Fireman's Fund	0.8%
6	Indian Valley Golf Course	0.7%	Indian Valley Golf Course	0.6%
7	Meadow Park HOA	0.6%	Lanham Village HOA	0.5%
8	Bay Vista Apartments	0.6%	Marin Valley Mobile Country Club	0.5%
9	Marion Park Apartments	0.5%	Marion Park Apartments	0.4%
10	Western Oaks Village	0.4%	Western Oaks Village	0.4%
		10.2%		9.8%
Total Water Service Revenue		\$18,070,000		\$8,990,000

Source: NMWD CORE billing system (t:\ac\excel\wtr use\[top revenue 2005_2015.xlsx]top 10

**North Marin Water District
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Schedule 9

Fiscal Year	Bonds Payable	Loans Payable	Total		
			Debt	Per Capita	As a Share of Personal Income ⁽¹⁾
2006	396,243	15,338,404	15,734,647	262.24	0.31%
2007	363,593	15,458,618	15,822,211	259.38	0.29%
2008	335,801	16,020,049	16,355,850	268.13	0.30%
2009	312,878	16,856,896	17,169,774	281.47	0.33%
2010	282,809	19,790,955	20,073,764	329.08	0.36%
2011	250,587	18,924,944	19,175,531	314.35	0.33%
2012	209,203	31,173,317	31,382,520	514.47	0.55%
2013	181,652	34,241,715	34,423,367	564.32	0.59%
2014	159,916	32,687,391	32,847,307	538.48	0.54%
2015	136,000	31,237,391	31,373,391	514.32	0.48%



Source: North Marin Water District Audited Financial Statements

⁽¹⁾ Per Capita/Personal Income per Capita (See Schedule 11)

**North Marin Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Schedule 10

Fiscal Year	Revenue ⁽¹⁾	Expense ⁽²⁾	Net Available Revenue	Debt Service		Total	Coverage Ratio
				Principal	Interest		
2006	11,999,690	(11,769,614)	230,076	210,070	465,060	675,130	0.34
2007	14,460,109	(13,149,592)	1,310,517	226,423	413,111	639,534	2.05
2008	14,214,682	(12,627,537)	1,587,145	171,909	519,485	691,394	2.30
2009	14,131,892	(13,257,125)	874,767	319,248	513,314	832,562	1.05
2010	14,635,090	(13,102,113)	1,532,977	690,462	694,044	1,384,506	1.11
2011	14,506,888	(11,905,026)	2,601,862	644,740	740,416	1,385,156	1.88
2012	16,789,744	(12,610,862)	4,178,882	1,116,410	654,484	1,770,894	2.35
2013	19,761,431	(13,284,705)	6,476,726	1,337,041	778,762	2,115,803	3.06
2014	21,364,965	(13,437,213)	7,927,752	1,618,138	830,830	2,448,968	3.24
2015	19,308,316	(13,424,517)	5,883,799	1,686,523	847,951	2,534,474	2.32

Notes:

(1) Revenues includes Connection Fee Revenue, Interest Revenue,
Rent & Lease Revenue, other non-operating revenue

(2) Operating expense excludes depreciation expense.

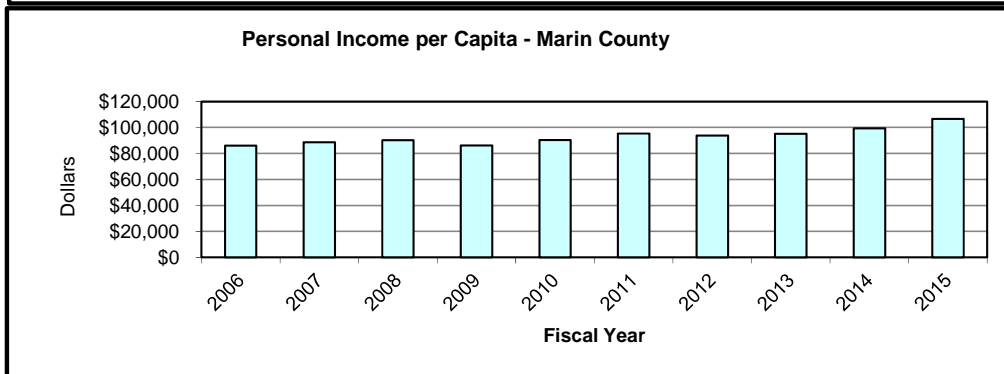
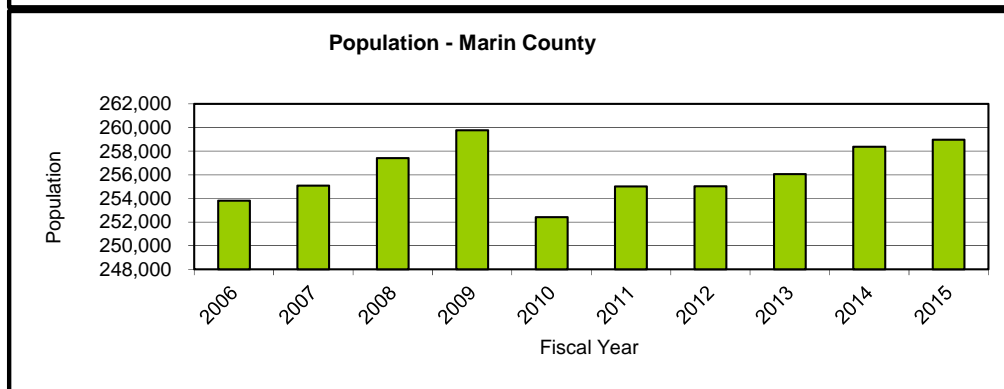
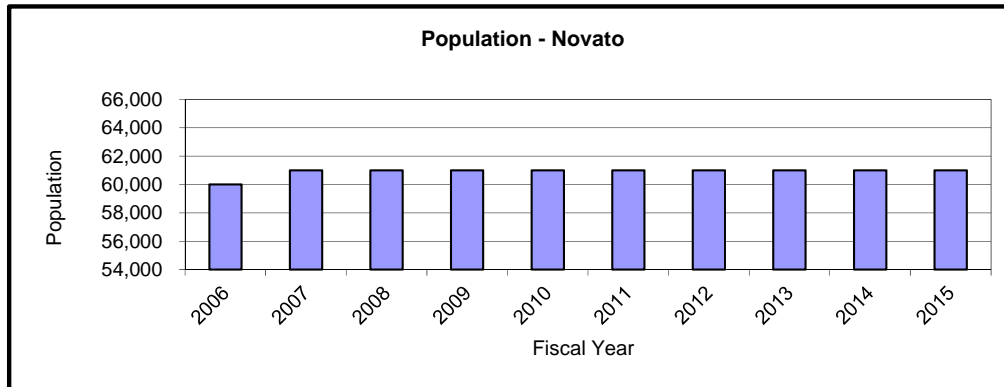
Source: North Marin Water District Audited Financial Statements

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North Marin Water District Demographics and Economics Statistics Last Ten Fiscal Years

Schedule 11

Year	Novato Service Area ⁽¹⁾		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2006	60,000	4.5%	253,818	\$ 21,800,000	\$ 85,888
2007	61,000	4.4%	255,080	\$ 22,600,000	\$ 88,600
2008	61,000	5.6%	257,406	\$ 23,200,000	\$ 90,130
2009	61,000	9.6%	259,772	\$ 22,400,000	\$ 86,229
2010	61,000	9.4%	252,409	\$ 22,800,000	\$ 90,330
2011	61,000	9.1%	255,015	\$ 24,300,000	\$ 95,289
2012	61,000	7.9%	255,031	\$ 23,920,000	\$ 93,793
2013	61,000	6.0%	256,069	\$ 24,342,800	\$ 95,063
2014	61,000	4.8%	258,365	\$ 25,645,400	\$ 99,260
2015	61,000	3.3%	258,972	\$ 27,587,500	\$ 106,527



Sources: California Department of Finance, County of Marin, City of Novato, quickfacts.census.gov, Real Estate Center demographics, NMWD Annual Report population estimate, Google Public Data

Notes:

(1) District estimates (t:\ac\excel\annual report\population est.xls)

North Marin Water District
Demographics and Economics Statistics – Ten Largest Employers
Current Year **Schedule 12**

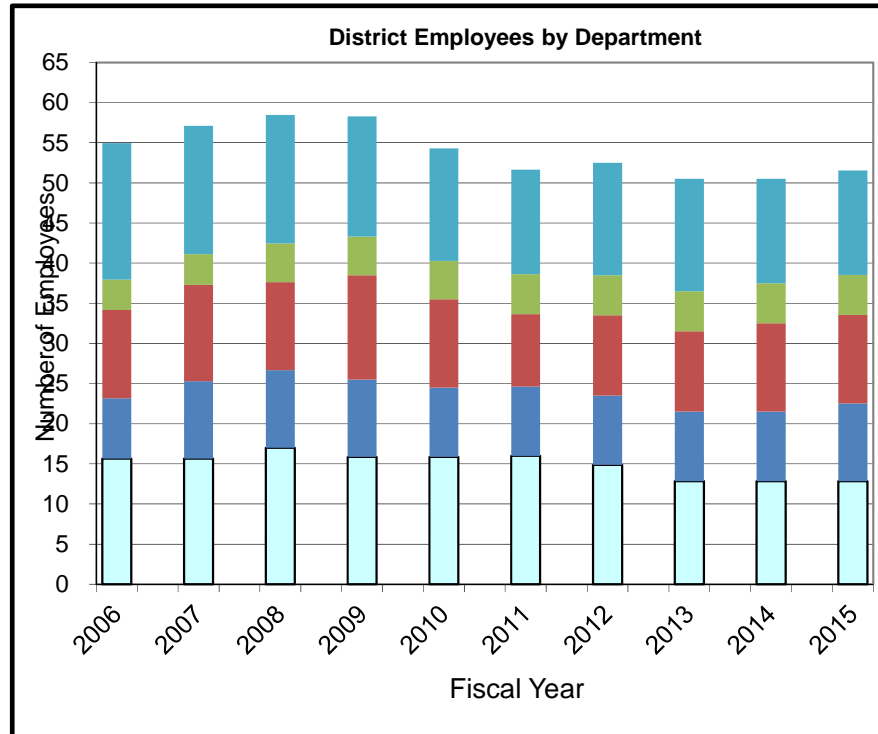
FY 2014/2015			FY 2004/2005		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
1 Novato Unified School District	1,317	4.67%	Fireman's Fund	1,274	5.29%
2 BioMarin Pharamaceutical	923	3.27%	Novato Unified School District	825	3.42%
3 2K/Visual Concepts Entertainment	501	1.78%	Greenpoint Mortgage	564	2.34%
4 Fireman's Fund	450	1.60%	Cagwin & Dorward	330	1.37%
5 Novato Community Hospital	310	1.10%	Novato Community Hospital	307	1.27%
6 Safeway Stores	297	1.05%	Marin Independent Journal	285	1.18%
7 Costco Wholesale	291	1.03%	BioMarin Pharamaceutical	267	1.11%
8 Bradley Electric	290	1.03%	Costco Wholesale	250	1.04%
9 City of Novato	280	0.99%	Brayton Purcell	244	1.01%
10 Brayton Purcell	215	0.76%	Birkenstock	230	0.95%
	4,874	18.32%		4,576	18.99%

Source: City of Novato

**North Marin Water District
Operating and Capacity Indicators – Total Employees
Last Ten Fiscal Years**

Schedule 13

Department	Fiscal Year End									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administrative Services	16	16	17	16	16	16	15	13	13	13
Engineering Services	8	10	10	10	9	9	9	9	9	10
Construction /Maintenance	11	12	11	13	11	9	10	10	11	11
Water Quality	4	4	5	5	5	5	5	5	5	5
Operations / Maintenance	17	16	16	15	14	13	14	14	13	13
	<u>55</u>	<u>57</u>	<u>58</u>	<u>58</u>	<u>54</u>	<u>52</u>	<u>53</u>	<u>51</u>	<u>51</u>	<u>52</u>



Source: North Marin Water District Overheaded Payroll Worksheets for Pay Periods Ending June 30

Note: Excludes temporary employees

**North Marin Water District
Other Operating and Capacity Indicators
Last Ten Fiscal Years**

Schedule 14

Other Operating and Capacity Indicators				
Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
2006	100	324	2,670	34
2007	100	337	2,713	35
2008	100	341	2,749	35
2009	100	343	2,762	38
2010	100	345	2,773	38
2011	100	346	2,785	38
2012	100	348	2,785	38
2013	100	356	2,797	39
2014	100	356	2,805	39
2015	100	357	2,808	39

Source: North Marin Water District - Engineering Department

Report on Internal Controls and Compliance



Fedak & Brown LLP
Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
North Marin Water District
Novato, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Marin Water District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
October 20, 2015

North Marin Water District

Management Report

June 30, 2015



Fedak & Brown LLP
Certified Public Accountants

North Marin Water District

Management Report

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Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Board of Directors
North Marin Water District
Novato, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of North Marin Water District (District) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and may not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Our other observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized as follows:

Summary of Current Year Observations, Comments and Recommendations

None Noted

Summary of Prior Year Observations, Comments and Recommendations

None Noted

* * * * *

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

A handwritten signature in black ink that reads "Fedak & Brown LLP". The signature is written in a cursive, flowing style.

Fedak & Brown, LLP
Cypress, California
October 20, 2015

APPENDIX

North Marin Water District

Audit/Finance Committee Letter

June 30, 2015



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Board of Directors
North Marin Water District
Novato, California

We have audited the basic financial statements of the North Marin Water District (District) for the year ended June 30, 2015 and have issued our report thereon dated October 20, 2015. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated June 1, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to the board and management in our Communication to Those Charged with Governance through our Audit Engagement Letter dated June 1, 2015.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2015 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on an actuarial evaluation of this liability that was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements are:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 7 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits payable in Note 10 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 12 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were twelve total audit adjustments to the original trial balance presented to us. Six of the adjustments related to the implementation of GASB Pronouncement No. 68 which were proposed by both the auditor and the District. Three of the audit adjusting entries were proposed by the auditor. An additional three audit adjusting entries were proposed by the District. The audit adjustments are noted in the schedule of audit adjusting entries attached to the end of this report.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated October 20, 2015.

Conclusion

We appreciate the cooperation extended us by David Bentley, Auditor-Controller, and Dianne Landeros, Accounting/Human Resources Supervisor, and the rest of the District staff in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

A handwritten signature in black ink that reads "Fedak & Brown LLP". The script is cursive and fluid, with the ampersand being particularly stylized.

Fedak & Brown, LLP

Cypress, California

October 20, 2015

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2015

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
CPE - To accrue Team Ghilotti Inc invoice (check E03691) and Vali Cooper and Associates Invoice (check E03746) at June 30, 2015.			
11202.01	Work In Progress - District	21,644.43	
11202.01	Work In Progress - District	21,644.43	
11202.01	Work In Progress - District	33,996.78	
11202.01	Work In Progress - District	33,996.78	
11202.01	Work In Progress - District	122,700.00	
11202.01	Work In Progress - District	122,700.00	
12650.01	Restricted Cash - Maintenance Accrual Fund	21,644.43	
13509.01	Unrestricted Cash	21,644.43	
13740.01	Accounts Receivable:Novato:Cons Acct	33,996.78	
22801.01	Advances For District Jobs	33,996.78	
25711.01	Bank of Marin Loan Project Reserve Fund	21,644.43	
11202.01	Work In Progress - District		178,341.21
12640.01	Bank of Marin Loan Project Fund		21,644.43
13509.01	Unrestricted Cash		21,644.43
22200.01	Accounts Payable - Accrued		55,641.21
22200.01	Accounts Payable - Accrued		116,565.00
22207.01	Retainage		6,135.00
22801.01	Advances For District Jobs		33,996.78
49404.01	Caltrans Capital Contributions		33,996.78
59440.01	Transfer to Bank of Marin Loan Project Fund		21,644.43
Total		489,609.27	489,609.27
Adjusting Journal Entries JE # 2			
PPA - To reclass District's adjustment for AEEP Capital Contribution not recognized in prior years ended 2013 and 2014 to net position for financial reporting purposes.			
59802.01	Prior Year Adjustments	358,924.93	
59802.01	Prior Year Adjustments	1,625,947.71	
30110.01	Contributions In Aid Of Construction		358,924.93
30110.01	Contributions In Aid Of Construction		1,625,947.71
Total		1,984,872.64	1,984,872.64
Adjusting Journal Entries JE # 3			
PPA - To prior period adjust AR unbilled for accrual calculation difference at June 30, 2014.			
13741.01	Accrued Water Revenue	440,988.00	
31100.02	Earned Surplus	22,099.00	
31100.05	Earned Surplus	24,082.00	
13741.02	Accrued Water Revenue		22,099.00
13741.05	Accrued Water Revenue		24,082.00
31100.01	Earned Surplus		440,988.00
Total		487,169.00	487,169.00
Adjusting Journal Entries JE # 4			
AJE - To reverse prior year unbilled adjustment accrual at June 30, 2015			
13741.02	Accrued Water Revenue	22,099.00	
13741.05	Accrued Water Revenue	24,082.00	
41100.01	Water Sales	440,988.00	
13741.01	Accrued Water Revenue		440,988.00
41100.02	Water Sales		22,099.00
41100.05	Water Sales:NovRecycl:GM		24,082.00
Total		487,169.00	487,169.00
Adjusting Journal Entries JE # 5			
AJE - To adjust AR unbilled for calculation differences at June 30, 2015. (JE-019558)			
13741.01	Accrued Water Revenue	365,605.04	
41100.02	Water Sales	35,179.89	
41100.05	Water Sales:NovRecycl:GM	32,554.55	
13741.02	Accrued Water Revenue		35,179.89
13741.05	Accrued Water Revenue		32,554.55
41100.01	Water Sales		365,605.04
Total		433,339.48	433,339.48

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2015

Adjusting Journal Entries JE # 6

CPE - To adjust OPEB to actual at June 30, 2015.

12653.01	Restricted Cash - Retiree Health Benefits	9,058.58	
13509.01	Unrestricted Cash	161.51	
21501.01	Retiree Health Benefits Payable - Long Term	161.51	
41162.01	Gain On Overhead Operations	9,058.58	
12653.01	Restricted Cash - Retiree Health Benefits		161.51
13509.01	Unrestricted Cash		9,058.58
21501.01	Retiree Health Benefits Payable - Long Term		9,058.58
41162.01	Gain On Overhead Operations		161.51
Total		18,440.18	18,440.18

Adjusting Journal Entries JE # 7

GASB 68 Entry #1 - To prior period adjust net position for net pension liability and employer contributions 2014.

16100.01	Deferred Outflows - Pension	2,932,724.00	
31100.01	Earned Surplus	8,092,918.00	
21502.01	Pension Related Debt		11,025,642.00
Total		11,025,642.00	11,025,642.00

Adjusting Journal Entries JE # 8

GASB 68 Entry #2 - To record adjustment to net pension liability for 2014 contributions.

21502.01	Pension Related Debt	2,932,724.00	
16100.01	Deferred Outflows - Pension		2,932,724.00
Total		2,932,724.00	2,932,724.00

Adjusting Journal Entries JE # 9

GASB 68 Entry #3 - To record employer contributions to deferred outflows of resources at June 30, 2015.

16100.01	Deferred Outflows - Pension	669,065.99	
51400.01	GASB68 Adjustment - Source		3,747.09
51400.02	GASB68 Adjustment - Source		570.21
52309.01	GASB68 Adjustment - Pumping		7,754.73
52309.02	GASB68 Adjustment - Pumping		1,088.24
52309.05	GASB68 Adjustment - Pumping		252.96
52700.01	GASB68 Adjustment - Operations		54,236.39
52700.02	GASB68 Adjustment - Operations		3,402.78
52700.05	GASB68 Adjustment - Operations		2,108.18
53800.01	GASB68 Adjustment - Water Treatment		126,404.60
53800.02	GASB68 Adjustment - Water Treatment		7,702.29
53800.05	GASB68 Adjustment - Water Treatment		193.42
54598.01	GASB68 Adjustment - T&D		202,688.35
54598.02	GASB68 Adjustment - T&D		8,732.59
54598.05	GASB68 Adjustment - T&D		3,248.95
54699.08	GASB68 Adjustment - Sewage Collection		2,546.19
54799.08	GASB68 Adjustment - Sewage Treatment		1,848.51
54799.08	GASB68 Adjustment - Sewage Treatment		2,028.00
55999.01	GASB68 Adjustment - Consumer Accounting		44,468.34
55999.02	GASB68 Adjustment - Consumer Accounting		178.25
57000.01	GASB68 Adjustment - G&A		170,312.62
58100.01	GASB68 Adjustment - Water Conservation		24,280.37
58100.02	GASB68 Adjustment - Water Conservation		894.90
59900.05	GASB68 Adjustment - Non Operating Expense		6.99
59900.08	GASB68 Adjustment - Non Operating Expense		371.04
Total		669,065.99	669,065.99

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2015

Adjusting Journal Entries JE # 10

GASB 68 Entry #4 - To record changes in pension liability during FY13/14 at June 30, 2015.

16100.01	Deferred Outflows - Pension	119,611.00	
21502.01	Pension Related Debt	1,391,654.00	
51400.01	GASB68 Adjustment - Source	8,939.07	
51400.02	GASB68 Adjustment - Source	2,897.16	
52309.01	GASB68 Adjustment - Pumping	12,950.94	
52309.02	GASB68 Adjustment - Pumping	6,111.78	
52309.05	GASB68 Adjustment - Pumping	134.25	
52700.01	GASB68 Adjustment - Operations	108,869.87	
52700.05	GASB68 Adjustment - Operations	4,625.47	
53800.01	GASB68 Adjustment - Water Treatment	228,425.27	
53800.02	GASB68 Adjustment - Water Treatment	16,224.56	
53800.05	GASB68 Adjustment - Water Treatment	737.56	
54598.01	GASB68 Adjustment - T&D	350,658.19	
54598.02	GASB68 Adjustment - T&D	20,219.17	
54598.05	GASB68 Adjustment - T&D	4,117.40	
54699.08	GASB68 Adjustment - Sewage Collection	4,135.50	
54799.08	GASB68 Adjustment - Sewage Treatment	986.79	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	1,237.13	
55999.01	GASB68 Adjustment - Consumer Accounting	87,750.46	
55999.02	GASB68 Adjustment - Consumer Accounting	654.61	
57000.01	GASB68 Adjustment - G&A	310,899.94	
57000.05	GASB68 Adjustment - G&A West Marin	177.31	
58100.01	GASB68 Adjustment - Water Conservation	40,793.95	
58100.02	GASB68 Adjustment - Water Conservation	435.67	
59900.02	GASB68 Adjustment - NonOpExp-WestMarin	4,264.95	
23100.01	Deferred Inflows - Pension		2,727,512.00
Total		2,727,512.00	2,727,512.00

Adjusting Journal Entries JE # 11

GASB 68 Entry #5 - To record changes in the deferred outflows and deferred inflows (amortization) during FY13/14 at June 30, 2015.

23100.01	Deferred Inflows - Pension	545,502.00	
16100.01	Deferred Outflows - Pension		31,477.00
51400.01	GASB68 Adjustment - Source		3,777.94
51400.02	GASB68 Adjustment - Source		1,224.43
52309.01	GASB68 Adjustment - Pumping		5,473.48
52309.02	GASB68 Adjustment - Pumping		2,583.03
52309.05	GASB68 Adjustment - Pumping		56.74
52700.01	GASB68 Adjustment - Operations		46,011.90
52700.05	GASB68 Adjustment - Operations		1,954.87
53800.01	GASB68 Adjustment - Water Treatment		96,539.85
53800.02	GASB68 Adjustment - Water Treatment		6,857.02
53800.05	GASB68 Adjustment - Water Treatment		311.72
54598.01	GASB68 Adjustment - T&D		148,199.39
54598.02	GASB68 Adjustment - T&D		8,545.27
54598.05	GASB68 Adjustment - T&D		1,740.15
54699.08	GASB68 Adjustment - Sewage Collection		1,747.80
54799.08	GASB68 Adjustment - Sewage Treatment		417.05
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin		522.85
55999.01	GASB68 Adjustment - Consumer Accounting		37,086.16
55999.02	GASB68 Adjustment - Consumer Accounting		276.66
57000.01	GASB68 Adjustment - G&A		131,396.29
57000.05	GASB68 Adjustment - G&A West Marin		74.94
58100.01	GASB68 Adjustment - Water Conservation		17,240.83
58100.02	GASB68 Adjustment - Water Conservation		184.13
59900.02	GASB68 Adjustment - NonOpExp-WestMarin		1,802.50
Total		545,502.00	545,502.00

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2015

Adjusting Journal Entries JE # 12

GASB 68 Entry #6 - To record changes in fund balance allocations between GASB 68
 Entries 3-5 at June 30, 2015.

12627.02	Designated Cash - Operating Reserve	102.37	
12650.01	Restricted Cash - Maintenance Accrual Fund	5,193.31	
13509.01	Unrestricted Cash	102.37	
13509.01	Unrestricted Cash	1,145.29	
13509.01	Unrestricted Cash	1,604.29	
13509.01	Unrestricted Cash	6,867.97	
13509.05	Unrestricted Cash	1,302.22	
13509.08	Unrestricted Cash	302.07	
13509.08	Unrestricted Cash	2,819.95	
25612.02	Operating Reserve	6,867.97	
59439.02	Transfer to Operating Reserve	102.37	
12627.02	Designated Cash - Operating Reserve		6,867.97
12630.05	Restricted Cash - RWF Replacement Fund		1,145.29
12650.01	Restricted Cash - Maintenance Accrual Fund		102.37
12650.01	Restricted Cash - Maintenance Accrual Fund		1,604.29
13509.01	Unrestricted Cash		102.37
13509.01	Unrestricted Cash		302.07
13509.01	Unrestricted Cash		1,302.22
13509.01	Unrestricted Cash		2,819.95
13509.01	Unrestricted Cash		5,193.31
25612.02	Operating Reserve		102.37
59439.02	Transfer to Operating Reserve		6,867.97
Total		26,410.18	26,410.18

Legend:	
AJE	Audit adjusting journal entry
CPE	Client prepared journal entry
PPA	Prior period adjusting journal entry
GASB 68 Entry	Pronouncement required journal entry

9

MEMORANDUM

ITEM #9

To: Board of Directors

October 16, 2015

From: Chris DeGabriele, General Manager



Subj: NMFS Draft Coastal Multi-Species Recovery Plan – Approve Consultant Services Funding for Comment Resolution

t:\gm\nmfs steelhead recovery plan\update bod cs 102015.docx

RECOMMENDED ACTION: Authorize the General Manager to enter to into a Consulting Services Agreement to support Resolution of NMWD Comments on NMFS Coastal Multi-Species Recovery Plan

FINANCIAL IMPACT: \$10,000

On Monday, October 12th, I received the attached letter from National Marine Fisheries Service (NMFS) responding to comments made on the subject Recovery Plan Draft of May 20, 2014. This was the second set of comments staff provided to NMFS on the recovery plan. Subsequent to commenting, I met with NMFS staff in July of this year providing additional information. The Board received a copy of our comments during the meeting on July 15, 2014 and the meeting with NMFS staff was referenced in the General Manager's report during both the May 5th and May 19th meeting of this year.

The response to NMWD comments does not reflect any additional information and I'm not happy with the comment responses especially in the area of Novato Creek's classification as a Coastal San Francisco Bay Diversity Stratum, which results in a spawner density target of 1,300 adult steelhead and that the plan continues to include a recommendation for fish passage above Stafford Dam.

Coincident with the letter transmitting NMFS response to NMWD comments, the Coastal Multi-Species Recovery Plan is now released for public comment. While NMWD has one more opportunity to make our case, the public comment period will close on December 4, 2015.

At this time I desire to solicit consultant assistance to evaluate NMWD comments and the NMFS response, and assist preparation of further comments as might be warranted to continue to make our case, that Novato Creek should not be included in the San Francisco Bay Coastal Diversity Stratum, that we should have lower target for spawning steelhead and that passage about Stafford Dam is not reasonable.

I am in contact with several consultants at this time, but do not have a cost estimate. I'm asking the Board to authorize up to \$10,000 to be expended in consultant costs to assist the effort.

RECOMMENDED ACTION:

Authorize the General Manager to enter to into a Consulting Services Agreement up to \$10,000 to support Resolution of NMWD Comments on the NMFS Coastal Multi-Species Recovery Plan.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

West Coast Region
777 Sonoma Avenue, Room 325
Santa Rosa, California 95404

October 8, 2015

Chris DeGabriele
North Marin Water District
P.O. Box 146
Novato, California 94948

RECEIVED
OCT 12 2015
North Marin Water District

Dear Mr. DeGabriele,

Thank you for providing comments on the co-manager draft of NOAA's National Marine Fisheries Service's (NMFS) Coastal Multispecies Recovery Plan for California Coastal Chinook Salmon Evolutionarily Significant Unit (ESU), Northern California Steelhead Distinct Population Segment (DPS), and Central California Coast Steelhead DPS. We provided the co-manager draft to you on May 20, 2014, and received your comments on July 2, 2014. We carefully reviewed your comments and made appropriate changes, as reflected in the public draft Recovery Plan. Please see the enclosed table for our specific responses to your comments.

The Coastal Multispecies Public Draft Recovery Plan was published in the Federal Register on October 5, 2015, initiating a 60-day public comment period, closing on December 4, 2015. We welcome any additional comments you may have on the public draft. Comments may be submitted to wcr_cmsrecoveryplan.comments@noaa.gov or mailed to NMFS Recovery Team, 777 Sonoma Ave, Room 325, Santa Rosa, California 95404.

Thank you again for your continued input in the development of this Recovery Plan. We recognize co-manager participation is crucial for development and implementation of a successful plan.

Please contact Ms. Korie Schaeffer at 707-575-6087, korie.schaeffer@noaa.gov, or Ms. Erin Seghesio at 707-578-8515, erin.seghesio@noaa.gov if you have any questions.

Sincerely,

Alecia Van Atta
Acting Assistance Regional Administrator
California Coastal Office

Enclosures:
Co-Manager Comments and Responses by NMFS
Map of Novato Creek
CD of the Coastal Multispecies Public Draft Recovery Plan



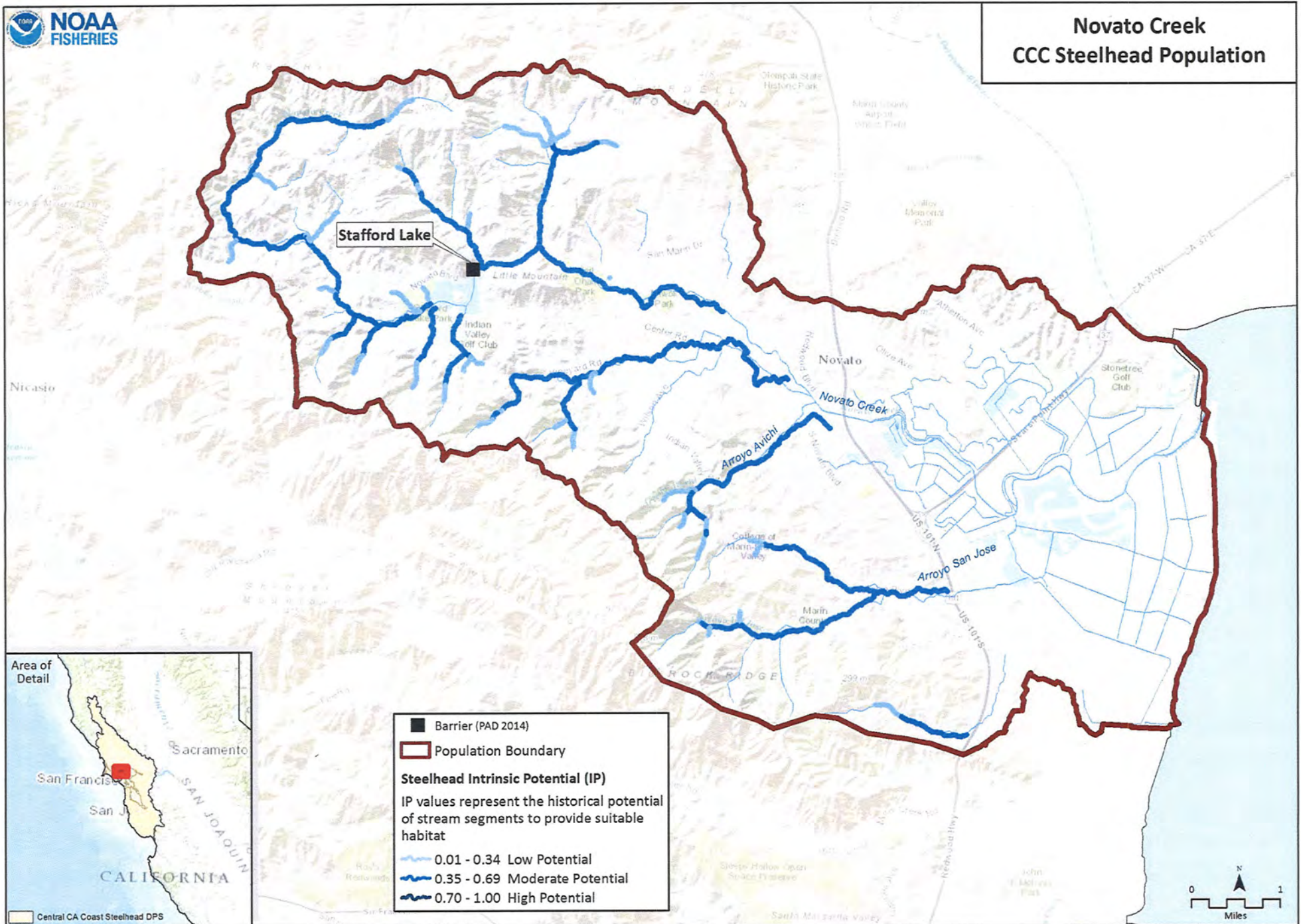
NMFS response to North Marin Water District's Comments on the Co-Manager Draft of the Coastal Multispecies Recovery Plan

Tracking #	Type	Vol.	Category	Population	Section	Page	Comment #	Co-Manager Comment	NMFS Response
184	Meeting with Charlotte (Notes)	Vol.4	Population	Novato Creek	General			Need more information about steelhead in Novato; comprehensive look at the watershed	No revision. Hydrology and Viability actions include a comprehensive stream flow evaluation and other assessment actions.
185	Meeting with Charlotte (Notes)	Vol.4	Population	Novato Creek	General			Novato Watershed Program...health of the fishery, distribution, abundance, impediments	Comment unclear.
186	Meeting with Charlotte (Notes)	Vol.4	Recovery Action	Novato Creek	11.1.1			Need to change recovery action for watershed assessment to priority 1	Assessment probably not appropriate as priority 1. Revised to priority 2.
187	Meeting with Charlotte (Notes)	Vol.4	General	Novato Creek				Would like a response to comments prior to public release	Comments will be provided (these are them)
188	Meeting with Charlotte (Notes)	Vol.4	Spawner Target	Novato Creek				Why more fish in smaller watershed?	This is addressed in Spence et al, 2008, pg 36, paragraph 36. See Appendix C
189	Meeting with Charlotte (Notes)	Vol.4	Spawner Target	Novato Creek				Why 16km?	This is addressed in Spence et al, 2008, pg 38, paragraph 2. See Appendix C
190	Meeting with Charlotte (Notes)	Vol.4	Rapid Assessment	Novato Creek				Why Novato combined with other streams?	Comment unclear. Novato was a stand alone population, w/CAP, not combined in a rapid assessment.
191	Comment Form	Vol.4	General	Novato Creek			1	NMWD has reviewed the Recovery Plan, North Central California Coast Recovery Domain, Co-Manager Review Draft (Recovery Plan) principally related to Central California Coast (CCC) steelhead Distinct Population Segment (DPS) for Novato Creek. NMWD has not conducted any formal biological review of the Co-Manager Review Draft and we are aware that there is limited information about the Novato Creek steelhead DPS. Will there be an opportunity to conduct such biological review in the future and incorporate information/findings therefrom?	Future findings can be used in 5 year status reviews, but the recovery plan will be finalized following a public draft.
192	Comment Form	Vol.4	General	Novato Creek			2	Will the Recovery Plan be reviewed/updated periodically and if so upon what circumstances and frequency?	Future findings can be used in 5 year status reviews, but the recovery plan will be finalized following a public draft.
193	Comment Form	Vol.4	General	Novato Creek			3	What are the next steps and schedule for the Recovery Plan?	Public draft release in June/July 2015, hopefully finalized by the end of 2015.
194	Comment Form	Vol.4	Population	Novato Creek	DPS Organization	50	5	Including Novato Creek in the Coastal SF Bay Diversity Stratum is not appropriate. Bjorkstedt (p.181) identifies the SF Bay Coastal as: "This stratum includes populations that spawn in tributaries to San Francisco Bay, but otherwise exhibit environmental characteristics more similar to coastal watersheds." The Novato Creek watershed is warmer, and drier, and geographically adjacent to the Petaluma River and Sonoma Creek which are in the SF Bay Interior Diversity Stratum. Novato rainfall is much more similar to Petaluma, Sonoma and Napa.	See Spence et al 2008 and 2012, which includes Novato in the Coastal SF Bay stratum.
195	Comment Form	Vol.4	Spawner Target	Novato Creek		369	6	The "Spawner Density Target" is listed at 1300 adults. The prior version of the Co-Manager Review Draft for which NMWD comments were submitted on January 20, 2012, listed the Spawner Abundance Target at 1000 adults. How did this change?	Passage is now being asked for above Stafford dam
196	Comment Form	Vol.4	Map/IP	Novato Creek		369	7	The "Amount of Potential Habitat" is listed as 49.5 miles/79.7 km. How was this determined? It is not consistent with Appendix H which lists "Recovery Plan" IP-km" at 34.3. Additionally the prior version of the Co-Manager Review Draft for which NMWD comments were submitted on January 20, 2012, listed the Novato Creek Target IP at 25.8 km. How did this change? Note that NMWD has previously provided anecdotal evidence that an impassable natural barrier precluded steelhead from reaching the upper 2 to 3 miles of Novato Creek and that Leveroni Creek, just downstream of Stafford Lake dries up each summer.	Applied new IP protocol and revise throughout.
197	Comment Form	Vol.4	Profile	Novato Creek		369 & 377	8	References to Rich 1997, Fawcett Environmental Consulting 2000, Fawcett Environmental Consulting 2006 and Fawcett Environmental Consulting 2009 are permit related reports on fish in the vicinity of flood control construction projects and were not significant, according to Marin County staff. Can these be referenced?	These are listed in Lit Cited, described as "limited" ...may be best available data.
198	Comment Form	Vol.4	Profile	Novato Creek		369	9	Steelhead is misspelled (Steelhead).	Revised text
199	Comment Form	Vol.4	Profile	Novato Creek		374	10	The statement "Specific data related to water flow are not available for the Novato Creek watershed" is not correct. There is USGS stream gauge station 11459500 with data available which includes a few years of record prior to construction of Stafford Dam on Novato Creek. Stafford Lake filled initially in the winter of 1951/52. (This information was submitted with NMWD's January 20, 2012 comments not the prior version of the Co-Manager Review Draft.) Those early years of record show virtually no flow in Novato Creek during most of the year.	Revised to include reference to stream gauge flow data as suggested.

NMFS response to North Marin Water District's Comments on the Co-Manager Draft of the Coastal Multispecies Recovery Plan									
Tracking #	Type	Vol.	Category	Population	Section	Page	Comment #	Co-Manager Comment	NMFS Response
200	Comment Form	Vol.4	Profile	Novato Creek		374	11	The abbreviation NMWD is incorrect (NBWD).	Revised text
201	Comment Form	Vol.4	Profile	Novato Creek		379-381	12	The General Recovery Strategy to improve conditions are likely all worthwhile but there is little biological information on the existing steelhead population in Novato Creek and what can and should be targeted to improve those conditions for continued survival. It seems that should be a priority strategy to assist recovery.	Made minor revision to include "identify and target habitat constraints"
202	Comment Form	Vol.4	Map	Novato Creek		383	13	The Novato Creek Map showing Potential Habitat used to derive Population Abundance Targets overstates the streams where water is present during all months of the year to support all life stages of steelhead trout. See also comment 7. NMWD suggests a range of Abundance be used to address the uncertainty included throughout the analyses used in recovery planning. See the "Spawners for Novato Creek" worksheet included herein as an example	Including IP values on maps may address comment. Novato is a PIP, not dependant, so a range seems inappropriate. Applied IP protocol based on comments and revised spawner target.
203	Comment Form	Vol.4	Recovery Action	Novato Creek		391-405	14	NMWD notes that the table includes 17 Objectives, 48 Recovery Actions and 142 Action Steps, 34 of which are priority 2 with the remainder priority 3. The extensive listing makes it difficult to determine the realistic priorities for steelhead recovery in Novato Creek.	Reviewed action steps and modified some priority numbers. Add text in mini methods for each profile of how priorities were made.
204	Comment Form	Vol.4	Recovery Action	Novato Creek		391-405	15	I don't understand the purpose of table headings "Action Duration (Years)" and "Costs (\$K)" in 5 year increments. Is there a scheduled to be developed to carry out such actions? The DISCLAIMER states that the Recovery Plan is a "guidance and planning document only."	Added a mini-methods to the beginning of the population profiles but there is also a indepth methods in Chapter 4 of volume 1
205	Comment Form	Vol.4	Recovery Action	Novato Creek		391-405	16	The table heading "Potential Lead" lists MMWD throughout. Do you mean Marin Municipal Water District or is this a typographical error? If NMWD is intended to be the Potential Lead, there are many "Targeted Attribute or Threats" identified where NMWD has no jurisdictional authority or responsibility. NMWD is supporting the Novato Creek Watershed Program along with the County of Marin, City of Novato and Novato Sanitary District. That programmatic approach is likely a more viable venue to carry out actions listed in the Recovery Plan.	Replaced MMWD with NMWD and others as suggested.
206	Comment Form	Vol.4	Recovery Action	Novato Creek		392	17	Stafford Dam provides only incidental flood control via a notched spillway. Reducing impacts of impaired hydrology with pulse flows and freshets would affect the main stem of Novato Creek only. It is not known where those critical riffles and other natural obstacles are located on the main stem of Novato Creek and it would not be an "In-Kind" cost of doing business.	Modified cost to TBD.
207	Comment Form	Vol.4	Recovery Action	Novato Creek	3.1.1.1; 3.1.1.2; 3.1.2.1; 3.1.2.4	393	18	What does it mean to "Protect the natural hydrograph during the steelhead migration season (November thru June)"? This seems to contradict other "Hydrology" actions listed (3.1.1.1; 3.1.1.2; 3.1.2.1; 3.1.2.4).	No revision. Protection of the natural hydrograph could include improved flow conditions.
208	Comment Form	Vol.4	Recovery Action	Novato Creek		393	19	There are some residential water wells and wells at Marin Country Club adjacent to Arroyo San Jose used for golf course irrigation, but there is no defined groundwater basin where aquifer recharge can be effectively undertaken in the Novato Creek watershed. The suggestion that such a program be funded on an "In Kind" basis is not reasonable.	Action deleted.
209	Comment Form	Vol.4	Recovery Action	Novato Creek		393	20	NMWD currently has an effective ongoing water conservation program (see water conservation regulations at http://www.nmwd.com/regulations/Reg15.pdf), are members of the California Urban Water Conservation Council, and partner in the Sonoma-Marín Saving Water Partnership.	Modified recovery action and partners as suggested.
210	Comment Form	Vol.4	Recovery Action	Novato Creek		393	21	The estimated unit rate for installing a stream gauge is low. USGS installed one temporary stream gauge on Lagunitas Creek at NMWD's request in fall 2013 which cost \$10,505. Data management of an installed stream gauge is of paramount importance for its' effective use.	Modified cost as suggested.
211	Comment Form	Vol.4	Recovery Action	Novato Creek		393	22	Does this action propose using Recycled Water for instream flow purposes at Marin Country Club?	Modified recovery action for clarity - for irrigation purposes
212	Comment Form	Vol.4	Recovery Action	Novato Creek		393	23	The comment mentions "...3 impassable barriers..." Are these barrier locations known?	Barriers were identified using the 2008 Passage Assessment Database and updated with 2012 data.


NMFS response to North Marin Water District's Comments on the Co-Manager Draft of the Coastal Multispecies Recovery Plan									
Tracking #	Type	Vol.	Category	Population	Section	Page	Comment #	Co-Manager Comment	NMFS Response
213	Comment Form	Vol.4	Recovery Action	Novato Creek		393	24	"Technologically feasible" fish passage is an awfully broad statement. Some parameter to evaluate cost vs. benefit must be employed to confirm reasonableness of the action. The costs may be better spent on another action in the Novato Creek watershed or somewhere else in the Central California Coast steelhead DPS. I don't understand the comment "Cost accounted for."	Replaced action with "Evaluate the feasibility and benefits..." Cost may be accounted for in other assessment actions.
214	Comment Form	Vol.4	Recovery Action	Novato Creek		393	25	An action to prescribe passage at all dams in the watershed is too broad. See comment 24 above. Stafford Lake provides ~20% of Novato's potable water supply and is vitally important to the Marin and Sonoma water supply reliability. I don't understand the comment "Cost accounted for in above action steps."	Revised action "If deemed feasible and beneficial, evaluate and prescribe..."
215	Comment Form	Vol.4	Recovery Action	Novato Creek		397	26	These Action Steps should be the top priority to inform all other recovery action priorities.	Evaluated priority. Assessment actions not likely appropriate to priority 1, revised some actions to priority 2.
216	Comment Form	Vol.4	Recovery Action	Novato Creek		403	27	This Action Step restates the Recovery Strategy for California Coho Salmon, recommendation 7.1 Streamflow, RW-I-8-01, and I don't understand what it means.	No revision. Reference draws from the CA Recovery Strategy, but is applicable to Novato Creek.
217	Comment Form	Vol.4	Recovery Action	Novato Creek		404	28	There are no summer base flows in Novato Creek other than those released from Stafford Lake by NMWD (see comment 10 and page# 374 of the Recovery Plan). The SWRCB should be responsible for any enforcement of illegal diversions from Novato Creek.	Modified partners, added SWRCB, however other entities can also help.
218	Comment Form	Vol.4	Recovery Action	Novato Creek		404	29	This Action Step is not relevant. See comments 19 & 28.	Deleted action step.
219	Comment Form	Vol.4	Recovery Action	Novato Creek		404	30	I don't understand this Action Step. NMWD holds a license and permit from the SWRCB to store and divert water from Novato Creek (L09831/A13599 & P18800/A25927). Any water right modification is the responsibility of the SWRCB.	Deleted action step.
220	Comment Form	Vol.4	Recovery Action	Novato Creek		404	31	What is envisioned with this Action Step in relation to NMWD's Stafford Lake storage facility?	Deleted action step.
221	Comment Form	Vol.4	Recovery Action	Novato Creek		404	32	Are the current water quality conditions in summer or fall rearing reaches now known?	Comment noted. Gauge data shows very low summer and fall flows, which likely result in warmer temperatures and poor conditions.
222	Comment Form	Vol.4	Recovery Action	Novato Creek		404	33	What is envisioned with this Action Step in relation to NMWD's involvement?	Action related to coordination among agencies to improve conditions for steelhead.
223	Comment Form	Vol.4	Recovery Action	Novato Creek		404	34	This Action Step appears to be redundant. See comments 24 & 25.	Removed redundant action step
224	Comment Form	Vol.4	Recovery Action	Novato Creek		404	35	What is envisioned with this Action Step in relation to NMWD's involvement?	Action related to coordination among agencies to improve conditions for steelhead.
225	Comment Form	Vol.4	Recovery Action	Novato Creek		404	36	This Action Step appears to be redundant. See comment 17.	Removed redundant action step
226	Comment Form	Vol.4	Recovery Action	Novato Creek		404	37	Does this mean screening water diversion above Stafford Dam or for inflow to NMWD's Stafford Lake water treatment plant?	Modified action step to clarify it applies in anadromous reaches.
227	Comment Form	Vol.4	Recovery Action	Novato Creek		405	38	There are some residential water wells and wells at Marin Country Club adjacent to Arroyo San Jose used for golf course irrigation, but there is no defined groundwater basin in the Novato Creek watershed. Overall groundwater use in the Novato Creek watershed is limited. Regulation of new wells is County of Marin responsibility. Any new direct diversion would be regulated pursuant to the SWRCB Policy for Maintaining Instream Flows in Northern California Coastal Streams. The suggestion that such a program be funded on an "In-Kind" basis is not reasonable.	Removed recovery action calling for development and implementation of groundwater use.
228	Comment Form	Vol.4	Recovery Action	Novato Creek		405	39	This Action Step appears to be redundant. See comments 17, 18, 23, 24, 25, 28 & 29.	Removed action step for allowing "fisheries flows"...
229	Comment Form	Vol.4	Recovery Action	Novato Creek		405	40	It is more cost effective to meter all water diversions than to install stream gauges. See also comment 21.	Modified action step to include "meters or stream gauges".
230	Comment Form	Vol.4	Recovery Action	Novato Creek		405	41	This Action Step appears to be redundant. See comments 17, 18, 23, 24, 25, 28, 29, & 39.	Removed action step for preventing and minimizing adverse effects of diversions.
231	PDF Letter	Vol.4	All	Novato Creek				See hard copy of comments. Made comments directly on old version of profile from Pre-Co-Manager Draft but his comments were mis-placed and never addressed the first time. It is also saved on our server in the same location of his current comments	Revised per 2012 comments
232	Comment Form	Vol.4	Title Page		Title Page	Title Page	4	The Volume Title is incorrect, it should be Volume IV. Section/Outline numbering would be much appreciated to navigate/comment/reference the document.	Revised

Novato Creek CCC Steelhead Population



10

MEMORANDUM

To: Board of Directors
From: Chris DeGabriele, General Manager 
Subj: Sustainable Groundwater Management Act in Sonoma County
t:\gm\bod misc 2015\sustainable groundwater management act sc.docx

October 16, 2015

RECOMMENDED ACTION: Information Only**FINANCIAL IMPACT:** None at this time

I attended the Sonoma County Water Agency/Sonoma County Board of Supervisors Meeting on Tuesday, October 13th where they received an update on the Sustainable Groundwater Management Act in Sonoma County (slides from that presentation are included as Attachment 1). The North Marin Board last received information on this topic at its November 4, 2014 meeting when SCWA's Chief Engineer Jay Jasperse made a presentation.

At the Tuesday meeting, the SCWA Board unanimously approved forming Groundwater Sustainability Agencies (GSA) for each of the three groundwater basins in Sonoma County that fall under medium priority classification as determined by the California Department of Water Resources (DWR). There are no high priority basins in Sonoma County and no high or medium priority basins in Marin County. The SCWA Board also adopted general principles for developing GSA's in Sonoma County and authorized SCWA staff to participate in Ukiah Valley GSA formation discussions to represent the SCWA's interest.

Over the last year, SCWA along with the County of Sonoma has been working with local agencies in the three Sonoma County basins. Santa Rosa plain basin agencies include: Cities of Cotati, Rohnert Park, Santa Rosa, Sebastopol and Town of Windsor. Sonoma Valley basin includes: City of Sonoma, Valley of the Moon Water District and the North Bay Water District. Petaluma Valley Basin includes: City of Petaluma and the North Bay Water District.

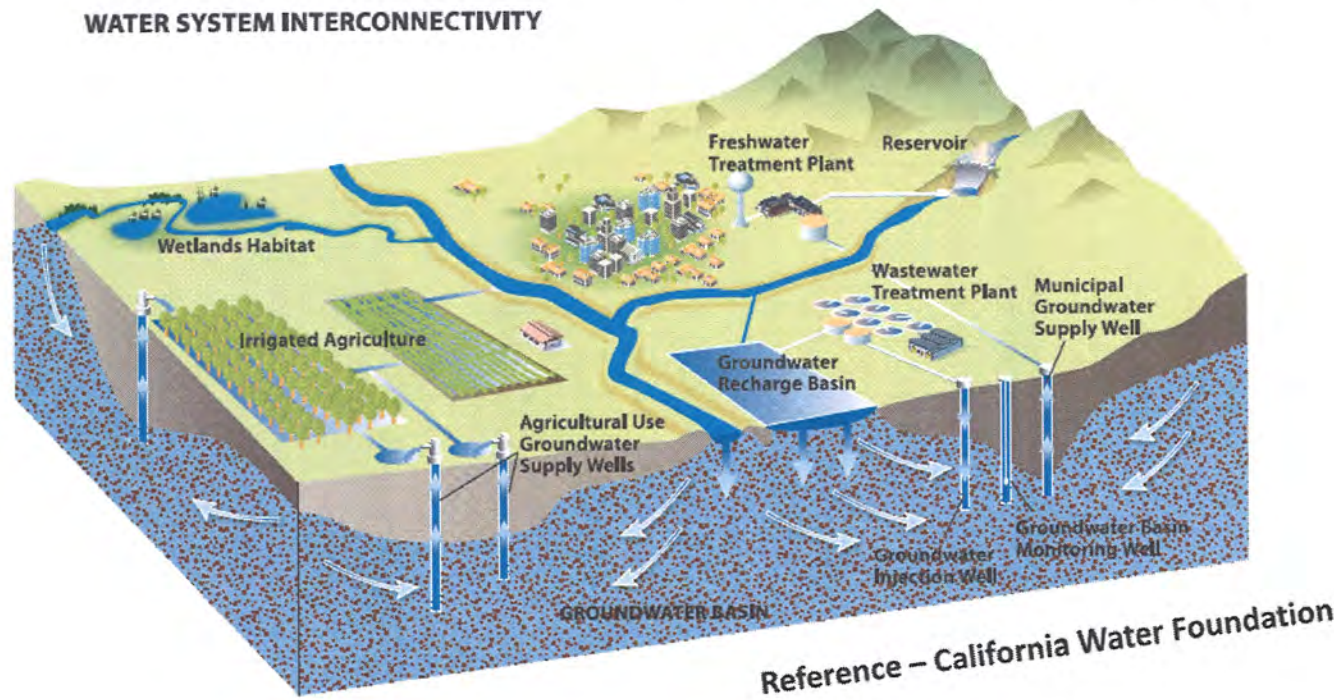
The currently proposed structure include formation of a GSA in each basin made up of the public agency participants, including SCWA and the County of Sonoma, and an advisory panel within each basin including representatives from stakeholders not affiliated with the various public agencies.

The SCWA/Board of Supervisors had several comments and questions including the cost sharing arrangement to carry out GSA formation and activities, priority for local control, and a desire not to vilify water users, a strong public outreach component and a question on whether the groundwater basin boundaries can be extended to include the full associated basin watershed.

A copy of the newspaper article in the October 14th edition of the Press Democrat is included as Attachment 2. There will be public workshops on GSA formation in November and December (Attachment 3).

Subsequent to last year's NMWD agenda item on this topic, the question arose regarding Marin County groundwater basins. Those defined under DWR Bulletin 118 include: the Novato groundwater basin, San Rafael Valley groundwater basin, Ross Valley groundwater basin and the Wilson Grove formation highlands groundwater basin in northwestern Marin County. None of these are classified as medium or high priority, thus there is no regulatory requirement to form a GSA in Marin County. A map showing these and all Bay Area groundwater basins is included for your information (Attachment 4). The County of Marin has informed DWR that they will assume groundwater monitoring responsibility in Marin County in compliance with SBx7-6, the California Statewide Groundwater Elevation Monitoring Program (CASGEM), however no monitoring has yet been undertaken.

Sustainable Groundwater Management Act in Sonoma County



Jay Jasperse, Director of Groundwater Management,
Sonoma County Water Agency

Peter Bruland, Analyst, County Administrator's Office
October 13, 2015

Presentation Overview



- **SGMA and what it means for Sonoma County**
- **What is happening in Sonoma County?**
- **Proposed next steps**
- **Recommended County & Water Agency Board Actions**
- **Ukiah Valley Update & Recommended Water Agency Board Actions**

Groundwater Plays Important Role in Building Resiliency

Alexander Valley Study completed 2006

Sonoma County Water Agency Transmission System - Connecting Surface & Groundwater

Santa Rosa Plain Study completed 2014. Groundwater management plan since 2014

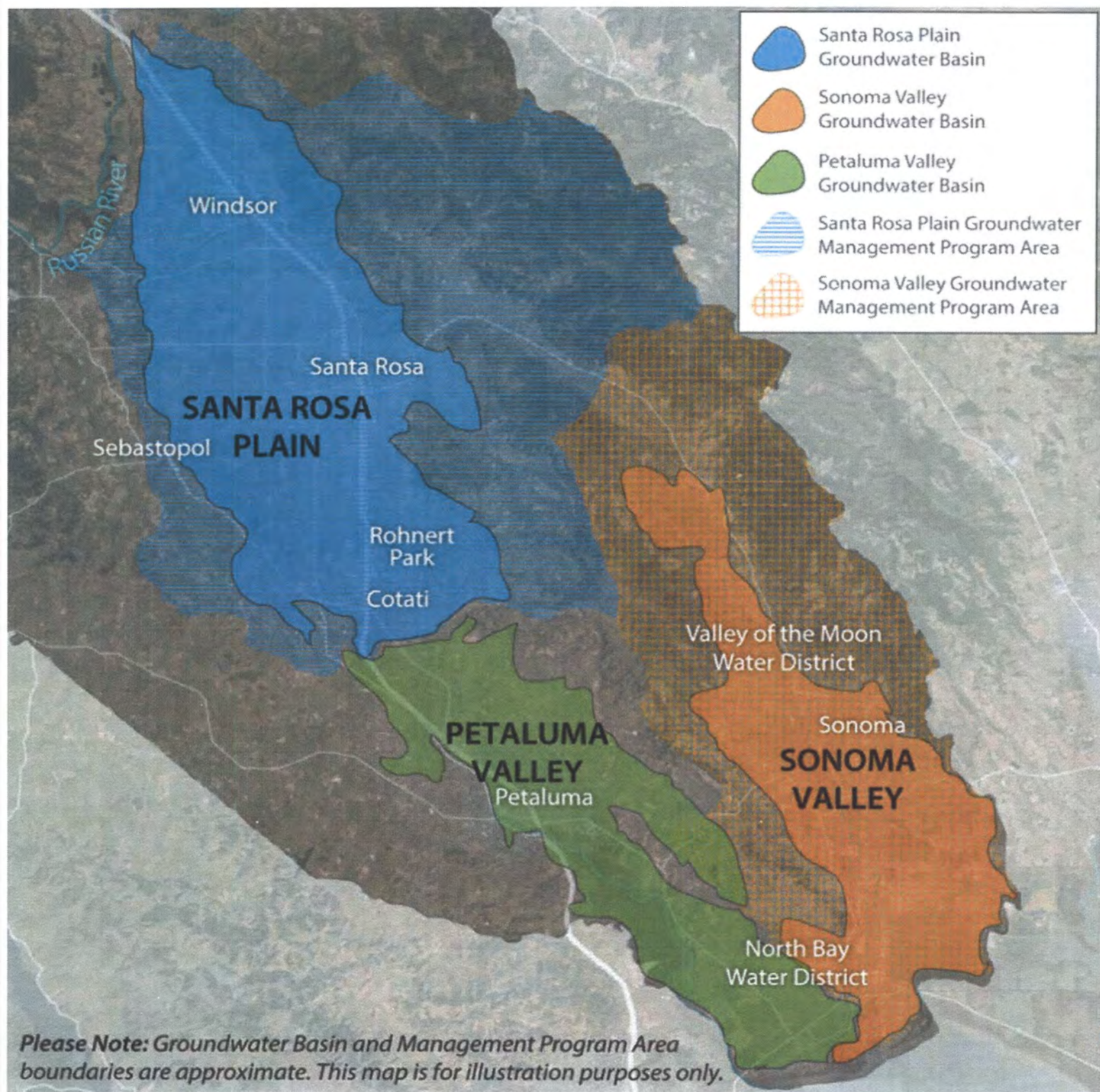
Sonoma Valley Study completed 2006. Groundwater management plan since 2007

Petaluma Valley Study initiated Sept 2014

Overarching Goal: Proactive Management of Surface Water & Groundwater Resources to Promote Reliability for All Users

Pacific Ocean

SUSTAINABLE GROUNDWATER
MANAGEMENT ACT OF 2014
San Pablo Bay



SGMA Steps to Groundwater Sustainability

Step one

Form
Groundwater
Sustainability
Agency

June 30, 2017

Step two

Develop
Groundwater
Sustainability
Plan

January 31, 2022

Step three

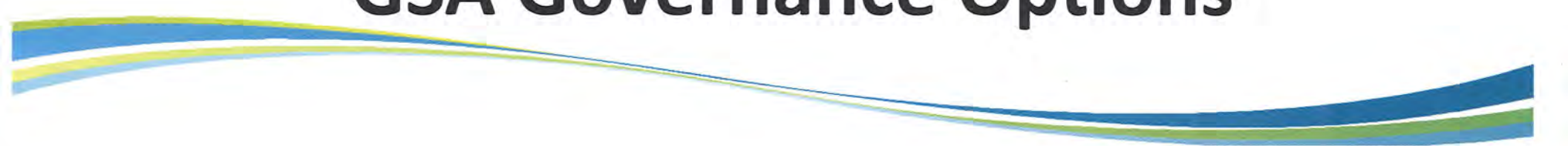
Achieve
Sustainability
20 years after
adoption of
plan*

* DWR may grant up to two, five-year extensions on implementation upon showing of good cause and progress

What is happening in Sonoma County?

- ❑ Stakeholder assessment conducted
- ❑ Basin Advisory Panels learning about SGMA; will be providing input
- ❑ Formation of Countywide Staff Working Group of GSA-eligible agencies
 - Learning about SGMA and GSA requirements
 - Draft principles for developing GSA governance options
 - Basin boundary discussions
 - Outreach plan developed
 - Public workshops scheduled for November/December

General Principles for Developing GSA Governance Options



- ☐ Build upon existing cooperation and successful water management efforts in Sonoma County
- ☐ Reinforce “local management” principles in SGMA
- ☐ Share resources and identify cohesive approach
- ☐ Costs should be equitably shared
- ☐ Represent community stakeholders through advisory committees
- ☐ Conduct robust and transparent outreach

The first step: Forming Groundwater Sustainability Agencies

- Local agency or combination of local agencies
- “Local agency” is any public agency that does one of the following:
 - Supplies water
 - Manages water
 - Controls land use
- Counties are the default GSA in “unmanaged” areas
- Can be more than one GSA in basin

GSA-Eligible Agencies in Sonoma County

SANTA ROSA PLAIN BASIN	PETALUMA VALLEY BASIN	SONOMA VALLEY BASIN
City of Cotati	City of Petaluma	City of Sonoma
City of Rohnert Park	North Bay Water District	North Bay Water District
City of Santa Rosa	Sonoma County	Valley of the Moon Water District
City of Sebastopol	Sonoma County Water Agency	Sonoma County
Town of Windsor		Sonoma County Water Agency
Sonoma County		
Sonoma County Water Agency		

New Management Authorities Under SGMA

Groundwater Sustainability Agencies have authority to:

- Conduct studies
- Register & monitor wells
- Set well spacing requirements
- Require extraction reporting
- Regulate extractions
- Implement capital projects
- Assess fees to cover costs

Some exemptions for smaller private well owners



Possible GSA Governance Options

One GSA with one Plan per Basin

- Most direct, simplest form of representation
- Possible funding competition between basins
- Less efficient administration & regional issues

Centralized: One countywide GSA

- Coordinate regional issues (e.g., land use, well permitting, data)
- Maximize administration efficiencies, reduce competition among basins
- Possibly cumbersome GSA board representation

Multiple GSAs per Basin

Some Combination of Above Options

Note: The Act allows for multiple GSAs and/or multiple GSPs for each basin, but requires “coordination agreement”

Proposed Skeleton Structure

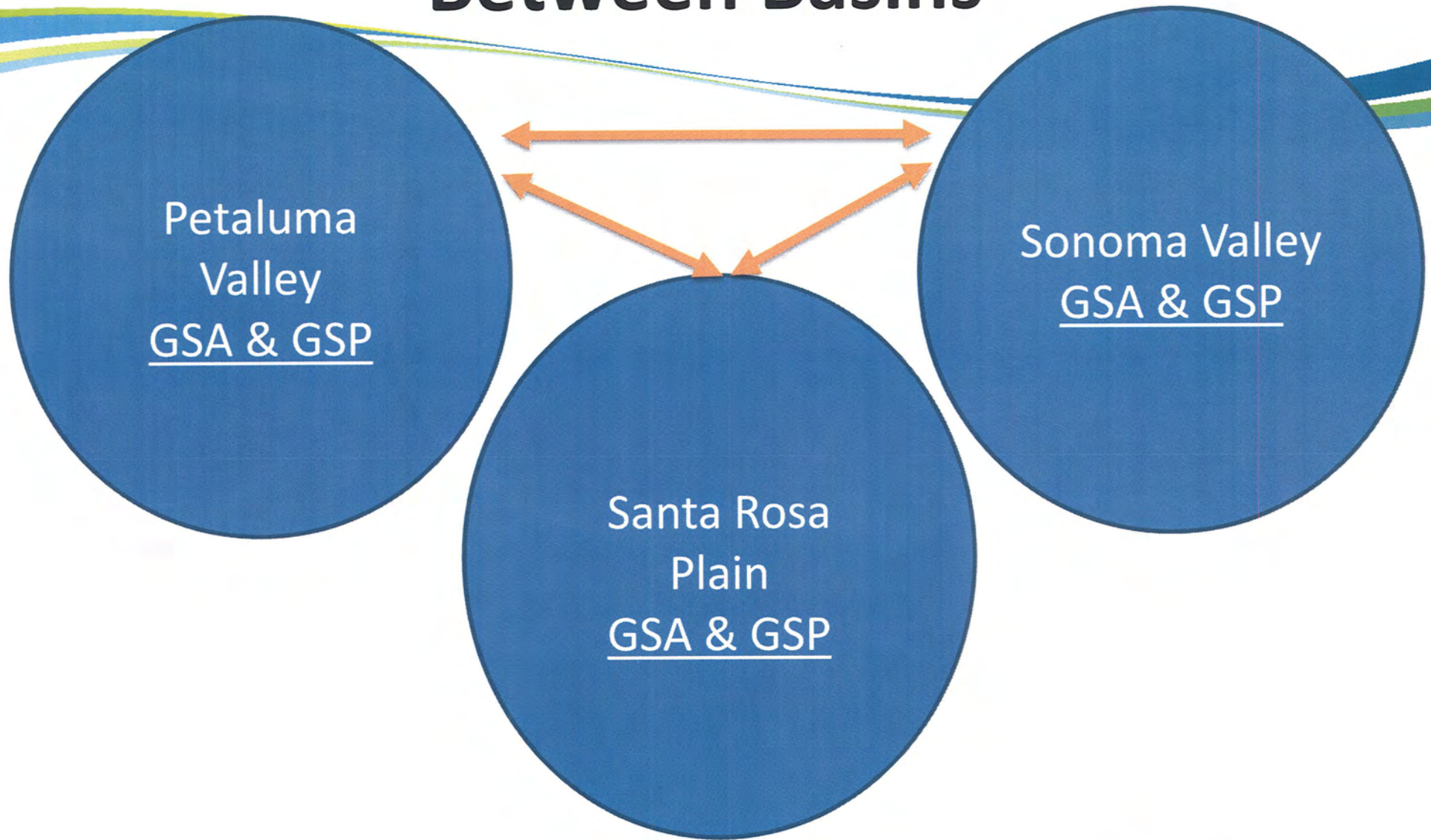


Petaluma
Valley
GSA & GSP

Santa Rosa
Plain
GSA & GSP

Sonoma Valley
GSA & GSP

Proposed Coordination Between Basins

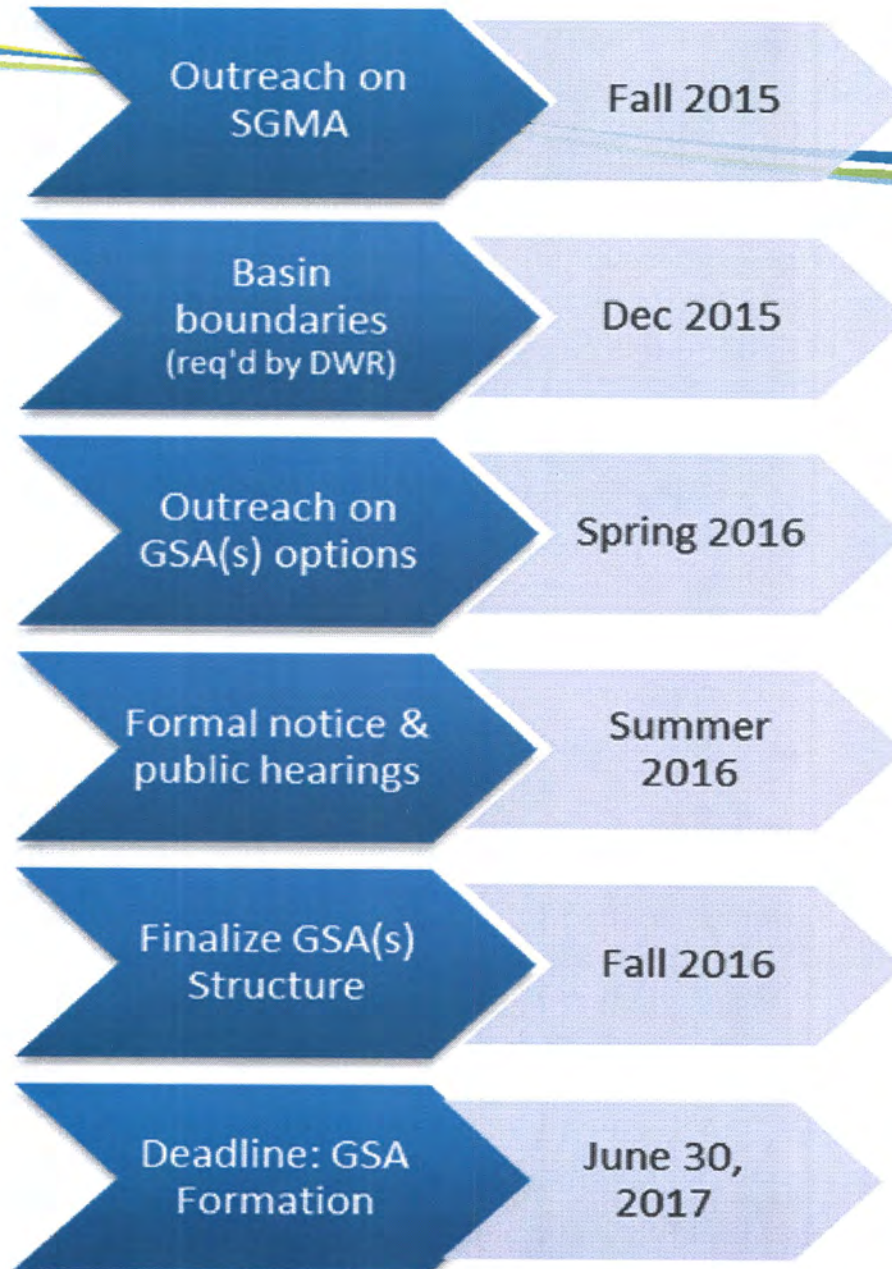


Next Steps: Council and Board Updates



- Cotati, *Oct. 13*
- North Bay Water District, *Sept. 29*
- Petaluma, *Nov. 2*
- Rohnert Park, *Oct. 13*
- Santa Rosa, *Oct. 20*
- Sebastopol, *Oct. 6*
- Sonoma, *Oct. 19*
- Sonoma County/
Water Agency, *Oct. 13*
- Valley of the Moon
Water District, *Oct. 6*
- Windsor, *Oct. 21*

Next Steps: Proposed Schedule



Next Steps: Outreach

GSA must consider “all interests of all beneficial uses and users of groundwater” including:

- Agriculture
- Domestic users
- Public & private water systems
- Tribes
- Environmental users
- Disadvantaged communities
- Others



Next Steps: Outreach

Basin Public Workshops

www.sonomacountygroundwater.org

Santa Rosa Plain Basin

Dec. 9, 6-8 p.m.
Finley Community
Center

Sonoma Valley Basin

Nov. 12, 6-8 p.m.
Veterans Hall

Petaluma Valley Basin

Nov. 9, 6-8 p.m.
Lucchesi Community
Center

Recommended Actions



- Receive update on the Sustainable Groundwater Management Act
- Provide feedback on Principles
- Provide feedback on skeletal structure

Ukiah Valley GSA Formation Process



- Ukiah Valley: Medium priority basin & subject to SGMA
- Water Agency is GSA-eligible agency
- Ongoing GSA formation meetings facilitated by Mendocino County
- Mendocino County requests each agency seek Board/Council direction regarding participation in GSA formation

Recommended Water Agency Board of Directors Action:

- Authorize staff to participate in Ukiah Valley GSA formation discussions to represent Water Agency's interests

Questions?



Resources can be found at:
www.sonomacountygroundwater.org

Jay Jasperse

Jay.Jasperse@scwa.ca.gov

(707) 547-1959

Peter Bruland

Peter.Bruland@sonoma-county.org

(707) 565-3086



Sonoma County supervisors endorse framework for overseeing groundwater

BY ANGELA HART THE PRESS DEMOCRAT on October 13, 2015, 6:27PM 10/13/2015

Sonoma County supervisors on Tuesday took their first substantive action to implement California's landmark groundwater laws, voicing support for a three-pronged governance structure for local public entities that will have broad authority to regulate underground water supplies.

The Board of Supervisors unanimously approved forming one "sustainability agency" for each of the three basins in Sonoma County that fall under the new laws — the Santa Rosa Plain, Sonoma Valley and Petaluma Valley basins. The agencies must be in place by mid-2017.

"We need to be prepared," said Supervisor James Gore. "The reality is that sustainability is not a choice."

Other options included multiple agencies per basin, or one for the entire county.

Regulatory jurisdiction for the agencies could take in wells on residential and commercial properties, where officials would have authority to restrict pumping, assess fees to cover staff and infrastructure costs and fine users for depleting aquifers.

The bodies also could take proactive measures, ranging from land acquisition for water conservation projects to financing for water-saving infrastructure, including networks to distribute recycled water and catch stormwater.

"These agencies have a lot of authority," said Jay Jasperse, chief engineer and director of groundwater management for the Sonoma County Water Agency. "They don't have to do any of this, but the state wants to send the message to counties throughout California, to do as much as they can to ensure sustainability. Otherwise, the state will step in and it will be punitive."

The county's moves constitute its first major step to comply with legislation signed by Gov. Jerry Brown in September 2014 amid the state's historic drought. Meant to curb overpumping of underground supplies, the laws ended California's pump-as-you-please stance on aquifers and brought it into line with most other Western states that long have regulated wells.

Overpumping has led to sinking land in the San Joaquin Valley and billions of dollars in damage to aquifers, roads and canals. In Sonoma County, the Sonoma Valley basin has been threatened by intrusion of saltwater underground.

County officials said that having one agency for each of Sonoma County's three basins would ensure that those affected would retain more say in how groundwater in their area is regulated.

Cities and water suppliers that have overlapping jurisdiction in each area must also sign off on the plan. The 11 entities are expected to weigh in on the recommendations between now and Oct. 21.

Supervisors stressed the importance of working with cities and individual water agencies to form the groundwater agencies, then conducting robust public outreach throughout the county.

“The desire to have local control is a strong priority here,” said Supervisor Shirlee Zane. “It’s important to achieve a tone where we don’t vilify water users. ... We don’t want to have residential urban users vilifying agriculture, or agriculture vilifying industry — there is always that temptation.”

Jasperse said agencies also will be able to appoint members from outside interest groups, such as environmental organizations or agriculture.

After the sustainability agencies are formed in 2017, officials will have roughly five years to develop a plan to maintain healthy groundwater levels. After that, each agency will have 20 years to achieve sustainability.

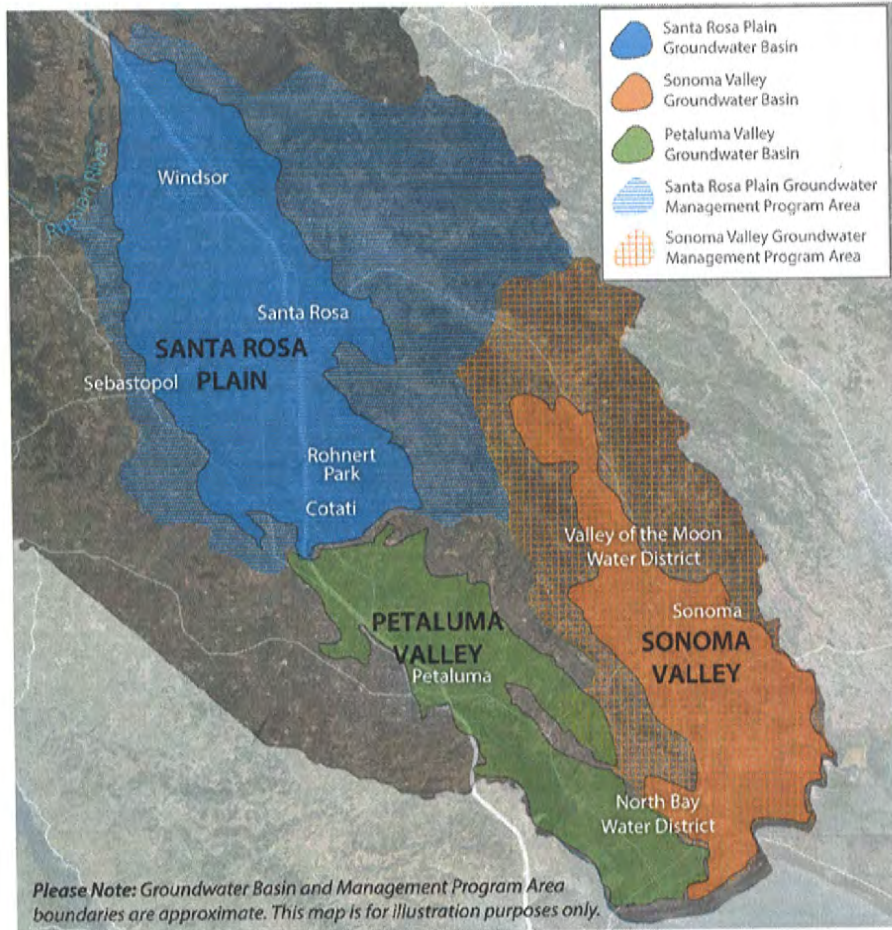
The move to regulate groundwater has drawn fire from the state’s powerful agricultural industry, including the California Farm Bureau, which opposed the legislation.

But supervisors said voluntary measures taken over the past decade to study and conserve groundwater in Sonoma County would help bridge the gap to mandatory measures in the future.

“I think we have built a strong foundation,” said Supervisor Efren Carrillo. “As a whole, in my mind, there is absolutely no question that groundwater plays an important role in building resiliency.”

You can reach Staff Writer Angela Hart at 526-8503 or angela.hart@pressdemocrat.com. On Twitter [@ahartreports](https://twitter.com/ahartreports).

Learn about the Sustainable Groundwater Management Act (SGMA) in Sonoma County



Three public workshops will be held to review the new law, what it requires, how it affects Sonoma County, and to discuss the formation of local Groundwater Sustainability Agencies. There will be time to ask questions and provide input.

Questions? Contact Ann DuBay:

ann.dubay@scwa.ca.gov or (707) 524-8378
www.sonomacountygroundwater.org

PETALUMA VALLEY GROUNDWATER BASIN WORKSHOP

Monday, November 9
6 Pm- 8pm
Luchessi Community Center
320 North McDowell Blvd,
Petaluma

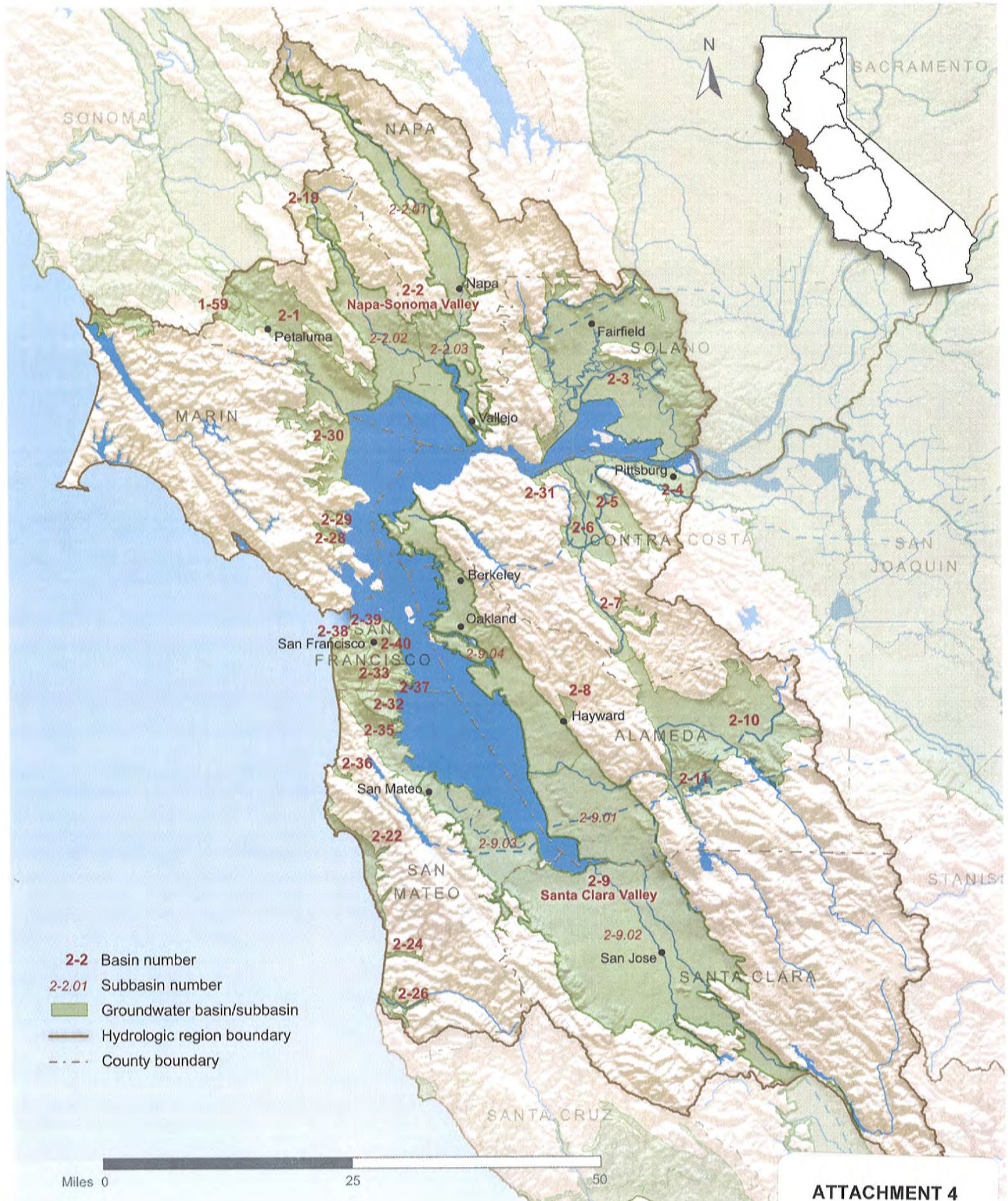
SONOMA VALLEY GROUNDWATER BASIN WORKSHOP

Thursday, November 12
6 P.M. To 8 P.M.
Sonoma Veterans Memorial
Building
126 First Street West,
Sonoma

SANTA ROSA PLAIN GROUNDWATER BASIN WORKSHOP

Wednesday, December 9
6 P.M. To 8 P.M.
Finley Community Center
2060 West College Ave,
Santa Rosa

Alluvial Groundwater Basins and Subbasins within the San Francisco Bay Hydrologic Region



Novato Valley Basin

- Groundwater Basin Number: 2-30
- County: Marin
- Surface Area: 20,500 acres (32 square miles)

Basin Boundaries and Hydrology

The Novato Valley basin occupies a structural depression in the Coast Ranges immediately west of San Pablo Bay and north of San Raphael. San Antonio Creek bounds the Novato Valley basin to the north and the Mendocino Range forms the western and southern boundary. Streams discharging to San Pablo Bay drain the basin and are tidally influenced in the lower reaches. Annual Precipitation in the basin ranges from less than 28 inches adjacent to the bay to more than 40 inches in the upland areas in the Mendocino Range.

Hydrogeologic Information

Water Bearing Formations

Water occurs principally in alluvial deposits of Pleistocene to Holocene age that unconformably overlie non-water bearing rocks of the Franciscan assemblage (Cardwell 1958). The alluvial deposits are composed of unconsolidated clay, silt, and sand with discontinuous lenses of gravel. The Pleistocene alluvium is exposed only in a small area on the northern side of Novato Valley (Cardwell 1958). The total thickness of the alluvial deposits ranges from 60 feet near the city of Novato to more than 200 feet near San Pablo Bay (DWR 1975). Generally semi-confined conditions prevail in the water bearing formations (Cardwell 1958). Wells in sand and gravel layers 25 feet to 50 feet deep yield an average of 50 gallons per minute (DWR 1975).

Recharge Areas

Natural recharge occurs principally as infiltration from streambeds that exit the upland areas within the drainage basin and from direct percolation of precipitation that falls on the basin floor.

Groundwater Level Trends

No published information was found that would indicate groundwater level trends for the Novato Valley groundwater basin.

Groundwater Storage

Groundwater Storage Capacity. No published information was found addressing the groundwater storage capacity of the Novato Valley groundwater basin.

Groundwater in Storage. No published report was found addressing the quantity of groundwater in storage.

Groundwater Budget (Type C).

Not enough data exists presently to provide either an estimate of the Novato Valley basin's groundwater budget or the groundwater extraction from the basin.

Groundwater Quality

Characterization. Groundwater is typically of the calcium bicarbonate type. Groundwater in the tidal areas of the alluvium is of the sodium chloride type and the total mineral content is greater than in areas more distal to the bay (Cardwell 1958; DWR 1975).

Impairments. Tidal fluctuations in the vicinity of San Pablo Bay can cause intrusion of brackish water into the groundwater reservoir degrading water quality (Cardwell 1958).

Water Quality in Public Supply Wells

Constituent Group ¹	Number of wells sampled ²	Number of wells with a concentration above an MCL ³
Inorganics – Primary	2	0
Radiological	1	0
Nitrates	2	0
Pesticides	1	0
VOCs and SVOCs	1	0
Inorganics – Secondary	2	0

¹ A description of each member in the constituent groups and a generalized discussion of the relevance of these groups are included in *California's Groundwater – Bulletin 118* by DWR (2003).

² Represents distinct number of wells sampled as required under DHS Title 22 program from 1994 through 2000.

³ Each well reported with a concentration above an MCL was confirmed with a second detection above an MCL. This information is intended as an indicator of the types of activities that cause contamination in a given basin. It represents the water quality at the sample location. It does not indicate the water quality delivered to the consumer. More detailed drinking water quality information can be obtained from the local water purveyor and its annual Consumer Confidence Report.

Well Production characteristics

Well yields (gal/min)		
Municipal/Irrigation		Average: 50 (DWR 1975)
Total depths (ft)		
Domestic	Range: 55 - 443	Average: 243 (Based on 7 Wells)
Municipal/Irrigation		

Active Monitoring Data

Agency	Parameter	Number of wells /measurement frequency
	Groundwater levels	
DWR	Miscellaneous water quality	2 Wells
Department of Health Services and cooperators	Title 22 water quality	1 Well

Basin Management

Groundwater management:

Water agencies

Public

North Marin MWD, Marin MWD,
Marin County FC & WCD

Private

References Cited

Cardwell, G.T. Geology and Groundwater in the Santa Rosa and Petaluma Valley Areas, Sonoma County California. US geological Survey Water-Supply Paper 1427. 1958.

California Department of Water Resources. Sea-Water Intrusion in California Inventory of Coastal Ground Water Basins. Bulletin 63-5 October 1975.

Errata

Changes made to the basin description will be noted here.

San Rafael Valley Groundwater Basin

- Groundwater Basin Number: 2-29
- County: Marin
- Surface Area: 896 acres (1.4 square miles)

Basin Boundaries and Hydrology

The San Rafael Valley groundwater basin is a small, coastal basin located 12 miles north of San Francisco, and includes the City of San Rafael. It is bounded to the east by San Rafael Bay, which lies between San Pablo Bay to the north and San Francisco Bay to the south. The basin extends from its southernmost boundary near San Quentin, about 1.5 miles to its northern boundary of Rafael Creek. The basin extends inland (west) a distance that varies from about 1/2 mile in the south to just under 2 miles in the north. The basin boundaries approximate the contact between the artificial fill (predominantly) and alluvium (minor) in the basin and the surrounding bedrock. The artificial fill is characterized as fill overlying San Francisco Bay Mud; and the alluvium as Holocene, undifferentiated deposits (Knudsen, 2000). The annual precipitation in the basin averages 33 inches in the (USDA, 1999).

Hydrogeologic Information

Water Bearing Formations

Unconsolidated Quaternary alluvium comprises the water-bearing sediments in the basin (DWR, 1975). Published information describing the physical characteristics and thickness of these sediments were not found.

Restrictive Structures (optional)

None known (DWR, 1975).

Groundwater Level Trends

No published information was found that would indicate groundwater level trends for the San Rafael Valley groundwater basin.

Groundwater Storage

Groundwater Storage Capacity

No published information was found addressing the groundwater storage capacity of the San Rafael Valley groundwater basin.

Groundwater in Storage

No published report was found addressing the quantity of groundwater in storage.

Groundwater Budget (Type)

Not enough data exists presently to provide either an estimate of the San Rafael Valley basin's groundwater budget or the groundwater extraction from the basin

Groundwater Quality

Characterization No published information was found characterizing the groundwater in the San Rafael Valley groundwater basin.

Impairments Limited published information suggests that sea-water intrusion may be a problem within the basin. Data collected in 1954 indicated chloride concentrations exceeding 100 parts per million in a well (1N/6W-4F1) located east of the basin. As reported, the elevated concentration could be normal for the area, and did not necessarily indicate sea-water intrusion at that time. However, it was further reported that, in 1972, data suggested possible sea-water intrusion near San Francisco Bay (DWR, 1975).

Well Production Characteristics

No published information was found that would indicate well production characteristics in the San Rafael Valley groundwater basin.

Well Characteristics

Well yields (gal/min)		
Municipal/Irrigation	No data	
Total depths (ft)		
Domestic	Range: 159	Average: 159 (Based on information from (1) drillers log submitted to DWR).
Municipal/Irrigation	Range: No data	Average: No data

Active Monitoring Data

No information was found that would indicate active monitoring is being conducted within the basin.

Agency	Parameter	Number of wells /measurement frequency
Department of Health Services and cooperators	Groundwater levels	
	Miscellaneous water quality	
	Title 22 water quality	

Basin Management

Groundwater management:	Unknown
Water agencies	
Public	Marin Municipal Water District
Private	

References Cited

- USDA. United States Average Annual Precipitation, 1961-1990: Map Layer, 1999.
- USGS, Open-File Report 00-444, Preliminary Maps of Quaternary Deposits and Liquefaction Susceptibility, Nine-County, San Francisco Bay Region, California: A Digital Database, 2000, Knudsen, etal.
- California Department of Water Resources, Sea-Water Intrusion in California, Inventory of Coastal Ground Water Basins. Bulletin 63-5 October 1975.

Errata

Changes made to the basin description will be noted here.

Ross Valley Groundwater Basin

- Groundwater Basin Number: 2-28
- County: Marin
- Surface Area: 1,765 acres (2.8 square miles)

Basin Boundaries and Hydrology

The Ross Valley groundwater basin is a small, coastal basin located about 10 miles north of San Francisco, with portions of the basin lying in the City of Corte Madera and Larkspur. It is bounded to the east by San Francisco Bay and to the north by Corte Madera Creek. From its northern and eastern boundaries, respectively, the basin extends south a maximum distance of 2 miles and inland (west) a distance that varies from about 1 mile in the south to just over 2 miles in the north. The basin boundaries approximate the contact between the artificial fill (predominantly) and alluvium (minor) in the basin and the surrounding bedrock. The artificial fill is characterized as fill overlying San Francisco Bay Mud; and the alluvium as Holocene, undifferentiated deposits (Knudsen, 2000). Additional deposits mapped within the basin include Holocene San Francisco Bay muds, which occur along and the shoreline and inland. The annual precipitation in the basin ranges from 31 inches in the east to 41 inches in the west (USDA, 1999).

Hydrogeologic Information

Water Bearing Formations

Unconsolidated Quaternary alluvium comprises the water-bearing sediments in the basin (DWR, 1975). Published information describing the physical characteristics and thickness of these sediments were not found.

Restrictive Structures (optional)

None known (DWR, 1975).

Groundwater Level Trends

No published information was found that would indicate groundwater level trends for the Ross Valley groundwater basin.

Groundwater Storage Capacity

No published information was found addressing the groundwater storage capacity of the Ross Valley groundwater basin.

Groundwater in Storage

No published report was found addressing the quantity of groundwater in storage.

Groundwater Budget (Type)

Not enough data exists presently to provide either an estimate of the Ross Valley basin's groundwater budget or the groundwater extraction from the basin

Groundwater Quality

Characterization No published information was found characterizing the groundwater in the Ross Valley groundwater basin.

Impairments Limited 1954 data suggested no sea-water intrusion, while reports in 1972 suggested possible intrusion in the lower portions of the basin (DWR, 1975).

Well Production Characteristics

No published information was found that would indicate well production characteristics in the Ross Valley groundwater basin.

Well Characteristics

Well yields (gal/min)		
Municipal/Irrigation	No data	
Total depths (ft)		
Domestic	Range: 158-300	Average: 229 (Based on information from (2) drillers logs submitted to DWR).
Municipal/Irrigation	Range: No data	Average: No data

Active Monitoring Data

No information was found that would indicate active monitoring is being conducted within the basin

Agency	Parameter	Number of wells /measurement frequency
Department of Health Services and cooperators	Groundwater levels	
	Miscellaneous water quality	
	Title 22 water	
	quality	

Basin Management

Groundwater management:	Unknown
Water agencies	
Public	Marin Municipal Water District
Private	

References Cited

USDA. United States Average Annual Precipitation, 1961-1990: Map Layer, 1999.

USGS, Open-File Report 00-444, Preliminary Maps of Quaternary Deposits and Liquefaction Susceptibility, Nine-County, San Francisco Bay Region, California: A Digital Database, 2000, Knudsen, etal.

California Department of Water Resources, Sea-Water Intrusion in California, Inventory of Coastal Ground Water Basins. Bulletin 63-5 October 1975.

Additional References

Ellis, William C. and Associates, 1978, Groundwater Resources of Ross Valley: A Report on Water Planning Investigations Prepared for Marin Municipal Water District, Marin County, California.

Errata

Changes made to the basin description will be noted here.

Wilson Grove Formation Highlands Groundwater Basin

- Groundwater Basin Number: 1-59
- County: Sonoma/Marin
- Surface Area: 86,400 acres (135 square miles)

Basin Boundaries and Hydrology

Wilson Grove Formation Highlands Groundwater Basin is an irregularly shaped basin in northern Marin and southern Sonoma Counties. The basin is bounded by Chileno Valley on the south, Bodega Bay on the west, and the Tolay Fault on the east. The contact between the Franciscan and Wilson Grove Formation defines the Basin boundary on the north. The Bloomfield Fault bisects the Basin from north to south (Jennings 1963). This groundwater basin was formerly known as the Sebastopol Merced Formation Highlands, basin number 2-25 (DWR 1975 and 1980). Several streams drain the basin and join to form Estero Americano Creek which runs from east to west through the basin. Most of the smaller tributaries flow south and west to join the creek before it enters Bodega Bay. The cities of Sebastopol and Forestville are located in the north of the basin and the city of Petaluma is located in the south. Average precipitation within the basin is estimated to be greater than 44 inches in the northwest to less than 28 inches in the southeast.

Hydrogeologic Information

Information was not available for the following subsections:

Groundwater Storage **Groundwater Budget (Type C)**

Water-Bearing Formations

Due to the lack of published data, the description of the Wilson Grove Formation Highlands Groundwater Basin hydrogeology is limited. The primary water-bearing formations are Wilson Grove, Pliocene marine deposits, and recent valley sediments. There are limited data regarding the occurrence and movement of groundwater in the basin (DWR 1975).

Recent Alluvium. Alluvium is dispersed throughout the Wilson Grove Formation Highlands Groundwater Basin. The deposits consist of poorly sorted coarse sand and gravel, and moderately sorted fine sand, silt and clay (DWR 1975).

Pleistocene Marine Terrace Deposits. Marine terrace deposits can be found throughout the basin. The deposits consist of fossiliferous marine sandstone, siltstone and silty clay with interbedded gravels and basal tuff beds. The terrace deposits were formed as alluvial fan or stream channel deposits and have been left isolated as the grade level in streams dropped (DWR 1975).

Pliocene Wilson Grove Formation. The Wilson Grove Formation is the major water-bearing unit in the basin. The formation is of late Pliocene age and was deposited in a subsiding embayment that was open to the ocean.

The sediments were deposited on a surface of high relief carved into the underlying Franciscan sediments. The Wilson Grove Formation consists of unconsolidated, fine-grained, massive sand and minor amounts of gravel and tuff deposited under beach and shallow-marine conditions (Fox 1983).

Groundwater Quality

Characterization. Water quality information for the Wilson Grove Formation Highlands Groundwater Basin is limited. Historical data from 30 samples in the basin indicate total dissolved solids range from 120 to 680 mg/l, averaging 253 mg/l.

Well Characteristics

Well yields (gal/min)		
Municipal/Irrigation	Range: 3 – 850	Average: 79 (based on 127 well completion reports [WCRs])
Total depths (ft)		
Domestic	Range: 17 – 799	Average: 224 (based on 3,277 WCRs)
Municipal/Irrigation	Range: 25 – 1,300	Average: 323 (based on 172 WCRs)

Active Monitoring Data

Agency	Parameter	Number of wells /measurement frequency
DWR	Groundwater levels	11 wells/semiannually
Sonoma County (including cooperators)	Groundwater levels	14 wells/semiannually
DWR	Miscellaneous water quality	2 wells/biennially
Department of Health Services and cooperators	Title 22 water quality	30 wells/annually

Basin Management

Groundwater management:	No known water management agency
Water agencies	
Public	North Marin Water District, City of Sebastopol Water and Sewer Utility, Sonoma County Water Agency
Private	unknown

References Cited

- California Department of Water Resources (DWR). 1980. Bulletin No. 118-80, Ground Water Basins in California.
- California Department of Water Resources (DWR). 1975. Evaluation of Ground Water

Resources in Sonoma County Volume 1: Santa Rosa Plain. DWR Bulletin 118-4.

Fox KF Jr. 1983. Tectonic setting of late Miocene, Pliocene, and Pleistocene, rocks in part of the Coast Ranges, North of San Francisco, California: USGS Professional Paper, 1239.

Errata

Changes made to the basin description will be noted here.

11

DISBURSEMENTS - DATED OCTOBER 15, 2015

Date Prepared 10/13/15

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 9/30/15	\$125,706.07
EFT*	US Bank	Federal & FICA Taxes PPE 9/30/15	54,389.01
EFT*	State of California	State Taxes & SDI PPE 9/30/15	9,373.13
1	Able Tire & Brake	Tires (12) ('08 Chevy Colorado-\$669, '09 Toyota Prius-\$258, '08 F250-\$974, '07 Chevy K2500 4x4-\$475 & '05 Ford Ranger-\$278) & Replace Front Brakes ('07 Chevy Colorado-\$363)	3,018.88
2	Asbury Environmental Services	Used Oil Removal (Shop)	45.00
3	AT&T	SCADA Line	12.32
4	Axelsen, Eric	Novato "Washer" Rebate Program	50.00
5	Bacons Auto Service	Smog Tests ('07 Chevy Colorado, '99 Dodge Ram, '08 F350 4X4 & '02 Chevy K1500)	175.25
6	Bay Alarm	Quarterly Fire Alarm Monitoring Fee (STP) (10/01/15-01/01/16)	338.19
7	Becker, Olaf & Christina	Novato "Washer" Rebate Program	50.00
8	BKF Engineers	Prog Pymt#5: Land Surveying Services for RW Exp Central Services (Bal Rem on Contract \$9,221)	778.93
9	California State Disbursement	Wage Assignment Order	811.50
10	Campopiano, Brian	Novato "Cash for Grass" Rebate Program	140.00
11	Costco Wholesale	Coffee (\$106), Sugar & Coffeemate (3)	124.67
12	CSW/Stuber-Stroeh Engineering	Progress Pymt#2: Recycled Water Central Service Area (Balance Remaining on Contract \$53,548)	5,093.00
13	Diggs, James	Retiree Exp Reimb (Oct Health Ins)	966.79

Seq	Payable To	For	Amount
14	Environmental Express	Sterile Water (2.5 gal) (Less Credit Received \$604) (Lab)	35.79
15	Evoqua Water Technologies	Service on Deionization System (Lab)	219.80
16	Fisher Scientific	Beakers (12-250mL), Pipete Tips (400) (\$80), Pipetes (500) (\$59) & Chlorine	235.21
17	Geraldi, Anthony	Novato "Cash for Grass" Rebate Program	400.00
18	Ghilotti Construction	Prog Pymt#17 Construct AEEP Reaches A-D/MSN B3 Project (Balance Remaining on Contract \$1,119,634)	743,310.97
19	Golden Gate Petroleum	Gas (\$2.62/gal) & Diesel (\$2.59/gal)	1,165.27
20	Grainger	3/4" Hose Assembly (\$310) (75'), 7.5" Spray Nozzle (\$97), Hvac Filters (16) (\$330) & Wrenches (3) (\$84)	827.48
21	Hach	Standard (1,000mL) (STP)	144.98
22		Cafeteria Plan: Uninsured Medical Reimbursement	557.30
23	Landeros, Dianne	Exp Reimb: Baywork Event in Millbrae on 10/7. Mileage (\$47), Bridge Toll (\$6) & Lunch (\$13)	66.40
24		Childcare Reimbursement	416.66
25	Maltby Electric	Unistrutt Clamps (\$57) & Mounting Nuts	84.39
26	Marin County Recorder	August Official Copy of Records (34)	88.00
27	Marin County Ford	Thermostat & Hoses (\$183), Radiator Hoses (2) & Brake Pad Kit ('08 F350) (\$94)	277.44
28	McLellan, WK	Misc Paving (\$7,000) & Compaction Testing	9,206.25
29	McMaster-Carr Supply	RTU Fuses (50)	60.36
30	Mello, John	Retiree Exp Reimb (Oct Health Ins)	895.35
31	Moore, Doug	Retiree Exp Reimb (Oct Health Ins)	895.35
32	Murakami, Hazuki	Novato "Washer" Rebate Program	50.00
33	Nave Motors	Towing Services	110.00

Seq	Payable To	For	Amount
34	New Pig	Truck Spill Kit (\$193) & Absorbent Spill Mat (32" x 50') (\$125)	318.70
35	North Marin Auto Parts	Mirror Glue, Air Filters (4) (\$72), Oil (20 qts) (\$122), Oil Filters (4) (\$26), Automotive Fuse, Floor Squeegee & Handles (2), Funnel, Wiper Blade (6) (\$107), Interior Cleaning Wipes (3), 2-Cycle Oil (12-2.6 oz bottles), Misc Hose Clamps (30), Socket Holders (8) (\$37), Socket Holder Clips (3), Shop Rags (60lbs) (\$172), Ground Strap, Metric Bolts (200) & Washers (2)	723.07
36	NMWD Employee Association	Association Dues (8/15-9/30)	930.00
37	Novato Builders Supply	Stakes (75)	25.64
38	Novato Disposal Service	September Trash Removal	432.54
39	Novato Chevrolet	Lower Seat Frame ('02 Chevy K1500 4x4) (\$243), Ignition Switch ('04 Chevy C1500), Trans Filter, Trans Oil (6 qts), & Trans Wiring Harness ('04 Chevy C1500) (\$207), Seat Parts ('07 Chevy 4 x 4) (\$642), Blower Motor & Motor Resistor ('07 Chevy K2500 4x4) (\$224) & Front Hub/Bearing & ABS Sensors ('07 Chevy 4 X 4) (\$790)	2,146.05
40	Ortiz, Luis	Refund Security Deposit (25 Giacomini Rd)	900.00
41	Pratt Company, Henry	12" Rubber Seated Ball Valve (Zone A Pressure Improvement Project)	19,006.00
42	Ruffra, Peggy	Novato "Cash for Grass" Rebate Program	200.00
43	Safeguard	Deposit Slips (600)	107.22
44	Sebastopol Bearing & Hydraulic	Bearings (4) (\$125) & Seals (2) (STP)	146.11
45	Shelley, Edward	Novato "Cash for Grass" Rebate Program	400.00
46	Shirrell Consulting Services	Sept Dental Expense	4,705.90
47	Shoemaker Structural	Welding Services	238.15
48	Syar Industries	Asphalt (12 tons)	1,764.43
49	Team Ghilotti	Final Pymt: Pipe Bursting for 12" Cast Iron Pipe on S. Novato Blvd (Total Project Cost \$122,700)	6,135.00

Seq	Payable To	For	Amount
50	TelePacific Communications	Sept Telephone Charges (9/10-9/30)	420.67
51	Thomas Scientific	Sterility Indicator (300)	71.00
52	Thomas Swan	Digital Prints & Vinyl Art (AEEP Dedication	457.80
53	Ultra Scientific	Reference Sample (1,000 mL) (Lab)	146.90
54	US Bank	Sept Safekeeping Fee-Treasury Securities	89.75
55	Vali Cooper & Associates	Prog Pymt#18: Construction Management Services for AEEP Reaches A-D MSN B3 Project (Balance Remaining on Contract \$145,523)	60,351.15
56	Verizon California	Leased Line	817.11
57	Verizon Wireless	Cellular Charges: Data (\$110) & Airtime (\$121) (18)	231.27
58	VWR International	pH Probes (2) (\$483) & Filters (100) (STP)	657.38
59	Wallace, William	Refund Alternative Compliance Reg 15 Deposit	630.00
60	Weeks Drilling & Pump	Clean & Reline Point Reyes Well #2	23,849.75
61	Wilson, Leslie	Novato "Pool Cover" Rebate Program	50.00
TOTAL DISBURSEMENTS			<u>\$1,086,071.33</u>

The foregoing payroll and accounts payable vouchers totaling \$1,086,071.33 are hereby approved and authorized for payment.



Auditor-Controller

10/13/15

Date



General Manager

10/13/15

Date

DISBURSEMENTS - DATED OCTOBER 8, 2015

Date Prepared 10/6/15

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

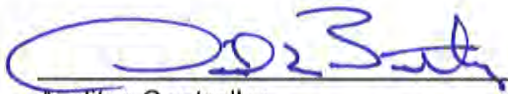
<u>Seq</u>	<u>Payable To</u>	<u>For</u>	<u>Amount</u>
1	Aberegg, Michael	Prog Pymt#2: Engineering Services. RW Central Service Area Project (Balance Remaining on Contract \$23,180)	\$2,805.00
2	Anfinson, Eric	Novato "Washer" Rebate Program	50.00
3	Arata, Diane	Novato "Toilet" Rebate Program	100.00
4	A.S.T.I.	Progress Pymt#1: Fire Service Testing (Balance Remaining on Contract \$3,902)	598.00
5	Athens Administrators	Sept Replenish Workers' Comp Account (Venegas) (\$7,525) & Oct Worker's Comp Admin Fee (\$1,000)	8,525.07
6	AT&T	September Internet Service at PRTP	75.00
7	Automation Direct	PLC Parts	959.00
8	Bacons Auto Service	Smog Tests ('05 Honda Civic Hybrid, '06 Chevy Colorado & '04 Chevy C1500)	125.25
9	Badger Meter	Cellular Meter Monthly Charge (13)	12.46
10	Banana Man's Water Trucks	Fill NMWD RW Tank (62,000 gal)	1,480.00
11	Bentley, David L.	Expense Reimb: Aug/Sept Mileage	129.16
12	Bold & Polisner	Aug Legal Services: AEEP Caltrans Reimb B3 (\$580), Billing Dispute-Owner/Tenant (\$93), Gallagher Well #2 (\$92), Marin County Club Golf (\$241), Sustainable Groundwater Mgmt (\$187) & Tier Rate (\$185)	1,377.00
13	Bosserman, Coleen	Novato "Toilet" Rebate Program	100.00
14		Cafeteria Plan: Uninsured Medical Reimbursement	240.00
15	Cobb, Beverly	Novato "Toilet" Rebate Program	100.00

Seq	Payable To	For	Amount
16	Craig, Murray	Novato "Cash for Grass" Rebate Program	400.00
17	Dreitzler, Lorn	Novato "Cash for Grass" Rebate Program	400.00
18	Driscoll, Edward	Novato "Cash for Grass" Rebate Program	200.00
19	Engineering Supply	Hand Level	87.15
20	Fisher Scientific	Copper (100 ml) & Pipettes (24) (\$175) (Lab)	189.16
21	Flo-Line Technology	Sewage Pump Repair Parts (STP)	2,384.21
22	Friscia, Linda	Novato "Toilet" Rebate Program	100.00
23	F.S. Brainard	Upgrade Meter Master Software Used to Download & Analyze Water Use Data from Distribution Meters	790.00
24	Gee, Sonny	Novato "Toilet" Rebate Program	200.00
25	Goerndt, Alfred	Novato "Toilet" Rebate Program	100.00
26	Golden Gate Petroleum	Gas (\$2.62 gal) & Diesel (\$2.59/gal)	1,245.43
27	Grainger	Funnel (4), Kneeling Pads (2) (\$94) & Plastic Pails (14) (\$125)	298.78
28	Hach	Alkaline Cyanide (2), Solution Pan, Ascorbic Acid Pillows (200) & Chlorine Reagent (\$192) (1,000) (STP)	285.15
29	Hammond, Cynthia	West Marin "Toilet" Rebate Program	200.00
30	Haskins, Kiley & Kyle	Refund Overpayment on Closed Account	157.43
31	Hertz Equipment Rentals	JD Excavator Rental (1 week) (Bear Valley Tank Project)	2,184.11
32	Idexx Laboratories	Control Organisms (Lab)	208.69
33	Kaiser Foundation Health Plan	DMV/DOT Physical (Breit) (\$115) & Pre- Employment Physical (Schinske) (\$65)	180.00
34	Maltby Electric	Electrical Conduit Fittings for Kastania T.M. Cable	57.50
35	Marin IJ	Subscription Renewal (9/15-9/16) (DeGabriele) (Budget \$290)	453.44

Seq	Payable To	For	Amount
36	Marin County Radio Shop	Diagnose & Repair Base Radio (Crest Tank)	744.05
37	McLellan, WK	Misc Paving & Compaction Testing	12,112.31
38	McMaster-Carr Supply	Couplings, 1/4" Pipe Locknuts (10), Wire Cloth (\$326), Nuts & Bolts for AEEP Air Valves & Push Button Switches (2)	485.30
39	Mutual of Omaha	Oct Group Life Ins Premium	862.41
40	Our Lady of Loretto Church	Novato "Cash for Grass" Rebate Program	7,500.00
41	Pace Supply	Vaults (3-3' x 5' x 3') (\$1,827), Elbow, (3' x 5' x 3') & 2" Copper Pipe (200') (\$3,172)	5,143.38
42		Cafeteria Plan: Childcare Reimbursement	203.33
43	RMC Water & Environment	Prog Pymt#10: Engineering Services: RW Project Title 22 Report (Balance Remaining on Contract \$950) & Prog Pymt#1: NMWD Recycled Water Production Evaluation (Balance Remaining on Contract \$53,064)	2,821.50
44		Cafeteria Plan: Childcare Reimbursement	118.75
45	Sebastopol Bearing & Hydraulic	Gate Valve (4")	192.90
46	Strahm Communications	Postage for Novato Fall Waterline Newsletter (18,350)	3,119.50
47	Thomas Scientific	Sterility Indicator (\$232) & Hydrochloric Acid (2.5L) (Lab)	359.31
48	TTR Substations	Refund Security Deposit Less Charge for 1 Recycled Water Load	95.00
49	United Rentals	Trench Compactor Repair Parts	242.85
50	United Parcel Service	Delivery Services: Sent Majauskas Stipulation for Judgment for Consideration & Shipping Cost for Pipe Specs (AEEP Dedication)	13.92
51	United Site Services	PortaPotty Rental (1 month) (Bear Valley Tank Project)	128.42

Seq	Payable To	For	Amount
52	USA BlueBook	Valve & Curb Key Kit with Carry Bag (\$210) ('15 Ford F150 4x4), Liquid Tests (5-30mL), Hydrochloric Acid (\$44) & Phosphate Solution (2L) (STP)	400.34
53	Verizon California	Leased Lines (2)	343.31
54	VWR International	Pipetter Maintenance Supplies (\$97) & Pipettes (\$283) (500) (Lab)	380.60
55	Wheelwright, Betty & John	West Marin "Toilet" Rebate Program	400.00
TOTAL DISBURSEMENTS			<u>\$62,464.17</u>

The foregoing payroll and accounts payable vouchers totaling \$62,464.17 are hereby approved and authorized for payment.



Auditor-Controller

10/6/15

Date



General Manager

10/5/2015

Date

MEMORANDUM

October 16, 2015

To: Board of Directors

From: David L. Bentley, Auditor-Controller

Subj: Information - 2016 Medical Plan Cost Increase
\\lakword\personnel\health\health ins cost increase 2016.docx

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: \$37,100 (4%) Increase in 2016 Group Medical Insurance Contribution

CalPERS has released the 2016 medical insurance premium amounts negotiated with its providers. The NMWD Employee Association MOU provides for a District contribution of up to \$3,830 per year¹ to the CalPERS Health Plan. In addition, the District contributes \$137 plus 85% of the Kaiser Basic Medical Plan premium amount, based upon each employee's family status (single, couple, or two or more dependents), less \$3,830¹, into each employee's cafeteria plan account. Effective January 1, 2016, the Kaiser premium amount will increase 4.5%.

Twelve employees have alternative medical insurance² coverage for their family and have opted-out of the District's group medical plan, saving the District \$45,960 in foregone medical insurance contributions to CalPERS. These employees will see a 5.7% increase in the District contribution to their cafeteria plan, which all have elected to receive as taxable income.

The District's 2016 obligation toward employee medical insurance will be \$807,100, an increase of \$35,900 (4.7%) from the current year³. The FY16 budget projected a 4.5% increase.

The District's labor agreement provides for a contribution toward retiree medical insurance. Retirees between age 55 and 65 with more than twelve years of service receive up to 85% of the Kaiser 2-party premium amount⁴. All other annuitants receive up to the amount contributed on behalf of employees (\$3,830). There are 32 annuitants participating in the District's group medical plan, unchanged from one year ago. Twenty of the annuitants retired prior to the 2005 labor agreement that enhanced the retirement plan to 2.5% at age 55 and capped the retiree medical benefit at \$3,830 per year. The District continues to honor the higher medical benefit amount promised to the twenty pre-2005 annuitants who do not benefit from the enhanced retirement plan. The District's 2016 cash outlay for retiree medical insurance will be \$166,000, an increase of \$1,200 (1%)⁵, and the total outlay (employee plus retiree) will increase \$37,100 (4.0%).

¹ Proportionate to the employee's full-time equivalent (FTE) status.

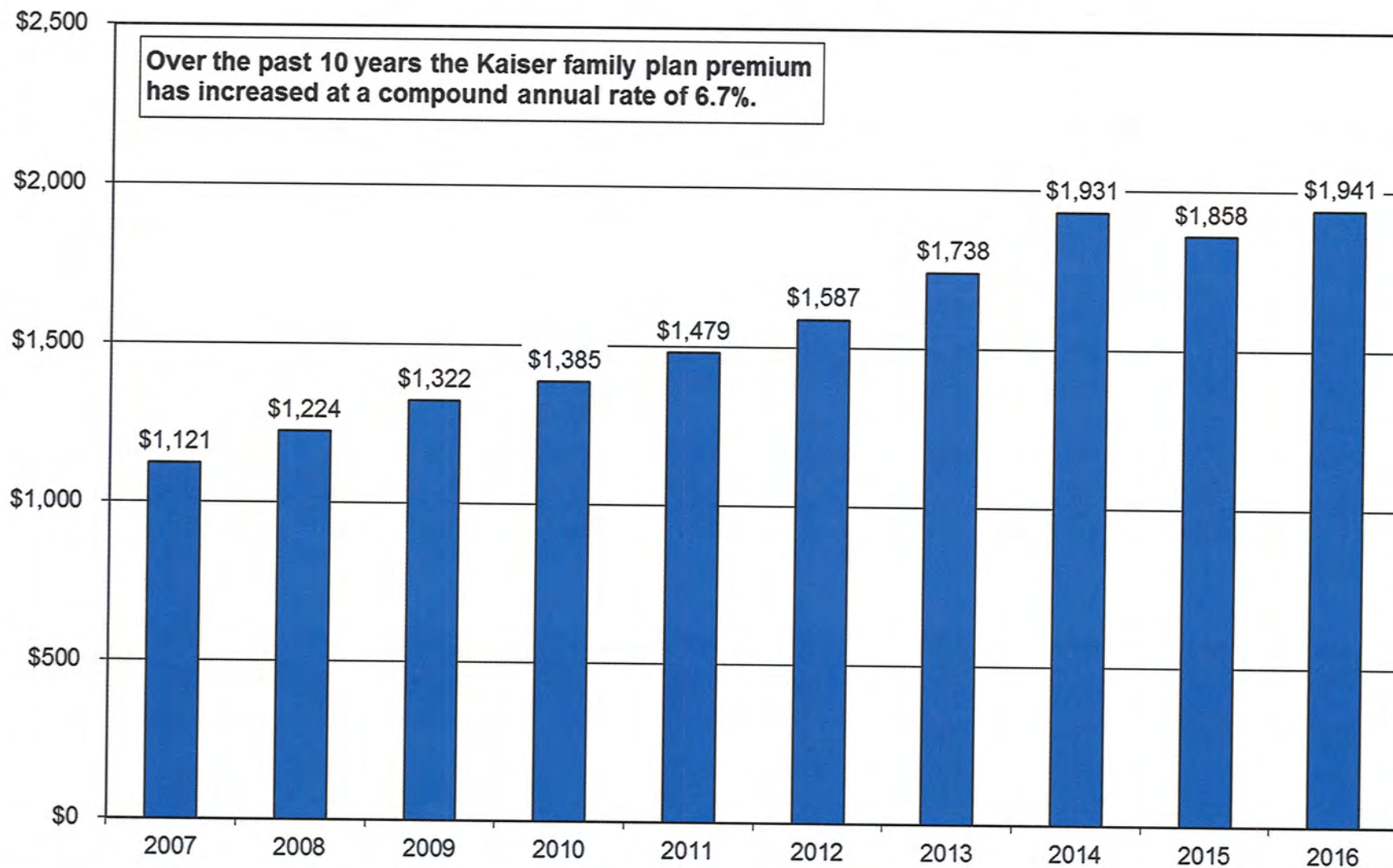
² Employees who provide acceptable proof of alternative insurance for themselves and all dependents may use the Cafeteria Plan contribution for purposes other than supplemental medical insurance.

³ Based on the current employee demographic.

⁴ One annuitant under age 65 remains who retired prior to the 2012 MOU and receives 90% of the Kaiser 2-party premium amount.

⁵ Based on the current retiree population.

CalPERS Kaiser Health Plan Monthly Family Premium



MEMORANDUM

To: Board of Directors

October 16, 2015

From: David L. Bentley, Auditor-Controller

Subj: Self-Insured Workers' Comp – 1st Quarter Status Report

t:\acl\word\personnel\wcl\self ins status 0915.docx

RECOMMENDED ACTION: None

FINANCIAL IMPACT: Cumulative Savings of \$577,644

The District returned to self-insuring its workers compensation liability effective July 1, 2011, after the low-cost proposal for first-dollar workers' compensation coverage increased 20% over the prior year, to \$159,331. The avoided-cost since returning to self-insurance is calculated at \$522,235. When the Reserve for Future Medical (which is money not yet paid out) is added, the total cash outlay avoided to date, including interest earned on the cost avoided, is \$577,644. This cash is set-aside in a reserve for future claims.

Through the first quarter of FY16, the District incurred no claims. Attached are charts showing a 10-year history of annual claims cost (average \$32,000 per year) and 10-year history of claims frequency (average 8 claims per year).

	FY12	FY13	FY14	FY15	FYTD16	Cumulative
Premium Avoided	\$159,331 ¹	\$170,574 ²	\$311,764 ³	\$203,722 ⁴	\$53,034 ⁵	\$898,425
Self-Insurance Cost						
Medical/Indemnity Cost	(10,237)	(20,131)	(71,283)	(2,780)	0	(104,431)
Third Party Administration	(12,000)	(12,000)	(12,000)	(12,000)	(3,000)	(51,000)
Excess Insurance Premium	(45,546)	(47,762)	(49,276)	(51,756)	(13,407)	(207,747)
Legal/Miscellaneous	0	0	(13,012)	0	0	(13,012)
Net Cost Avoided	\$91,548	\$90,681	\$166,193	\$137,186	\$36,627	\$522,235
Reserve for Future Medical	0	0	48,801	0	0	48,801
Total Cash Outlay Avoided	\$91,548	\$90,681	\$214,994	\$137,186	\$36,627	\$571,036
Interest on Cost Avoided	36	9	1,433	3,953	1,177	6,608
Cumulative Savings	\$91,584	\$90,690	\$216,427	\$141,139	\$37,804	\$577,644

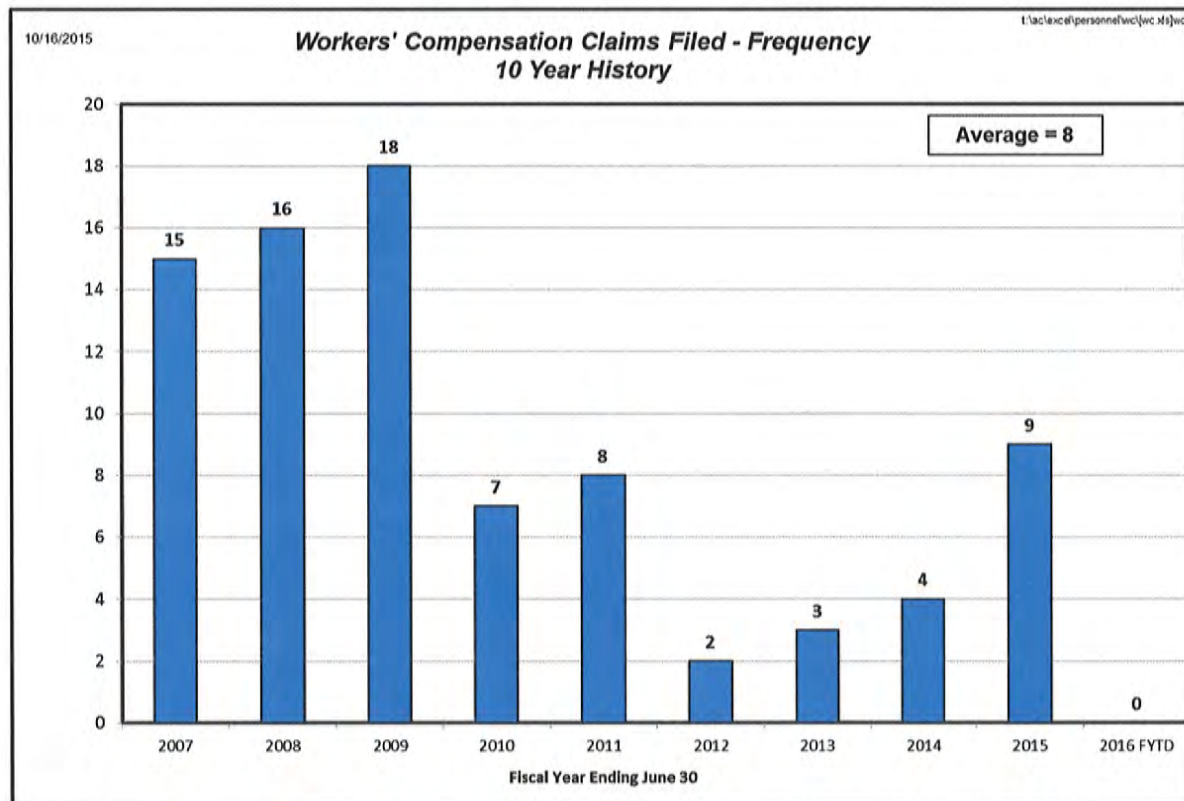
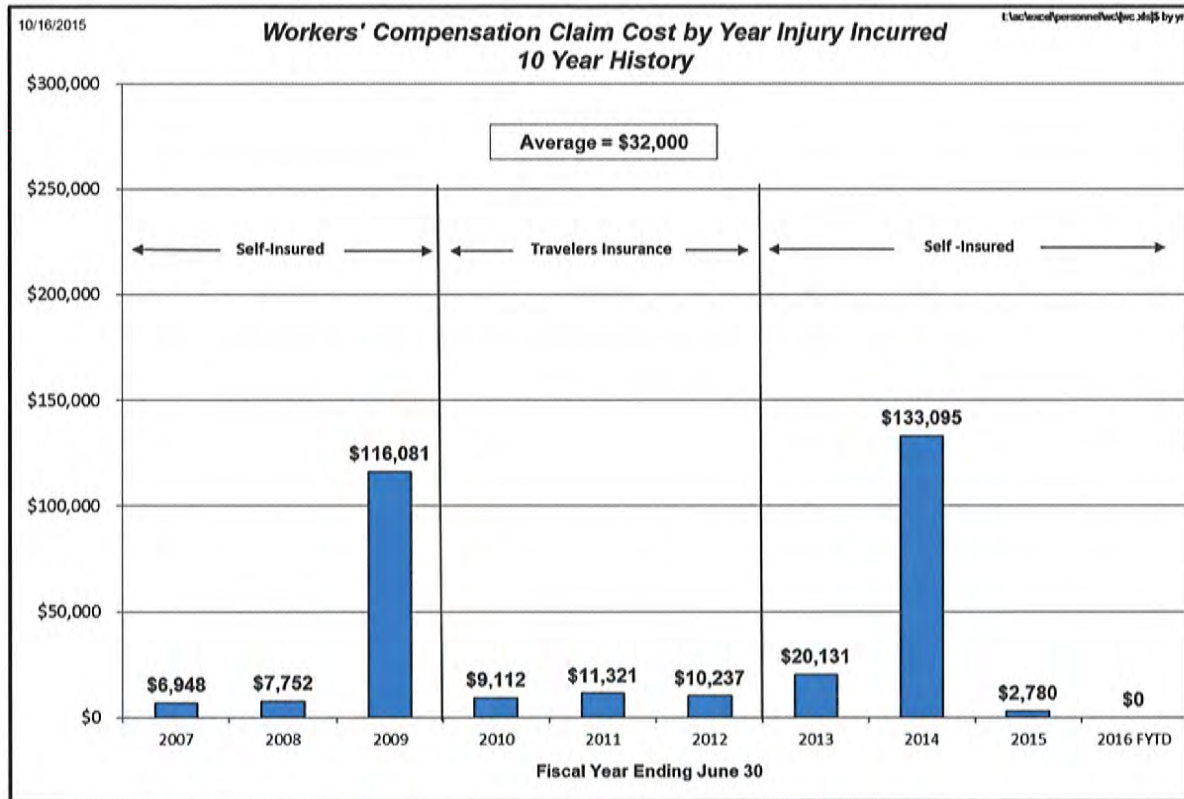
¹ Travelers Insurance proposed an annual premium of \$159,331.

² Unable to obtain a quote. Annual premium of \$170,574 was based on a 6.5% industry average increase estimated by broker.

³ Chartis Insurance was the low cost proposal with an annual premium of \$311,764.

⁴ Alaska National Insurance Company was the low cost proposal with an annual premium of \$203,722.

⁵ New York Marine and General Insurance Company was the low cost proposal with an annual premium of \$212,135.



MEMORANDUM

October 16, 2015

To: Board of Directors

From: Nancy Williamson, Senior Accountant

Subj: Information – FY16 1st Quarter Labor Cost Report
t:\acl\word\memo\16\1st qtr labor cost rpt.doc

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Total labor cost increased \$30,060 (1.8%) from the prior year, same period. Attached in graphical format is a five-year comparative summary of total labor cost (Attachment A), overtime cost (Attachment B) and temporary employee cost (Attachment C) expended during the 1st quarter of each fiscal year. Also attached is a summary of total labor cost vs. budget (Attachment D), which shows that labor cost came in 11% under budget for the fiscal year-to-date, due primarily to the decision to leave the Chief Engineer position vacant through the fiscal year.

Department	Increase / (Decrease) in Labor Cost vs prior FY	% Change
Administration	\$53,101	12.4%
Engineering	(\$38,678)	(11.3%)
Operations/Maint	(\$3,052)	(0.5%)
Construction/Maint	\$18,689	5.6%
Net Increase/(Decrease)	\$30,060	1.8%

Comment on Change from Prior Year

Administration: Labor Cost increased \$53,101, or 12.4%. The increase is primarily due to the addition of Shawn Kane to the Storekeeper position as of April 1, 2015, replacing an Engineering Department employee, and Chris Frazer to the Field Service Representative position at May 18, 2015, replacing a FSR who was out on disability during the prior year period, 4 step increases and the 2.37% labor cost increase effective October 1 of 2014.

Engineering: Labor Cost decreased \$38,678, or 11.3%. The decrease is primarily due to the retirement of John Mello at June 30, 2015 and that position not being replaced. The decrease is offset by the aforesaid 2.37% labor cost increase and the salary increase and promotion of Drew McIntyre to the newly created Assistant General Manager/Chief Engineer position.

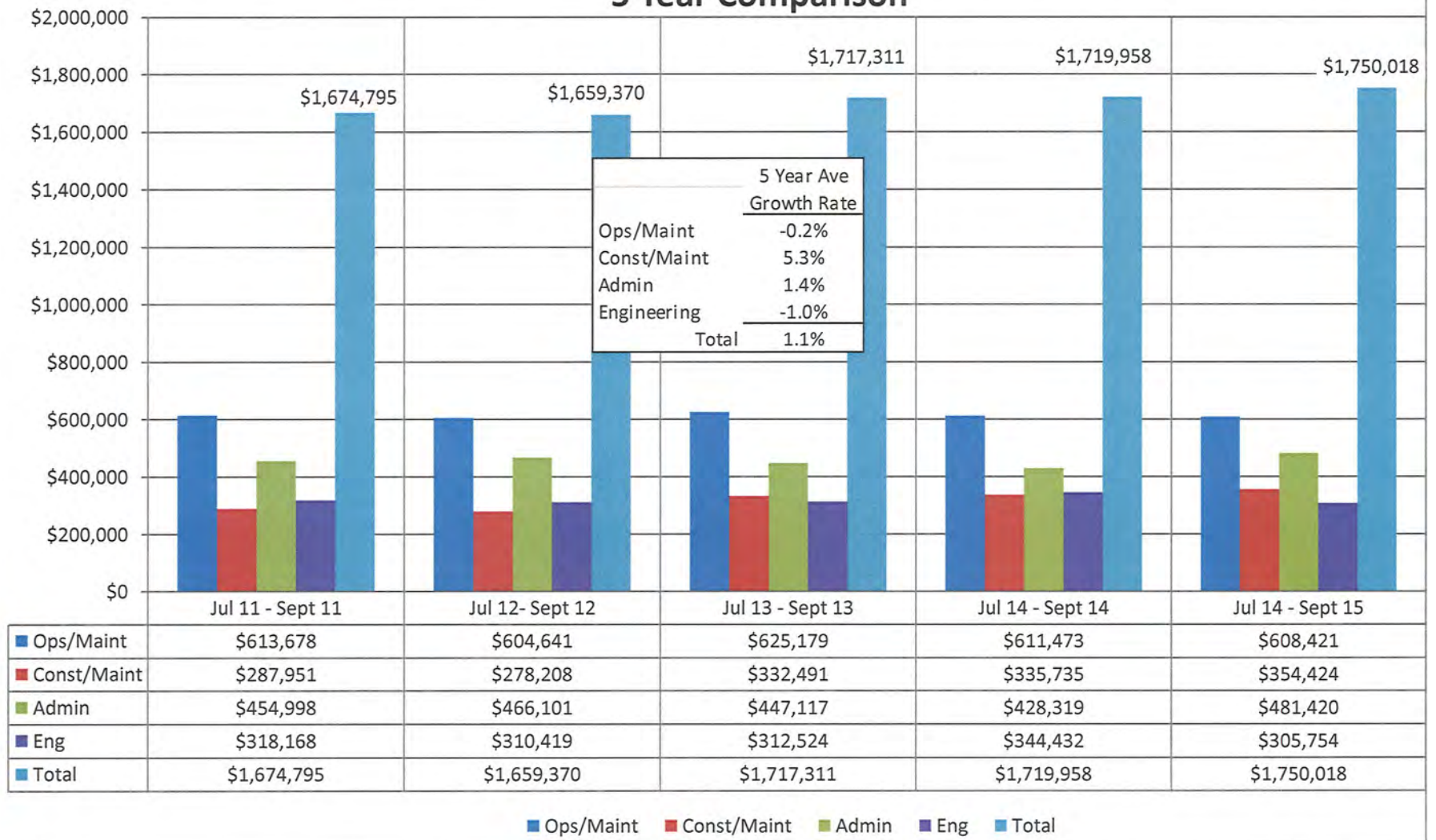
Operations/Maintenance: Labor Cost decreased \$3,052, or 0.5%. The decrease was primarily due Sue Kessler's absence due to injury beginning February 26th, 2015, offset by 3 step increases, increased use of Overtime and Temporary labor and the 2.37% labor cost increase.

Construction/Maintenance: Labor Cost increased \$18,689, or 5.6%. The increase was due to the addition of laborer Nicholas Barrilleaux to the crew, 5 step-increases and the 2.37% labor cost increase.

10/16/15

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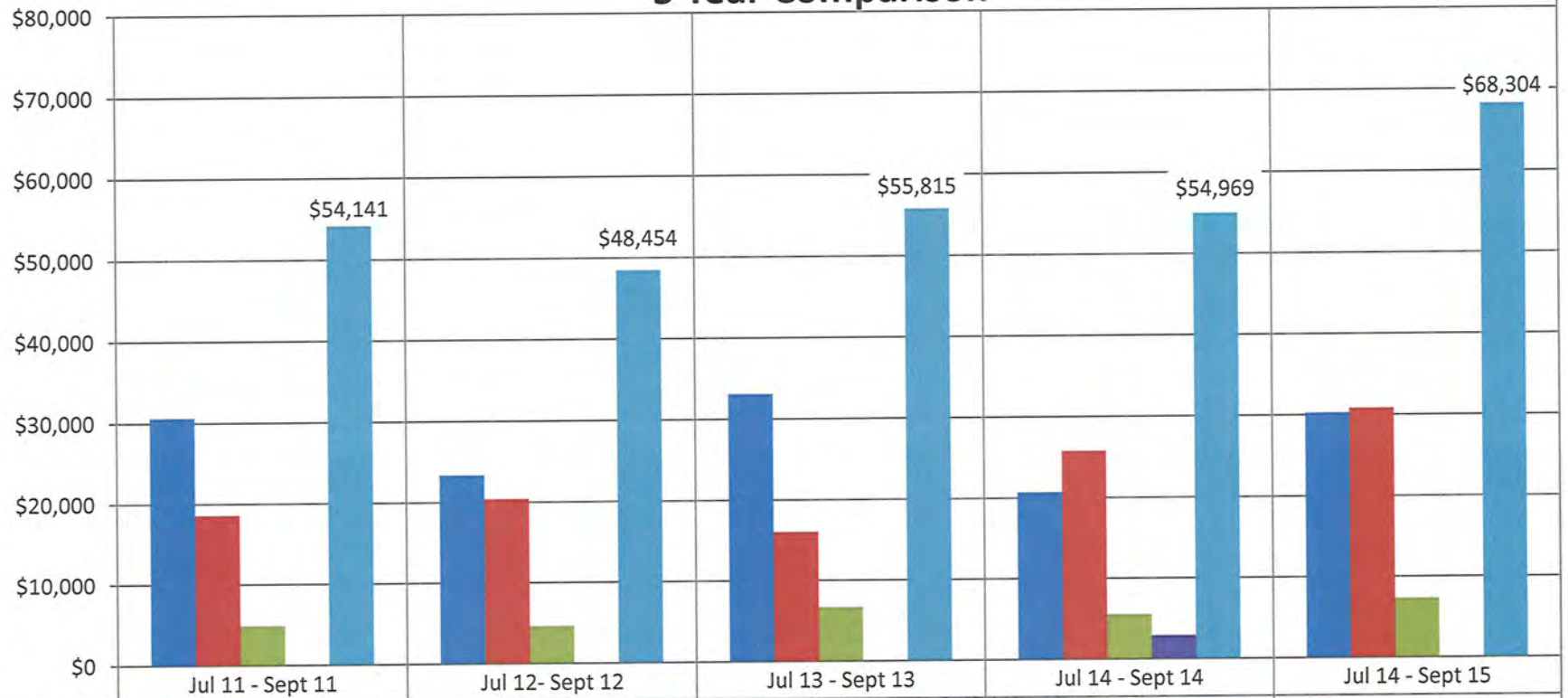
Total Labor Cost NMWD Fiscal Year through September 5 Year Comparison



10/16/15

t:\finance\hrs\ptfy16 1st qtr labor cost report\ot \$ chart

Overtime Cost NMWD Fiscal Year through September 5 Year Comparison



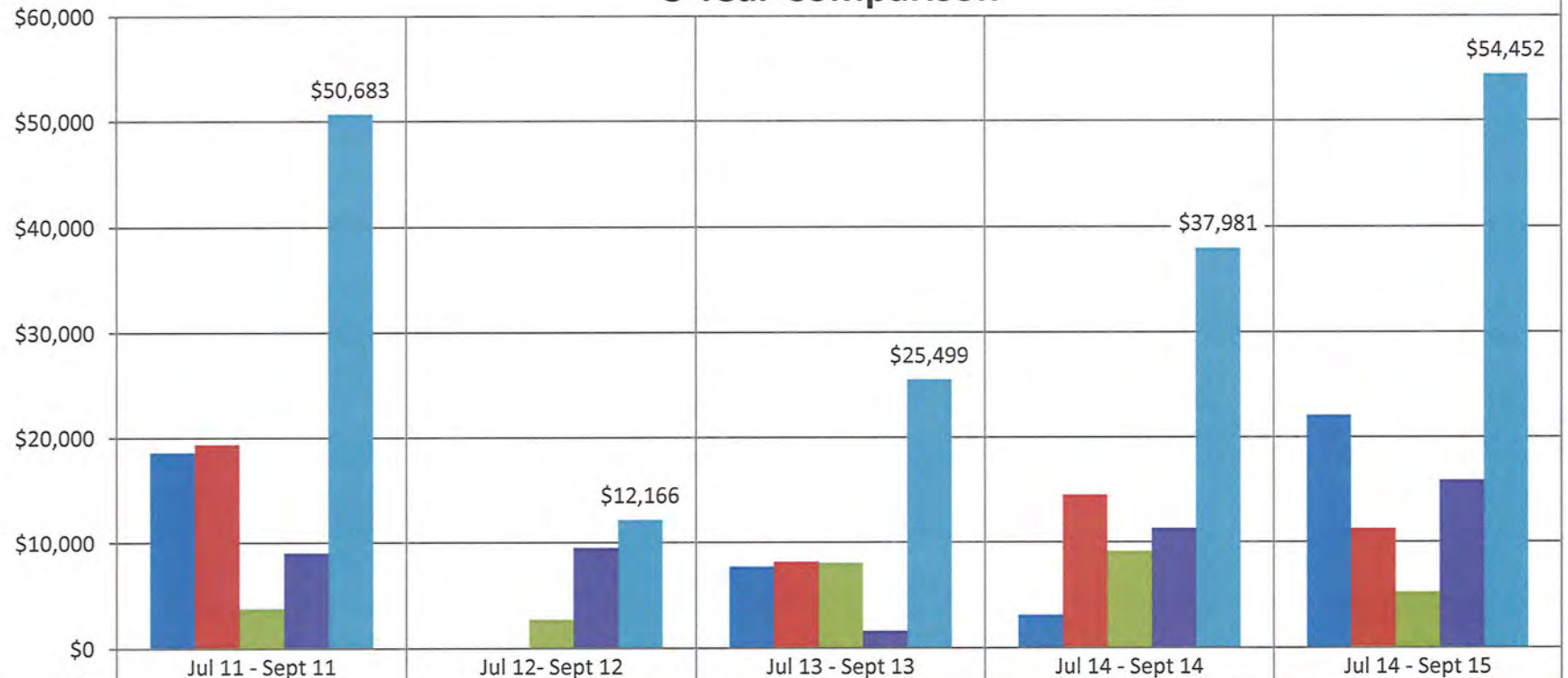
■ Ops/Maint	\$30,620	\$23,396	\$33,093	\$20,703	\$30,231
■ Const/Maint	\$18,612	\$20,406	\$16,056	\$25,779	\$30,770
■ Admin	\$4,909	\$4,653	\$6,665	\$5,563	\$7,304
■ Eng	\$0	\$0	\$0	\$2,925	\$0
■ Total	\$54,141	\$48,454	\$55,815	\$54,969	\$68,304

■ Ops/Maint ■ Const/Maint ■ Admin ■ Eng ■ Total

10/16/15

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Temporary Employee Cost NMWD Fiscal Year through September 5 Year Comparison



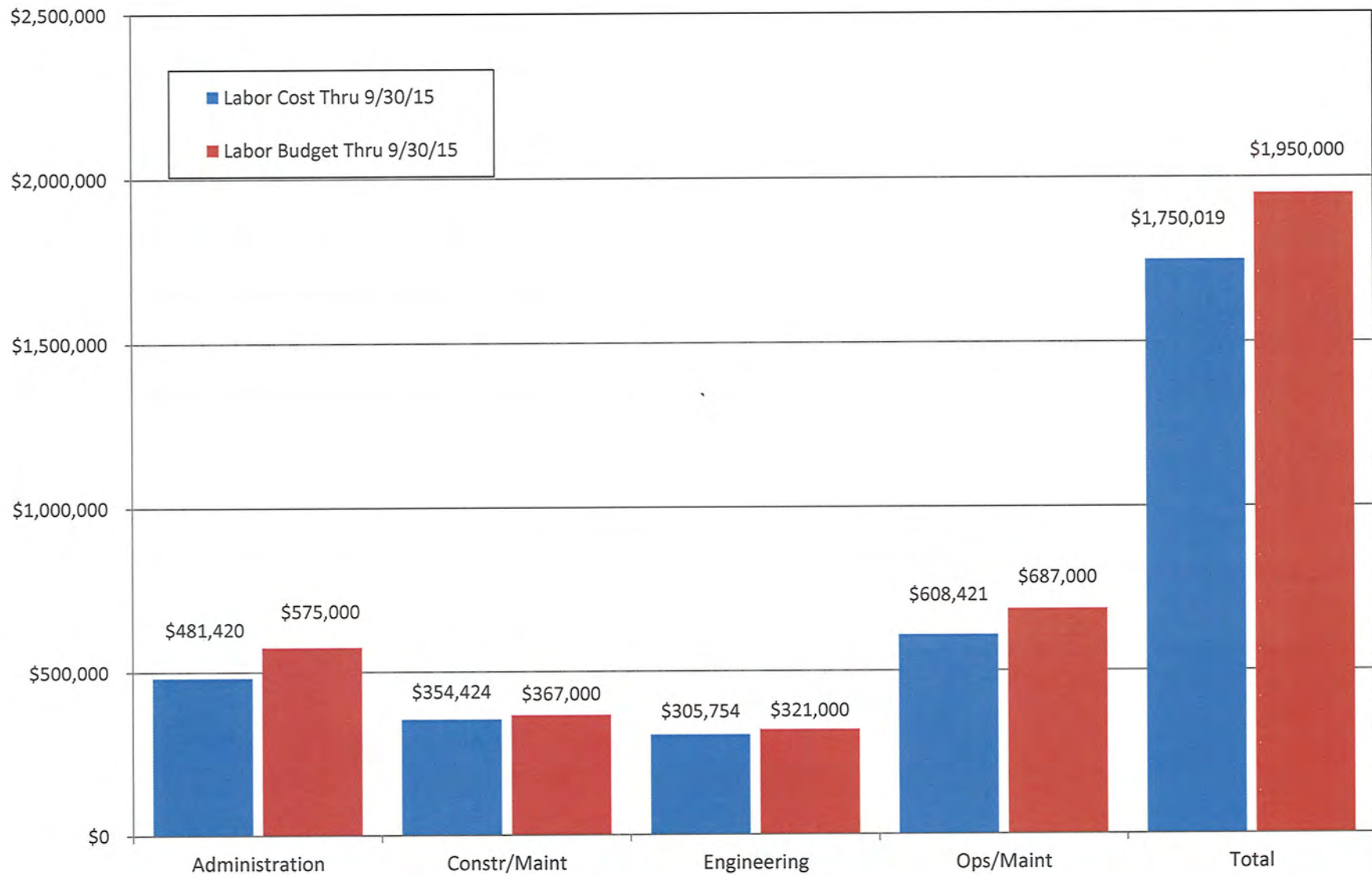
■ Ops/Maint	\$18,590	\$0	\$7,695	\$3,088	\$22,088
■ Const/Maint	\$19,341	\$0	\$8,154	\$14,471	\$11,264
■ Admin	\$3,749	\$2,704	\$8,065	\$9,114	\$5,240
■ Eng	\$9,003	\$9,462	\$1,585	\$11,309	\$15,861
■ Total	\$50,683	\$12,166	\$25,499	\$37,981	\$54,452

■ Ops/Maint
 ■ Const/Maint
 ■ Admin
 ■ Eng
 ■ Total

10/16/15

t:\finance\hrs\pt\labor cost compared to budget fy16\salary chart.xls

Total Labor Cost vs. Budget NMWD Fiscal Year through September



MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller
Robert Clark, Operations/Maintenance Superintendent

October 16, 2015

Subj: STP Solar Power Facility – 3rd Year Status Report
\\aclword\stp solar proj\status rpt - 3rd year.docx

RECOMMENDED ACTION: None

FINANCIAL IMPACT: Approximately \$8,400 Additional Power Cost

The Stafford Treatment Plant Solar Power Facility commenced operation on August 9, 2012. During FY14/15 the facility produced 703,000 kWh of electricity, significantly exceeding the 607,000 kWh design capacity. Under the terms of the Power Purchase Agreement, the District paid 18.04¢/kWh produced. Unfortunately, inadequate rainfall in 2014 limited FY14/15 STP production to 573 MG, or about 76% of budgeted production, which required only 630,000 kWh to produce. Consequently, the District paid for 73,000 kWh of electricity that was unneeded for water production, and therefore sold to PG&E at 3.96¢ kWh, generating an \$8,400 loss. As shown on the attached chart, the power cost per MG of water produced, at \$215/MG, was up over 35% from normal.

SPG Solar, the contractor that constructed and maintains the facility, mowed the grass and washed the panels within the field enclosure in June/July 2015, instead of early Spring as done in 2014, which contributed to a 5% drop in production from the prior year. The system was 100% operational with 24 days of reduced production (less than 600kWh) due to cloudy skies. In a typical rainfall year the facility would experience four times the number of reduced production days.

The rate per kWh increases 3% annually, to 18.58¢/kWh for FY15/16. Cost effective operation of the solar facility is premised upon the ability of STP to produce the budgeted 750 MG of water during the fiscal year.

Fiscal Year	Solar kWh Produced	Stafford kWh Consumed	Gain/ (Loss)
12/13	599,000	780,000	(\$2,995) ¹
13/14	740,000	606,000	(\$17,045) ²
14/15	703,000	630,000	(\$8,378) ³

¹ Startup Year - 599,000 kWh of solar purchased X (\$0.172 - \$0.167) = \$2,995 (calculated using average rate paid for solar, including \$8,066 true-up charge, less average PG&E rate in effect, from PG&E A10 rate table).

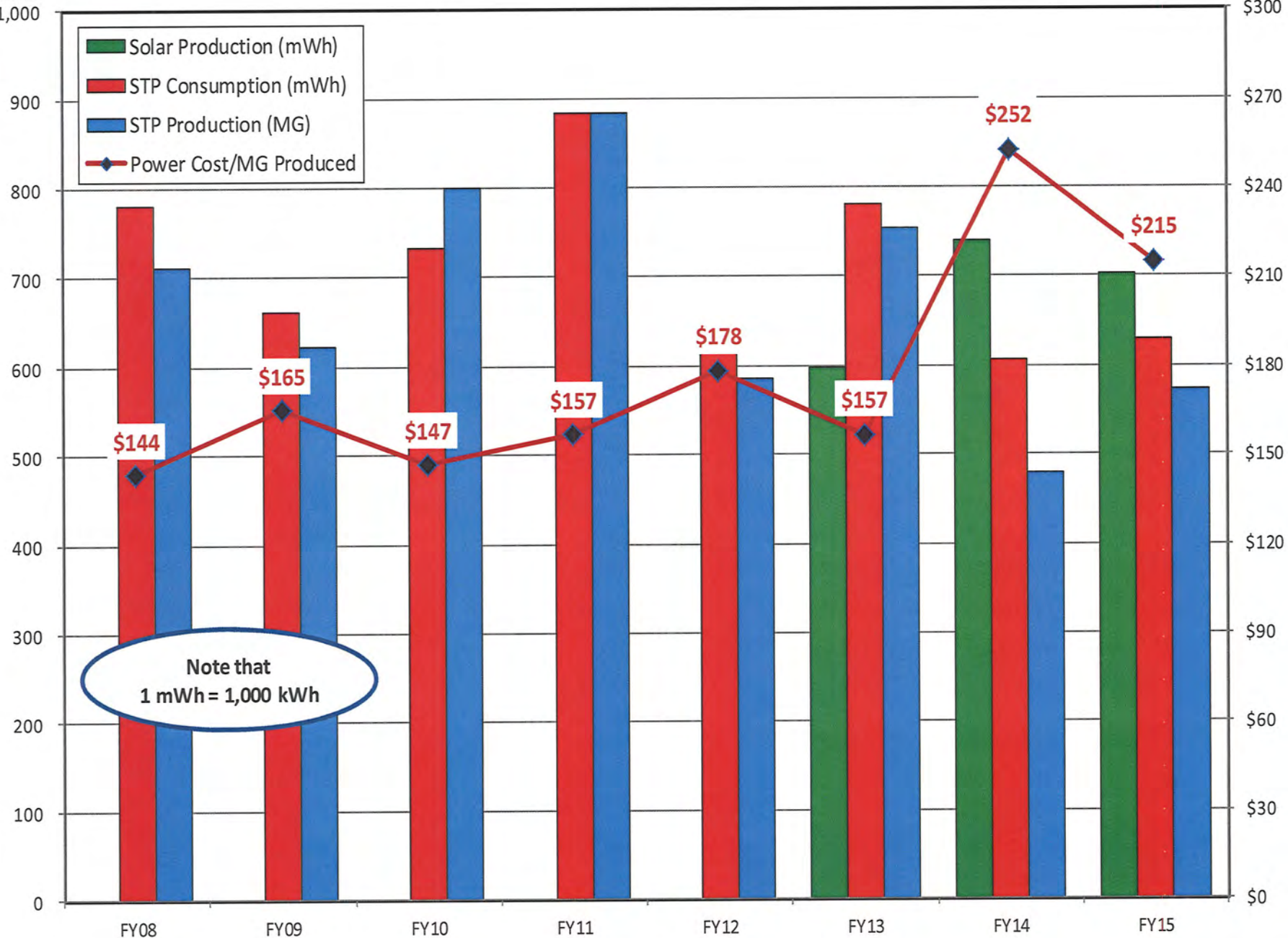
² 134,000 kWh surplus solar produced X (\$0.1751 - \$0.0479) = \$17,045.

³ 73,000 kWh surplus solar produced X (\$0.1804 - \$0.0396) = \$8,378.

9/22/15

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STP Power Consumption, Water Production, & Cost/MG Produced

mWh
& MG
1,000\$/MG
Produced
\$300

BOD MISC
File

Chris DeGabriele

From: Public Affairs <publicaffairs@scwa.ca.gov>
Sent: Friday, October 09, 2015 12:02 PM
Subject: Sonoma-Marín Saving Water Partnership Wins 2015 WaterSense® Partner of the Year Award



CONTACT:

Brad Sherwood
707.547.1927 (office)
707.322.8192 (cell)
sherwood@scwa.ca.gov

Ann DuBay
707.524.8378 (office)
707.322.8185 (cell)
Ann.DuBay@scwa.ca.gov

FOR IMMEDIATE RELEASE

October 8, 2015

Sonoma-Marín Saving Water Partnership Wins 2015 WaterSense® Partner of the Year Award

Las Vegas, Nevada— For the third year in a row, a partnership of North Bay water utilities has received a national award for its water-saving efforts. The U.S. Environmental Protection Agency (EPA) recognized the Sonoma-Marín Saving Water Partnership with a 2015 WaterSense Certifying Organization Partner of the Year award. The Sonoma-Marín Saving Water Partnership (Partnership) was honored at the WaterSmart Innovations Conference on October 8, 2015, for making a difference every day through water efficiency innovation and WaterSense promotion in 2014. The Partnership was recognized in 2013 with an EPA WaterSense Excellence Award and last year also received a WaterSense Certifying Organization Partner of the Year Award.

More than 1,700 utilities, manufacturers, retailers, builders, and organizations partner with WaterSense. However, only a select few are recognized for their significant program contributions.

"We are so appreciative of, and continually impressed by, our WaterSense partners' dedication to making water efficiency a priority," said Ellen Gilinsky, EPA Office of Water Senior Policy Advisor. "By touching lives with water-efficient products, programs, and practices on a daily basis, they're helping improve community resilience to extreme weather conditions such as drought and providing a foundation for water conservation that will help save water for future generations."

The Sonoma-Marin Saving Water Partnership (Partnership) was honored with a 2015 WaterSense Professional Certifying Organization of the Year Award for the second year in a row for its work in educating landscape professionals on sound landscape design, management, and irrigation practices through its WaterSense labeled Qualified Water Efficient Landscaper (QWEL) certification program.

“Winning this award for the second time is a testament to our commitment to helping our communities use water more efficiently and effectively,” said Chris DeGabriele, General Manager of the North Marin Water District, and current chair of the Partnership. “We are honored to be recognized and the partner communities deserve credit for embracing QWEL and all Partnership water saving programs.”

In 2014, 200 students were certified through QWEL with 90 of the certifications issued to landscape professionals in Sonoma and Marin counties. Since the QWEL program became WaterSense labeled in 2007, QWEL has issued over 1,000 certifications and is offered by 16 organizations throughout the US.

By creating, rebating, communicating and educating consumers about WaterSense labeled products, homes, and programs, WaterSense partners helped consumers save 346 billion gallons of water in 2014 alone—that’s more than the amount of water used by all households in Texas for a year! WaterSense also has helped reduce the amount of energy needed to heat, pump, and treat water by 146 billion kilowatt hours, enough energy to supply a year’s worth of power to more than 13.3 million homes.

The Partnership will continue to offer educational resources, programs and incentives to aid our communities in meeting water use efficiency requirements in the future. For more information about the Partnership, QWEL, or available water conservation rebate programs, please visit www.savingwaterpartnership.org or contact Carrie Pollard at Carrie.Pollard@scwa.ca.gov.

For more information about WaterSense, visit www.epa.gov/watersense.

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The Sonoma-Marin Saving Water Partnership represents 11 water utilities in Sonoma and Marin counties who have joined together to provide a regional approach to water use efficiency. The utilities are the Cities of Santa Rosa, Rohnert Park, Petaluma, Sonoma, Cotati; North Marin, Valley of the Moon and Marin Municipal Water Districts, Town of Windsor, California American Water, and Sonoma County Water Agency.

###

WaterSense, a partnership program sponsored by EPA, seeks to protect the future of our nation's water supply by offering people a simple way to use less water with water-efficient products, new homes, and services. Since the program began in 2006, WaterSense has helped consumers save 1.1 trillion gallons of water and \$21.7 billion in water and energy bills.

Marin water savings over summer stay ahead of state-mandated goals

By **Mark Prado**, *Marin Independent Journal*

POSTED: 10/10/15, 8:04 PM PDT | UPDATED: 1 DAY AGO 7 COMMENTS

Marin residents attained state-ordered water-saving goals over the summer brought on by California's drought, though some users slipped during the sometimes scorching September.

State mandates issued in May required the Marin Municipal Water District to cut use by 20 percent and the North Marin Water District by 24 percent beginning June 1. The state developed those percentages by looking at per-capita water use. The higher the water use, the more a community had to cut back.

In September, Marin Municipal users slipped below 20 percent to 18.3 percent water savings compared with September 2013, the baseline year the state is using to measure conservation efforts. That was the last year California was not in drought.

"Although conservation for the month of September was a little below the target, there were several warm days last month," said Libby Pischel, district spokeswoman.

The district's cumulative decrease is 21.8 percent since June, still above the state conservation standard of 20 percent.

Customers conserved 26 percent in June, 23 percent in July and 20 percent in August.

The agency has 190,000 customers between Sausalito and San Rafael. The water in district reservoirs is 104 percent of average for this time of year, in part because of conservation efforts.

September data for the North Marin Water District's Novato service area show a 38 percent reduction from the same month in 2013. The North Marin Water District serves 60,000 customers in Novato and West Marin.

"To date, Novato water customers have done a great job conserving," said Chris DeGabriele, general manager of the water district.

For customers who have let their landscapes go brown, now is a good time to give trees an infusion of water as they ready for the winter dormant season, DeGabriele said. Customers are urged to check outdoor irrigation systems for leaks, and to scale back on irrigation run times as plants now need less water with shorter days and cooler temperatures.

North Marin gets 80 percent of its water from the Sonoma County Water Agency. The district's customers conserved 37 percent in June, 34 percent in July and 24 percent in August. During the summer the district's customers averaged a 33 percent savings.

The new water saving rules remain in effect until February 2016. Weather forecasters say a wet El Niño winter could be in store for the state and bring some drought relief.

In April the Marin Municipal board passed new rules requiring residents and businesses with irrigation systems to use them only three days a week. There also is a ban on using the systems 48 hours after measurable rainfall.

Advertisement

North Marin's board approved similar measures in May. Its rules differ in that homes and buildings with odd-numbered addresses can only water Monday, Wednesday and Friday. Even-numbered addresses water Tuesday, Thursday and Saturday. All watering is limited to between 7 p.m. and 9 a.m., as with Marin Municipal customers.

BOD MISC

Chris DeGabriele

From: Ann DuBay <Ann.DuBay@scwa.ca.gov>
Sent: Friday, October 09, 2015 2:32 PM
Subject: 10-9-15 Atmospheric River Legislation Signed



MEDIA ADVISORY

For Immediate Release
October 9, 2015

CONTACT:

Ann DuBay
707.524.8378 (office)
707.322.8185 (cell)
Ann.DuBay@scwa.ca.gov

Brad Sherwood
707.547.1927 (office)
707.322.8192 (cell)
sherwood@scwa.ca.gov

Legislation to Improve Weather Forecasting for Water Management Signed by Governor Brown

Santa Rosa, CA -- Senate Bill 758 signed by Governor Jerry Brown today will create a new program to develop improved weather forecasting capability for California. Supporters of the bill, including the Sonoma County Water Agency, expect the program to provide more reliable weather information that enables increased water storage and improved flood protection.

The Water Agency worked to secure enactment of Senate Bill 758 by Senator Marty Block from San Diego.

"The program created by this bill will help us to improve the way we manage water resources in California," said Water Agency Director and Board Chair Susan Gorin. "We believe this is the lowest-cost, nearest-term, most-likely-to-succeed opportunity to increase surface water supply in our region."

"The Water Agency has actively worked to secure passage of SB 758 because it provides the information needed to boost water supply in the critically important upper Russian River. The program could increase water supply by 10% to 25% to support urban and agriculture uses in addition to improving conditions for endangered fish," said Water Agency Director and Sonoma County Supervisor Shirlee Zane.

The legislation requires the Department of Water Resources to improve flood protection and water management through improved forecasting of precipitation from atmospheric river storms. These storms traverse the Pacific Ocean bringing 30 to 50 percent of California's rain and causing 80 percent to 90 percent of the flooding in the state. A strong atmospheric river can move an amount of water vapor equivalent to about 20 times the average flow of liquid water at the mouth of the

Mississippi River. The highly variable nature and low altitude of these systems present a unique challenge to forecasters in California that forecasters in other parts of the nation do not face.

SB 758 creates the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program which would require the Department of Water Resources to conduct research on the causes of atmospheric rivers and their impact on water supply and flood protection operations statewide. It would also require the department to operate reservoirs in a manner that improves flood protection and captures additional water produced by atmospheric rivers.

The legislation supports research being conducted at the Center for Western Weather and Water Extremes at Scripps. The Water Agency has a cooperative agreement with Scripps to participate in this research.

Block's legislation would build on a pilot project to test Forecast-Informed Reservoir Operations at Lake Mendocino, a Water Agency operated reservoir on the Russian River. Forecast based operation is a water management strategy that uses weather forecasts to help inform decisions on when water should be released or retained depending on forecasts and current watershed conditions.

The legislation was supported by the San Diego County Water Authority, Bay Area Flood Protection Agencies Association, the Orange County Water District, the Santa Clara Valley Water District, and the Sonoma County Water Agency.

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The Sonoma County Water Agency is working to secure our future by investing in our water resources, community and environment. The Water Agency provides water supply, flood protection and sanitation services for portions of Sonoma and Marin counties. Visit us on the Web at www.sonomacountywater.org.

Ann DuBay
Sonoma County Water Agency
Community & Government Affairs Manager
(707) 524-8378 (office)
(707) 322-8185 (cell)

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