



# **NORTH MARIN WATER DISTRICT**

Novato, California

## **Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 2021 and 2020**





## **NORTH MARIN WATER DISTRICT**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
<b>James Grossi</b>	<b>President</b>	<b>Elected</b>	<b>12/18 - 12/22</b>
<b>Stephen Petterle</b>	<b>Vice-President</b>	<b>Elected</b>	<b>12/20 - 12/24</b>
<b>Michael Joly</b>	<b>Director</b>	<b>Elected</b>	<b>12/20 - 12/24</b>
<b>Jack Baker</b>	<b>Director</b>	<b>Elected</b>	<b>12/20 - 12/24</b>
<b>Rick Fraites</b>	<b>Director</b>	<b>Elected</b>	<b>12/18 - 12/22</b>

**Drew McIntyre, General Manager  
North Marin Water District  
999 Rush Creek Place  
Novato, California 94945  
(415) 897-4133 – [www.nmwd.com](http://www.nmwd.com)**

**North Marin Water District**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NORTH MARIN WATER DISTRICT**

999 Rush Creek Place  
Novato, California 94945

Prepared by:  
Finance Department  
*Julie Blue, Auditor-Controller*  
*Nancy Holton, Accounting Supervisor*  
*Nancy Williamson, Senior Accountant*

**North Marin Water District  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2021 and 2020**

**Table of Contents**

	<b><u>Page No.</u></b>
Table of Contents	i
<b>Introductory Section</b>	
Letter of Transmittal	1-5
Organizational Chart	6
District Service Area Map	7
GFOA's Certificate of Achievement for Excellence in Financial Reporting	8
<b>Financial Section</b>	
Independent Auditor's Report	9-10
Management's Discussion and Analysis	11-16
<b>Basic Financial Statements:</b>	
Statements of Net Position	17-18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20-21
Notes to the Basic Financial Statements	22-57
<b>Required Supplementary Information:</b>	
Schedules of Changes in the District Total OPEB Liability and Related Ratios	58
Schedules of the District's Proportionate Share of Net Pension Liability	59-60
Schedules of Pension Plan Contributions	61
<b>Supplemental Information:</b>	
Combining Schedule of Net Position	62-63
Combining Schedule of Revenues, Expenses and Changes in Net Position	64-65
<b>Statistical Information Section:</b>	
Statistical Section – Table of Contents	66
Changes in Net Position by Component – Last Ten Fiscal Years	67-68
Operating Revenues by Source – Last Ten Fiscal Years	69
Operating Expenses by Activity – Last Ten Fiscal Years	70
Non-Operating Revenue and Expenses – Last Ten Fiscal years	71
Revenue Base – Last Ten Fiscal Years	72
Customers by Type – Last Ten Fiscal Years	73
Novato Water Revenue Rates – Last Ten Fiscal Years	74
Ten Largest Water Customers by Revenue – Current Fiscal Year and Ten Years Ago	75
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	76
Pledged-Revenue Coverage – Last Ten Fiscal Years	77
Demographic and Economic Statistics – Last Ten Fiscal Years	78
Demographic and Economic Statistics – Ten Largest Employers – Current Year	79
Operating and Capacity Indicators – Total Employees – Last Ten Fiscal Years	80
Other Operating and Capacity Indicators – Last Ten Fiscal Years	81
<b>Report on Internal Controls and Compliance</b>	
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 <i>Government Auditing Standards</i>	82-83

# **Introductory Section**





999 Rush Creek Place  
P.O. Box 146  
Novato, CA 94948-0146

**PHONE**  
415-897-4133

**EMAIL**  
[info@nmwd.com](mailto:info@nmwd.com)

**WEB**  
[www.nmwd.com](http://www.nmwd.com)

November 2, 2021

Board of Directors  
North Marin Water District

It is our pleasure to submit the Annual Financial Report for the North Marin Water District (District) for the fiscal years ended June 30, 2021 and 2020, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared the data incorporated in 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 on page 11 of this report.

### **District Structure and Leadership**

The District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing water service to its customers since 1948. The District is governed by a five-member Board of Directors, with each Director elected from one of five geographical areas 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. As of June 30, 2021, the District employed 50 regular employees, plus temporary and seasonal employees as the workload dictates. There were 54 full time positions budgeted, 24 office positions and 30 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 the Dillon Beach Village community.

## **District Services, continued**

The District provides water service to over 61,000 residents in the greater Novato area through 20,607 potable water service connections and 96 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 785 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 235 service connections.

Residential customers comprise approximately 90% of the District's customer base and consume approximately 80% of the water produced annually by the District. On average, the District purchases approximately 75% 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 2.3 billion gallons of water in fiscal year 2021 and 1.9 billion gallons in fiscal year 2020 from the Agency.

## **Economic Condition, Outlook and Major Initiatives**

The District carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business that meets or exceeds customer needs and expectations. Each day, District employees strive to carry out the mission of providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

Since March 2020, the economic condition for the District's service area has experienced challenges with the continuation of the COVID-19 pandemic. Local restaurants, educational, fitness and religious facilities, as well as local entertainment and recreation venues have been required to adjust and, in some cases, cease their operations in response to federal, state, and local government mandates in efforts to promote public health and safety and mitigate the risk of spreading the COVID-19 virus. This pandemic was never expected/anticipated to have occurred; therefore, a majority of the general population and local businesses were not prepared for the immediate effects and day-to-day adjustments.

On April 2, 2020, Governor Newsom issued Executive Order (EO) N-42-20. The District has complied with the order by suspending disconnection/shut off of water service of customer connections for nonpayment (Health and Safety Code: Section 116902, Subdivision (c)). Additionally, the Board of Directors approved temporary revisions to the District's shut-off policy extending shut-off due to non-payment for 90 days after the end of the EO. Though the EO restricts water shutoffs due to nonpayment while the State responds to the COVID-19 health emergency, the obligation of water customers to pay for water service is not eliminated or reduced, nor is the District prevented from charging its customers for such ongoing services. This order expires September 30, 2021 and was subsequently extended by Senate Bill No. 155 through December 31, 2021.

As a Special District, the risk/exposure of revenue loss, during these unprecedented times, for the District is expected to be minimal. Generation of revenue is a result of assessing Board of Director approved rates and charges rather than relying on voter approved tax assessments. It is the intent of the governing body to ensure the costs of providing goods and services to the general public on a continuing basis be recovered primarily through approved rates and charges.



## **Economic Condition, Outlook and Major Initiatives, continued**

The Russian River water delivery system operated by the Agency typically provides 75% of Novato's water supply. Novato rainfall in fiscal year 2021 totaled 8.63" which was about 32% of the historical average annual rainfall. As a result of the two-year drought, the District adopted Emergency Water Conservation Ordinance 41 in March, 2021. This Ordinance was revised later to enact Stage 1 20% voluntary reduction in water use from May 1 to June 30 and Stage 2 mandatory reduction in water use effective July 1. Ordinance 41, as modified, also enacted the drought surcharge as long as Stage 2 mandatory reductions remain in effect. In the Russian River Watershed due to worsening drought conditions, the State Water Resources Control Board (SWRCB) issued an order on June 14, 2021 that reduced minimum instream flow requirements in the lower Russian River from 85 cubic feet per second (cfs) to 35 cfs. The Temporary Urgency Change Order (TUCO) also required that the Agency and its water contractors reduce total diversions from the Russian River by 20% compared to the same period of 2020 from July 1 through October 31. The order, issued at the request of the Agency, will allow the Agency to preserve storage in Lake Sonoma, which is the primary source of drinking water for more than 600,000 people in Sonoma and Marin counties.

North Marin's Stafford Lake water treatment plant produced 211 million gallons of water to augment Russian River supplies with local water supply during the fiscal year. In FY 21, 364MG of backfeed water was purchased from Sonoma County Water Agency to supplement the diminished local water supply due to the drought conditions. This water was stored in Stafford Lake for use starting July 1, 2021. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island treatment facilities combined to provided 259 million gallons of highly treated recycled wastewater to large landscape irrigation customers and various commercial car washes in Novato.

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. The District has already achieved the SB7X-7 goal, but continues to strive to achieve more water conservation and development of recycled water to further stretch its local source of supply in future years.

A 6% rate increase for customers in the Novato service area was authorized by the Board of Directors effective July 1, 2021. At \$750 per year, the cost of water service for a typical Novato detached single-family home using 91,000 gallons of water a year remains a good value for Novato customers. These rates are at the median when compared to 16 other Bay Area water suppliers.

In West Marin, dry year water supply conditions on Lagunitas Creek became effective on May 5, 2020 (FY20) when a water shortage was declared and Emergency Water Conservation Ordinance 39 was enacted. Dry year conditions continued in FY21 and Ordinance 39 restrictions remained in place including Stage 2 25% mandatory water use reductions and drought surcharges.

## **District Water Supply**

### ***Stafford Lake – Local Source Provides 25% 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 2021 and 2020, 648 AF (211 MG) and 2,105 AF (686 MG) respectively, was produced by the Stafford Lake Water Treatment Plant.

### ***Russian River – Provides 75% 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). Lake Mendocino's Coyote Dam impounds the Eel River diversions and winter runoff from the local watershed. Lake Sonoma's Warm Springs Dam impounds winter runoff from the Dry Creek and Warm Springs watersheds. Lakes Mendocino and Sonoma combined can store 367,500 acre feet to meet the regions' water supply needs, which totaled 51,800 acre feet in fiscal year 2021. 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 2021 and 2020, the District received 7,306 AF (2,380 MG) and 5,887 AF (1,918 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, US Treasury 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 bi-monthly 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 and 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 twelfth 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 2020 and 2019 Comprehensive Annual Financial Report. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for 2021.

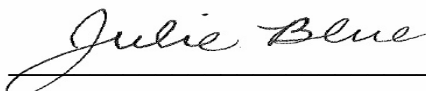
Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning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

Respectfully submitted,



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Drew McIntyre  
General Manager



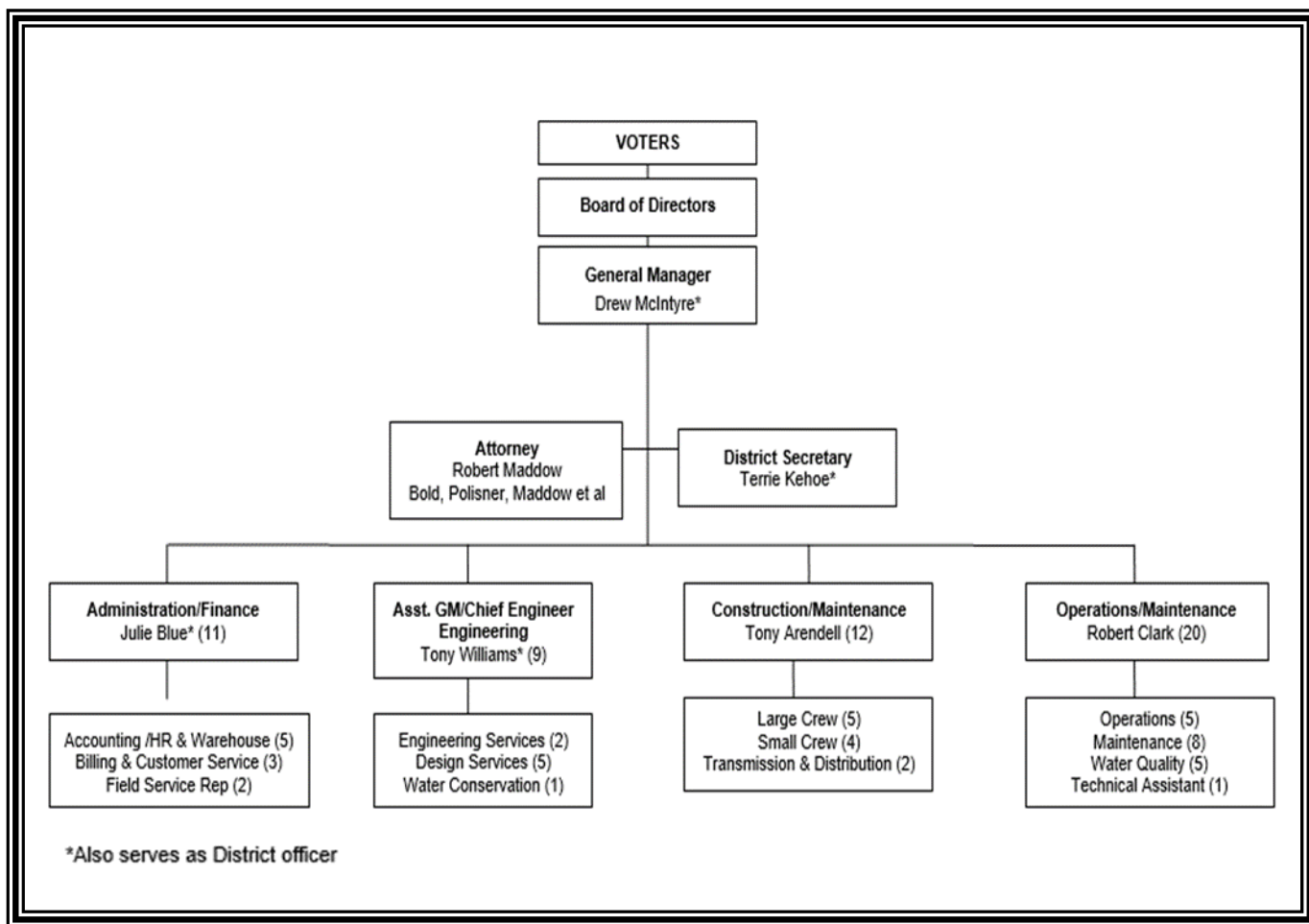
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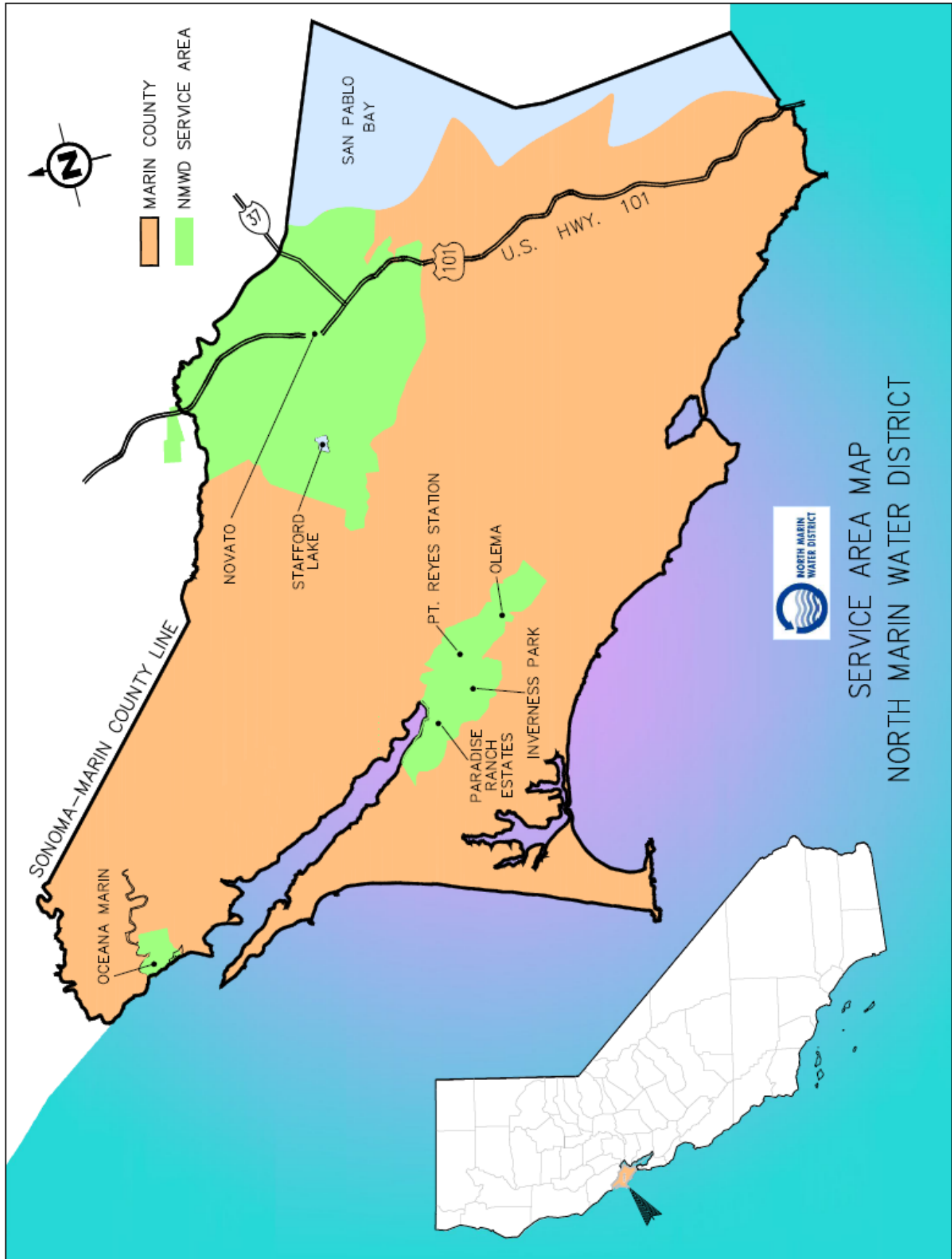
Julie Blue  
Auditor-Controller

# North Marin Water District Organizational Chart

As of  
June 30, 2021

Budgeted FTE: 54







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, 2020

*Christopher P. Morrell*

Executive Director/CEO

## **Financial Section**







Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Andy Beck, CPA

## Fedak & Brown LLP

Certified Public Accountants

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

Riverside Office:  
1945 Chicago Avenue, Suite C-1  
Riverside, California 92507  
(951) 783-9149

### 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, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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 our audits 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 opinion.

#### ***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, 2021 and 2020, and the changes in net position and 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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 16 and the required supplementary information on pages 58 through 61 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 8, the supplementary information of combining schedules on pages 62 through 65, and the statistical section on pages 66 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information of combining schedules is 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. Such information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2021, 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 82 and 83.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
November 2, 2021

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

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, 2021 and 2020. 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 2021, the District's net position increased 4.3% or \$4,970,399 to \$121,684,164 due to income from ongoing operations of \$382,311 and capital contributions of \$4,588,088. In fiscal year 2020, the District's net position increased 3.1% or \$3,549,268 to \$116,713,765 due to income from ongoing operations of \$786,285 and capital contributions of \$2,762,983.
- In fiscal year 2021, the District's total revenues increased 4.7% or \$1,152,181 to \$25,817,623. In fiscal year 2020, the District's total revenues increased 9.1% or \$2,053,034 to \$24,665,442.
- In fiscal year 2021, the District's operating revenues increased 6.6% or \$1,581,614 to \$25,378,535. In fiscal year 2020, the District's operating revenues increased 9.3% or \$2,024,675 to \$23,796,921.
- In fiscal year 2021, the District's non-operating revenues decreased by 49.4% or \$429,433 to \$439,088. In fiscal year 2020, the District's non-operating revenues increased by 3.4% or \$28,359 to \$868,521.
- In fiscal year 2021, the District's total expenses including depreciation increased 6.5% or \$1,556,155 to \$25,435,312. In fiscal year 2020, the District's total expenses including depreciation increased 15.2% or \$3,156,881 to \$23,879,157.
- In fiscal year 2021, the District's operating expenses, before depreciation, increased 6.9% or \$1,332,294 to \$20,737,073. In fiscal year 2020, the District's operating expenses, before depreciation, increased 18.5% or \$3,033,287 to \$19,404,779.
- In fiscal year 2021, the District's non-operating expenses decreased by 26.8% or \$297,019 to \$811,143. In fiscal year 2020, the District's non-operating expenses increased by 23.2% or \$208,533 to \$1,108,162.
- In fiscal year 2021, the District's capital contributions increased by 66.1% or \$1,825,105 to \$4,588,088. In fiscal year 2020, the District's capital contributions increased by 43.8% or \$841,274 to \$2,762,983.

**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), deferred outflows resources, obligations to creditors (liabilities), and deferred inflows of resources. 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 the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine 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.

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

**Required Financial Statements, continued**

The Statement of Cash Flows reports cash receipts, cash payments, and the net change 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 the reader answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows 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. One 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.

**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 22 through 57.

**Statements of Net Position**

Below is a summary of the statements of net position, and presents a comparison between June 30, 2021 and 2020, and June 30, 2020 and 2019.

<b>Condensed Statements of Net Position</b>					
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>2019</b>	<b>Change</b>
<b>Assets:</b>					
Current assets	\$ 30,793,755	26,184,796	4,608,959	21,264,146	4,920,650
Non-current assets	3,804,490	6,460,598	(2,656,108)	8,671,306	(2,210,708)
Capital assets, net	139,341,932	138,675,093	666,839	137,498,651	1,176,442
<b>Total assets</b>	<b>173,940,177</b>	<b>171,320,487</b>	<b>2,619,690</b>	<b>167,434,103</b>	<b>3,886,384</b>
<b>Deferred outflows of resources</b>	<b>3,497,233</b>	<b>3,137,492</b>	<b>359,741</b>	<b>2,788,721</b>	<b>348,771</b>
<b>Liabilities:</b>					
Current liabilities	6,056,565	6,839,892	(783,327)	5,707,594	1,132,298
Non-current liabilities	48,957,580	49,980,638	(1,023,058)	50,810,377	(829,739)
<b>Total liabilities</b>	<b>55,014,145</b>	<b>56,820,530</b>	<b>(1,806,385)</b>	<b>56,517,971</b>	<b>302,559</b>
<b>Deferred inflows of resources</b>	<b>739,101</b>	<b>923,684</b>	<b>(184,583)</b>	<b>540,356</b>	<b>383,328</b>
<b>Net position:</b>					
Net investment in capital assets	110,643,664	107,946,623	2,697,041	105,092,277	2,854,346
Restricted	-	-	-	71,715	(71,715)
Unrestricted	11,040,500	8,767,142	2,273,358	8,000,505	766,637
<b>Total net position</b>	<b>\$ 121,684,164</b>	<b>116,713,765</b>	<b>4,970,399</b>	<b>113,164,497</b>	<b>3,549,268</b>

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

**Statements of Net Position, continued**

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 and deferred outflows of the District exceeded liabilities and deferred inflows by \$121,684,164 and \$116,713,765 as of June 30, 2021 and 2020, respectively.

By far the largest portion of the District's net position (91% and 92% as of June 30, 2021 and 2020, 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 years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$11,040,500 and \$8,767,142. See note 11 for further information.

**Statements of Revenues, Expenses, and Changes in Net Position**

Below is a summary of the statements of revenues, expenses, and changes in net position, and presents a comparison between the years ended June 30, 2021 and 2020, and June 30, 2020 and 2019.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Revenue:</b>					
Operating revenue	\$ 25,378,535	23,796,921	1,581,614	21,772,246	2,024,675
Non-operating revenue	439,088	868,521	(429,433)	840,162	28,359
<b>Total revenue</b>	<u>25,817,623</u>	<u>24,665,442</u>	<u>1,152,181</u>	<u>22,612,408</u>	<u>2,053,034</u>
<b>Expense:</b>					
Operating expense	20,737,073	19,404,779	1,332,294	16,371,492	3,033,287
Depreciation and amortization	3,887,096	3,366,216	520,880	3,451,155	(84,939)
Non-operating expense	811,143	1,108,162	(297,019)	899,629	208,533
<b>Total expense</b>	<u>25,435,312</u>	<u>23,879,157</u>	<u>1,556,155</u>	<u>20,722,276</u>	<u>3,156,881</u>
<b>Net income(expense) before capital contributions</b>	382,311	786,285	(403,974)	1,890,132	(1,103,847)
<b>Capital contributions</b>	<u>4,588,088</u>	<u>2,762,983</u>	<u>1,825,105</u>	<u>1,921,709</u>	<u>841,274</u>
<b>Changes in net position</b>	<u>4,970,399</u>	<u>3,549,268</u>	<u>1,421,131</u>	<u>3,811,841</u>	<u>(262,573)</u>
<b>Net position, beginning of year</b>	<u>116,713,765</u>	<u>113,164,497</u>	<u>3,549,268</u>	<u>109,352,656</u>	<u>3,811,841</u>
<b>Net position, end of year</b>	<u>\$ 121,684,164</u>	<u>116,713,765</u>	<u>4,970,399</u>	<u>113,164,497</u>	<u>3,549,268</u>

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal year. In the case of the District, net position increased 4.3% or \$4,970,399 to \$121,684,164 due primary to income from ongoing operations of \$382,311 and capital contributions of \$4,588,088. In 2020, the District's net position increased 3.1% or \$3,549,268 to \$116,713,765 primarily due to income from ongoing operations of \$786,285 and capital contributions of \$2,762,983.

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

In 2021, the District's operating revenues increased 6.6% or \$1,581,614 due primarily to increases in water consumption sales of \$1,352,443 and bi-monthly meter service charges of \$241,542. In 2020, the District's operating revenues increased \$2,024,675 due primarily to increases in water consumption sales of \$1,856,997 and bi-monthly meter service charges of \$158,324.

In 2021, the District's non-operating revenues decreased 49.4% or \$429,433 due primarily to decreases in net investments earnings of \$417,139 and gain on sale of property and equipment of \$18,816. In 2020, the District's non-operating revenues increased by 3.4% or \$28,359 due primarily to increases in net investment earnings of \$66,487 and gain on sale of property and equipment of \$18,816, which were offset by a decrease in other non-operating revenues of \$57,124.

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

**Statements of Revenues, Expenses and Changes in Net Position, continued**

In 2021, the District's capital contributions increased 66.1% or \$1,825,105 due primarily to increases in connection fees of \$1,964,554 and developer contributions of \$110,889; which were offset by a decrease in state and local capital grants of \$250,338. In 2020, the District's capital contributions increased by 43.8% or \$841,274 due primarily to increases in developer contributions of \$485,912, state and local capital grants of \$316,207, and connection fees of \$39,155.

In 2021, the District's operating expenses increased 6.9% or \$1,332,294 due primarily to increases in source of supply of \$1,527,623, general and administrative of \$459,754, transmission and distribution of \$63,891, and water facilities operations of \$41,257; which were offset by decreases in water treatment of \$729,902 and customer service of \$64,141. In 2020, the District's operating expenses increased 18.5% or \$3,033,287 due primarily to increases in source of supply of \$1,604,321, water treatment of \$516,522, transmission and distribution of \$258,884, general and administrative of \$191,839, pumping expense of \$187,772, water facilities operations of \$183,624, water conservation of \$48,595, customer service of \$24,211, and sewage and collection treatment of \$17,670.

In 2021, the District's non-operating expenses decreased 26.8% or \$297,019 due primarily to decreases in capital contribution to the Novato Sanitation District for capital construction of \$305,711 and interest expense on long-term debt of \$58,518; which were offset by an increase in other non-operating expenses of \$67,210. In 2020, the District's non-operating expenses increased by 23.2% or \$208,533 due primarily to an increase in capital contribution to the Novato Sanitation District for capital construction of \$305,711; which was offset by decreases in interest expense on long-term debt of \$76,832 and other non-operating expenses of \$20,346.

In 2021 the District's depreciation and amortization increased by 15.5% or \$520,880 due primarily to the capitalization of its distribution system, treatment plant, and other plant and equipment. In 2020, the District's depreciation and amortization decreased by 2.5% or \$84,939 due primarily to the maturation of existing capital assets.

**Total District Revenues**

Below is a detailed schedule of the District's total revenues segregated between operating revenues and non-operating revenues.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Operating revenues:</b>					
Water consumption sales	\$ 19,546,611	18,194,168	1,352,443	16,337,171	1,856,997
Monthly meter service charge	5,210,162	4,968,620	241,542	4,810,296	158,324
Sewer service charge	276,360	264,372	11,988	252,720	11,652
Other charges and services	345,402	369,761	(24,359)	372,059	(2,298)
<b>Total operating revenues</b>	<u>25,378,535</u>	<u>23,796,921</u>	<u>1,581,614</u>	<u>21,772,246</u>	<u>2,024,675</u>
<b>Non-operating revenues:</b>					
Property tax revenue	125,416	120,821	4,595	115,706	5,115
Investment earnings	143,166	549,477	(406,311)	436,684	112,793
Interest earnings from note receivable – BPGL	11,551	18,549	(6,998)	48,002	(29,453)
Interest earnings from loan receivable – MMWD	60,352	64,182	(3,830)	81,035	(16,853)
Rental revenue	80,443	86,597	(6,154)	91,532	(4,935)
Gain on sale of property and equipment	-	18,816	(18,816)	-	18,816
Other non-operating revenues	18,160	10,079	8,081	67,203	(57,124)
<b>Total non-operating revenues</b>	<u>439,088</u>	<u>868,521</u>	<u>(429,433)</u>	<u>840,162</u>	<u>28,359</u>
<b>Total revenues</b>	<u>\$ 25,817,623</u>	<u>24,665,442</u>	<u>1,152,181</u>	<u>22,612,408</u>	<u>2,053,034</u>

In 2021 and 2020, total revenues increased \$1,152,181 and \$2,053,034, respectively.

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

**Total District Expenses**

Below is a detailed schedule of the District's total expenses segregated between operating revenues and non-operating revenues.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Operating expenses including depreciation expense:</b>					
Source of supply	\$ 8,624,268	7,096,645	1,527,623	5,492,324	1,604,321
Pumping	642,477	646,366	(3,889)	458,594	187,772
Water facilities operations	1,218,090	1,176,833	41,257	993,209	183,624
Water treatment	1,917,786	2,647,688	(729,902)	2,131,166	516,522
Transmission and distribution	3,624,404	3,560,513	63,891	3,301,629	258,884
Sewage collection and treatment	184,329	145,032	39,297	127,513	17,519
Customer service	470,411	534,552	(64,141)	510,341	24,211
General and administrative	3,658,894	3,199,140	459,754	3,007,301	191,839
Water conservation	396,414	398,010	(1,596)	349,415	48,595
Depreciation and amortization	3,887,096	3,366,216	520,880	3,451,155	(84,939)
<b>Total operating expenses including depreciation expense</b>	<u>24,624,169</u>	<u>22,770,995</u>	<u>1,853,174</u>	<u>19,822,647</u>	<u>2,948,348</u>
<b>Non-operating expenses:</b>					
Interest expense – long-term debt	740,004	798,522	(58,518)	875,354	(76,832)
Capital contribution to Agency	-	305,711	(305,711)	-	305,711
Other non-operating expenses	71,139	3,929	67,210	24,275	(20,346)
<b>Total non-operating expenses</b>	<u>811,143</u>	<u>1,108,162</u>	<u>(297,019)</u>	<u>899,629</u>	<u>208,533</u>
<b>Total expenses</b>	<u>\$ 25,435,312</u>	<u>23,879,157</u>	<u>1,556,155</u>	<u>20,722,276</u>	<u>3,156,881</u>

In 2021 and 2020, total expenses increased \$1,556,155 and \$3,156,881, respectively.

**Capital Asset Administration**

Changes in capital asset amounts for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
Capital assets:				
Non-depreciable assets	\$ 6,442,627	4,388,484	(1,954,253)	8,876,858
Depreciable assets	196,453,956	2,119,704	-	198,573,660
Accumulated depreciation	<u>(64,221,490)</u>	<u>(3,887,096)</u>	<u>-</u>	<u>(68,108,586)</u>
Total capital assets, net	<u>\$ 138,675,093</u>	<u>2,621,092</u>	<u>(1,954,253)</u>	<u>139,341,932</u>

Changes in capital asset amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Capital assets:				
Non-depreciable assets	\$ 25,353,552	4,002,970	(22,913,895)	6,442,627
Depreciable assets	173,180,839	23,402,553	(129,436)	196,453,956
Accumulated depreciation	<u>(60,953,344)</u>	<u>(3,397,582)</u>	<u>129,436</u>	<u>(64,221,490)</u>
Total capital assets, net	<u>\$ 137,581,047</u>	<u>24,007,941</u>	<u>(22,913,895)</u>	<u>138,675,093</u>

At the end of fiscal years 2021 and 2020, the District's investment in capital assets (net of accumulated depreciation) totaled \$139,341,932 and \$138,675,093, respectively. This investment in capital assets (net of accumulated depreciation) includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress. See note 6 for further information.

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

**Debt Administration**

Changes in long-term debt amounts for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>
Long-term debt:				
Capital lease	\$ 263,002	63,438	(58,388)	268,052
Loans payable	<u>32,903,399</u>	<u>-</u>	<u>(2,394,043)</u>	<u>30,509,356</u>
Total long-term debt	<u>\$ 33,166,401</u>	<u>63,438</u>	<u>(2,452,431)</u>	<u>30,777,408</u>

Changes in long-term debt amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>
Long-term debt:				
Capital lease	\$ 82,403	211,298	(30,699)	263,002
Loans payable	<u>35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>
Total long-term debt	<u>\$ 35,318,601</u>	<u>211,298</u>	<u>(2,363,498)</u>	<u>33,166,401</u>

See note 8 for further information.

**Conditions Affecting Current Financial Position**

The COVID-19 outbreak in the United States has caused business disruption from shortages in the workforce, and through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the availability of the workforce and unexpected business closings. Consequently, the related financial impact on the District cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

**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.



# **Basic Financial Statements**

**North Marin Water District  
Statements of Net Position  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 20,613,991	14,864,898
Restricted – cash and cash equivalents (note 2)	991,585	1,184,440
Restricted – investments (note 2)	2,741,536	3,479,480
Accrued interest receivable	23,168	81,874
Accounts receivable – water and sewer sales and services	4,490,430	4,402,160
Accounts receivable – governmental agencies	532,602	662,879
Accounts receivable – other	87,413	251,761
Note receivable (note 3)	37,646	37,271
Loan receivable (note 3)	148,902	144,968
Materials and supplies inventory	687,346	628,948
Prepaid expenses and deposits	439,136	446,117
<b>Total current assets</b>	<u>30,793,755</u>	<u>26,184,796</u>
<b>Non-current assets:</b>		
Restricted – investments (note 2)	250,440	2,720,000
Note receivable (note 3)	1,098,812	1,136,458
Loan receivable (note 3)	1,930,238	2,079,140
Notes receivable – employee housing assistance loans, net (note 4)	525,000	525,000
Capital assets, not being depreciated (note 6)	8,876,858	6,442,627
Depreciable capital assets, net (note 6)	130,465,074	132,232,466
<b>Total non-current assets</b>	<u>143,146,422</u>	<u>145,135,691</u>
<b>Total assets</b>	<u>173,940,177</u>	<u>171,320,487</u>
<b>Deferred outflows of resources:</b>		
Deferred other post-employment benefits outflows (note 9)	489,891	341,851
Deferred pension outflows (note 10)	3,007,342	2,795,641
<b>Total deferred outflows of resources</b>	<u>\$ 3,497,233</u>	<u>3,137,492</u>

Continued on next page

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Net Position, continued**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,710,455	2,899,318
Accrued wages and related payables	304,520	285,184
Accrued claims payable	23,440	23,537
Customer advances and deposits	1,584,319	1,272,311
Accrued interest payable – long-term debt	148,400	157,614
Long-term liabilities – due within one year:		
Compensated absences (note 7)	199,978	176,238
Capital lease payable (note 8)	71,321	58,387
Loans payable (note 8)	2,014,132	1,967,303
<b>Total current liabilities</b>	<u>6,056,565</u>	<u>6,839,892</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	599,934	528,715
Capital lease payable (note 8)	196,731	204,615
Loans payable (note 8)	28,495,224	30,936,096
Total other post-employment benefits liability (note 9)	4,938,031	4,658,025
Net pension liability (note 10)	14,727,660	13,653,187
<b>Total non-current liabilities</b>	<u>48,957,580</u>	<u>49,980,638</u>
<b>Total liabilities</b>	<u>55,014,145</u>	<u>56,820,530</u>
<b>Deferred inflows of resources:</b>		
Deferred other post-employment benefits inflows (note 9)	104,267	121,829
Deferred pension inflows (note 10)	634,834	801,855
<b>Total deferred inflows of resources</b>	<u>739,101</u>	<u>923,684</u>
<b>Net position: (note 11)</b>		
Net investment in capital assets	110,643,664	107,946,623
Restricted	-	-
Unrestricted	11,040,500	8,767,142
<b>Total net position</b>	<u>\$ 121,684,164</u>	<u>116,713,765</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>		
Water consumption sales	\$ 19,546,611	18,194,168
Bi-monthly meter service charge	5,210,162	4,968,620
Sewer service charges	276,360	264,372
Other charges and services	345,402	369,761
<b>Total operating revenues</b>	<u>25,378,535</u>	<u>23,796,921</u>
<b>Operating expenses:</b>		
Source of supply	8,624,268	7,096,645
Pumping	642,477	646,366
Water facilities operations	1,218,090	1,176,833
Water treatment	1,917,786	2,647,688
Transmission and distribution	3,624,404	3,560,513
Sewage collection and treatment	184,329	145,032
Customer service	470,411	534,552
General and administrative	3,658,894	3,199,140
Water conservation	396,414	398,010
<b>Total operating expenses</b>	<u>20,737,073</u>	<u>19,404,779</u>
Operating income before depreciation	4,641,462	4,392,142
Depreciation expense – capital recovery	<u>(3,887,096)</u>	<u>(3,366,216)</u>
<b>Operating income</b>	<u>754,366</u>	<u>1,025,926</u>
<b>Non-operating revenues(expenses):</b>		
Property tax revenue	125,416	120,821
Investment earnings	143,166	549,477
Interest earnings from note receivable – BPGL	11,551	18,549
Interest earnings from loan receivable – MMWD	60,352	64,182
Rental revenue	80,443	86,597
Interest expense – long-term debt	(740,004)	(798,522)
Capital contribution to Agency	-	(305,711)
Gain on sale of property and equipment	-	18,816
Other non-operating revenues	18,160	10,079
Other non-operating expenses	<u>(71,139)</u>	<u>(3,929)</u>
<b>Total non-operating revenues, net</b>	<u>(372,055)</u>	<u>(239,641)</u>
<b>Net income before capital contributions</b>	<u>382,311</u>	<u>786,285</u>
<b>Capital contributions:</b>		
Developers and others	1,005,939	895,050
Connection fees	3,496,089	1,531,535
Capital grants – state and local	86,060	336,398
<b>Total capital contributions</b>	<u>4,588,088</u>	<u>2,762,983</u>
<b>Change in net position</b>	4,970,399	3,549,268
<b>Net position, beginning of year</b>	<u>116,713,765</u>	<u>113,164,497</u>
<b>Net position, end of year</b>	<u>\$ 121,684,164</u>	<u>116,713,765</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 25,784,781	22,980,137
Cash paid to employees for salaries and wages	(5,695,977)	(5,608,011)
Cash paid to vendors and suppliers for materials and services	<u>(15,428,162)</u>	<u>(10,912,644)</u>
<b>Net cash provided by operating activities</b>	<u>4,660,642</u>	<u>6,459,482</u>
<b>Cash flows from non-capital financing activities:</b>		
Property tax revenue	<u>125,416</u>	<u>120,821</u>
<b>Net cash provided by non-capital financing activities</b>	<u>125,416</u>	<u>120,821</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(4,553,935)	(4,542,658)
Proceeds from the sale of capital assets	-	18,816
Proceeds from capital contributions and connection fees	4,718,365	2,262,549
Cost of capital assets contributed to Agency	-	(305,711)
Principal paid on long-term debt	(2,388,993)	(2,069,797)
Interest paid on long-term debt	<u>(749,218)</u>	<u>(807,503)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(2,973,781)</u>	<u>(5,444,304)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	3,456,504	4,734,089
Purchases of investments	(249,000)	(2,474,000)
Principal received on notes receivable	37,271	1,118,005
Principal received on loans receivable	144,968	141,138
Principal received on employee housing assistance loans	-	189,200
Investment earnings	<u>354,218</u>	<u>725,802</u>
<b>Net cash provided by investing activities</b>	<u>3,743,961</u>	<u>4,434,234</u>
<b>Net increase in cash and cash equivalents</b>	5,556,238	5,570,233
<b>Cash and cash equivalents, beginning of year</b>	<u>16,049,338</u>	<u>10,479,105</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 21,605,576</u></u>	<u><u>16,049,338</u></u>
<b>Reconciliation of cash and cash equivalents to statement of financial position:</b>		
Cash and cash equivalents	\$ 20,613,991	14,864,898
Restricted assets – cash and cash equivalents	<u>991,585</u>	<u>1,184,440</u>
<b>Total cash and cash equivalents</b>	<u><u>\$ 21,605,576</u></u>	<u><u>16,049,338</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 Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 754,366	1,025,926
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense – capital recovery	3,887,096	3,366,216
Other non-operating revenue	18,160	10,079
Other non-operating expenses	(71,139)	(3,929)
<b>Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	(88,270)	(180,979)
Accounts receivable – other	164,348	(31,287)
Materials and supplies inventory	(58,398)	73,004
Prepaid expenses and other deposits	6,981	(215,442)
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related	(148,040)	(169,447)
Pension related	(211,701)	(179,324)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,188,863)	1,633,358
Accrued wages and related payables	19,336	4,314
Accrued claims payable	(97)	(31,004)
Customer advances and deposits	312,008	(614,597)
Compensated absences	94,959	158,378
Other post-employment benefit liability	280,006	137,861
Net pension liability	1,074,473	1,093,027
Increase(Decrease) in deferred inflows of resources:		
Other post-employment benefits related	(17,562)	121,829
Pension related	(167,021)	261,499
<b>Total adjustments</b>	<u>3,906,276</u>	<u>5,433,556</u>
<b>Net cash provided by operating activities</b>	<u>\$ 4,660,642</u>	<u>6,459,482</u>
<b>Non-cash investing, capital, and financing transactions:</b>		
Change in fair value of investments	\$ (51,674)	49,825

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

**(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 Standards Board Statement 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, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(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.

The District has adopted the following GASB pronouncements in the current year:

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.



**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

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

**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, deferred outflows, liabilities, and deferred inflows and disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the changes in net position during the reporting period.

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption from shortages in the workforce, and through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the availability of the workforce and unexpected business closings. Consequently, the related financial impact on the District cannot be estimated at this time.

**3. 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.

**4. 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.

**5. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

**6. 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, continued**  
**For the Years Ended June 30, 2021 and 2020**

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

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

**7. 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.

**8. 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.

**9. 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.

**10. 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

**11. Deferred Outflows of Resources**

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with post-employment benefits.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

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

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

**11. Deferred Outflows of Resources, continued**

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.
- Deferred outflow for the net difference between the projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a five year period.
- Deferred outflow as a result of the net change in proportions of the net pension liability which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

**12. 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. Employees hired after 10/1/2000 may apply their unused sick leave credit to enhance CalPERS retirement benefits but are not eligible to receive any pay for accrued unused sick leave from the District.

**13. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions 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.

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 Dates: June 30, 2019 and 2018
- Measurement Date: June 30, 2020 and 2019
- Measurement Period: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

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

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

**14. Deferred Inflows of Resources**

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits.

*Pensions*

- Deferred inflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pensions.
- Deferred inflow for the net difference between actual contributions and the proportionate share of employer contribution which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

**15. 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 30<sup>th</sup> have been accrued as of year-end.

**16. 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.

**17. 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 statements of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses and changes in net position.

**18. 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.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

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

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

**19. 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** – 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** – This component of net position consists of net position that does not meet the definition of *net investment in capital assets* or *restricted* components of net position.

**20. Reclassification**

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

**(2) Cash and Investments**

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

	<u><b>2021</b></u>	<u><b>2020</b></u>
Cash and cash equivalents	\$ 20,613,991	14,864,898
Restricted – cash and cash equivalents	991,585	1,184,440
Total cash and cash equivalents	<u>21,605,576</u>	<u>16,049,338</u>
Restricted – investments	2,741,536	3,479,480
Restricted – investments non-current	250,440	2,720,000
Total restricted investments	<u>2,991,976</u>	<u>6,199,480</u>
Total cash and investments	<u><u>\$ 24,597,552</u></u>	<u><u>22,248,818</u></u>

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

	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash on hand	\$ 350	350
Deposits with financial institutions	1,324,649	617,814
Deposits with County of Marin Treasury	1,054,044	1,051,188
California Local Agency Investment Fund	19,226,533	14,379,986
Investments	<u>2,991,976</u>	<u>6,199,480</u>
Total cash and investments	<u><u>\$ 24,597,552</u></u>	<u><u>22,248,818</u></u>

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

***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***

The custodial credit risk for *deposits* is the risk that, in the event of 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 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).

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). In addition, the District's investment policy requires that no more than two-thirds of the District's deposits in a depository to be collateralized by mortgage-backed securities and the remainder to be collateralized 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 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 secured public deposits. As of June 30, 2021 and 2020, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, collateralized securities are not held in the District's name.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

***Deposit in California Local Agency Investment Fund***

The District is a voluntary participant in the California 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 fair value factor for LAIF is reported on a quarterly basis. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***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.

As of June 30, 2021, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Certificates-of-deposit	\$ 2,991,976	2,741,536	250,440	-
Total	\$ 2,991,976	2,741,536	250,440	-

As of June 30, 2020, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Certificates-of-deposit	\$ 5,193,000	2,473,000	2,720,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
Total	\$ 6,199,480	3,479,480	2,720,000	-

***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 the California Government Code (where applicable), the District's investment policy, or debt agreements, and the actual rating as of the years end for each investment type.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

***Credit Risk, continued***

Credit ratings as of June 30, 2021, were as follows:

<b>Investment Type</b>	<b>Amount</b>	<b>Minimum Legal Rating</b>	<b>Exempt From Disclosure</b>	<b>Ratings AA+ to AA-</b>
Certificates-of-deposit	\$ 2,991,976	N/A	2,991,976	-
Total	\$ 2,991,976		2,991,976	-

Credit ratings as of June 30, 2020, were as follows:

<b>Investment Type</b>	<b>Amount</b>	<b>Minimum Legal Rating</b>	<b>Exempt From Disclosure</b>	<b>Ratings AA+ to AA-</b>
Certificates-of-deposit	\$ 5,193,000	N/A	5,193,000	-
U.S. Treasury note	1,006,480	N/A	-	1,006,480
Total	\$ 6,199,480		5,193,000	1,006,480

***Fair Value Measurements***

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2021, are as follows:

<b>Investment Type</b>	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates-of-deposit	\$ 2,991,976	-	2,991,976	-
Total investments measured at fair value	\$ 2,991,976	-	2,991,976	-

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2020, are as follows:

<b>Investment Type</b>	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates-of-deposit	\$ 5,193,000	-	5,193,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
Total investments measured at fair value	\$ 6,199,480	1,006,480	5,193,000	-



**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

Inputs and valuations methods used for each of the District's investment classes are as follows:

- U.S. Treasury securities – The fair value U.S. Treasury securities is generally based on quoted market prices in active markets (Level 1).
- Certificates-of-deposit – The fair value of certificate-of-deposit is generally determined using a market-based model in which valuation consideration is given to yield or price of comparable securities, coupon rate, maturity, credit quality, and dealer-provided prices (Level 2).

**(3) Note and Loan Receivable**

Changes in note and loan receivable for 2021 were as follows:

	Balance 2020	Additions	Principal Payments	Balance 2021	Current Portion	Long-term Portion
Note receivable:						
Marin Country Club	\$ 1,173,729	-	(37,271)	1,136,458	37,646	1,098,812
Total notes receivable	1,173,729	-	(37,271)	1,136,458	37,646	1,098,812
Loan receivable:						
Marin Municipal Water District	2,224,108	-	(144,968)	2,079,140	148,902	1,930,238
Total loans receivable	2,224,108	-	(144,968)	2,079,140	148,902	1,930,238
Total notes and loans receivable	\$ 3,397,837	-	(182,239)	3,215,598	186,548	3,029,050

Changes in notes and loan receivable for 2020 were as follows:

	Balance 2019	Additions	Principal Payments	Balance 2020	Current Portion	Long-term Portion
Note receivable:						
Black Point Golf Links	\$ 1,081,103	-	(1,081,103)	-	-	-
Marin Country Club	1,210,631	-	(36,902)	1,173,729	37,271	1,136,458
Total notes receivable	2,291,734	-	(1,118,005)	1,173,729	37,271	1,136,458
Loan receivable:						
Marin Municipal Water District	2,365,246	-	(141,138)	2,224,108	144,968	2,079,140
Total loans receivable	2,365,246	-	(141,138)	2,224,108	144,968	2,079,140
Total notes and loans receivable	\$ 4,656,980	-	(1,259,143)	3,397,837	182,239	3,215,598

**Black Point Golf Links**

The District has entered into a contractual agreement with Stone Tree Golf Club (Stone Tree) (previously Black Point Golf Links), whereby Stone Tree agreed to reimburse the District for construction costs incurred for a new recycled water pipeline in-lieu of connection fees. The terms of the agreement require Stone Tree to reimburse the District in bi-monthly installments through February 2024, and bear an interest rate of 2.40%. As of June 30, 2020, the balance was paid-in-full.

**Marin Country Club**

On June 10, 2015, the District entered into a contractual agreement with the Marin Country Club (Country Club), whereby the Country Club agreed to reimburse the District for construction costs incurred for a new recycled water facility in-lieu of connection fees. The Country Club is the primary customer of the Central Service Area pipeline and the receivable from this agreement contributes significantly to the related District debt (see note 8 for further information). The terms of the agreement require the Country Club to reimburse the District in bi-monthly installments through November 2047, and bear an interest rate of 1.00%.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(3) Note and Loan Receivable, continued**

***Marin Country Club, continued***

Future payments to be received under the agreement as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 37,646	11,208	48,854
2023	38,024	10,830	48,854
2024	38,406	10,448	48,854
2025	38,791	10,063	48,854
2026	39,181	9,673	48,854
2027-2031	201,885	42,384	244,269
2032-2036	212,227	32,042	244,269
2037-2041	223,099	21,170	244,269
2042-2046	234,527	9,742	244,269
2047	72,672	607	73,279
Total	1,136,458	158,167	1,294,625
Current	(37,646)		
Non-current	\$ 1,098,812		

***Marin Municipal Water District – Interconnection Agreement AEEP***

In February 2019, the District entered into an agreement with Marin Municipal Water District (MMWD) for MMWD to fund a portion of the cost to replace 24,000 feet of the District's aqueduct (Aqueduct Energy Efficiency Project). MMWD uses the District's aqueduct to take water delivery from the Sonoma County Water Agency. On an annual basis, MMWD utilizes 51% of water flowing through the aqueduct. MMWD benefits from the continued use of the aqueduct through 2040 in exchange for funding a portion of the cost. The District received an initial payment of \$480,000 and financed the remaining \$3,142,883. The loan bears an interest rate of 2.71% and matures on July 2032. Principal and interest payments of \$205,320 are due annually on July 1.

Future payments to be received under the agreement as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 148,902	56,418	205,320
2023	152,942	52,378	205,320
2024	157,092	48,228	205,320
2025	161,355	43,965	205,320
2026	165,734	39,586	205,320
2027-2031	898,618	127,982	1,026,600
2032-2033	394,497	16,143	410,640
Total	2,079,140	384,700	2,463,840
Current	(148,902)		
Non-current	\$ 1,930,238		

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(4) 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 allows an 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 based on the amount of interest foregone using the District's investment portfolio yield.

The following schedule lists the loans for employee housing assistance and their corresponding origination dates as of June 30, 2021 and 2020:

<u>Origination</u>	<u>Note Receivable</u>
March 2015	\$ 250,000
June 2018	275,000
Total	<u>\$ 525,000</u>

**(5) Transfer**

In 2021, the Novato Water system transferred \$890,074 to the Novato Recycled system to assist the Novato Recycled system's operations.

In 2020, the Novato Recycled system received the remaining balance of a note receivable from the Black Point Golf Links. Accordingly, the Novato Recycled system transferred \$689,600 to the Novato Water system which the Novato Recycle system previously borrowed for the Recycled Water Central Expansion Project.

**(6) Capital Assets**

***Construction-In-Progress***

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

	<u>2021</u>	<u>2020</u>
Developer construction – Novato Water	\$ 1,362,797	1,450,652
Other construction – Novato Water	2,520,374	1,430,935
Other construction – Novato Recycled	470,660	470,660
Other construction – West Marin Water	2,768,124	1,372,760
Other construction – Oceana Marin Sewer	281,812	244,529
Total construction-in-progress	<u>\$ 7,403,767</u>	<u>4,969,536</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(6) Capital Assets, continued**

The change in capital assets for 2021 are as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	4,969,536	4,388,484	(1,954,253)	7,403,767
Total non-depreciable assets	6,442,627	4,388,484	(1,954,253)	8,876,858
Depreciable assets:				
Distribution system	106,970,601	1,514,190	-	108,484,791
Treatment plant	22,604,626	145,606	-	22,750,232
Storage facilities	24,593,098	-	-	24,593,098
Transmission system	29,405,627	-	-	29,405,627
Source facilities	5,675,845	-	-	5,675,845
Sewer facilities	1,258,111	-	-	1,258,111
Structures and improvements	2,119,365	-	-	2,119,365
Other plant and equipment	3,826,683	459,908	-	4,286,591
Total depreciable assets	196,453,956	2,119,704	-	198,573,660
Accumulated depreciation:				
Distribution system	(33,999,131)	(1,970,879)	-	(35,970,010)
Treatment plant	(10,357,459)	(730,267)	-	(11,087,726)
Storage facilities	(7,933,535)	(501,948)	-	(8,435,483)
Transmission system	(4,475,335)	(254,256)	-	(4,729,591)
Source facilities	(2,403,204)	(107,411)	-	(2,510,615)
Sewer facilities	(686,563)	(27,383)	-	(713,946)
Structures and improvements	(1,386,554)	(53,529)	-	(1,440,083)
Other plant and equipment	(2,979,709)	(241,423)	-	(3,221,132)
Total accumulated depreciation	(64,221,490)	(3,887,096)	-	(68,108,586)
Total depreciable assets, net	132,232,466	(1,767,392)	-	130,465,074
Total capital assets, net	\$ 138,675,093	2,621,092	(1,954,253)	139,341,932

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(6) Capital Assets, continued**

The change in capital assets for 2020 are as follows:

	<b>Balance 2019</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance 2020</b>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	23,880,461	4,002,970	(22,913,895)	4,969,536
Total non-depreciable assets	25,353,552	4,002,970	(22,913,895)	6,442,627
Depreciable assets:				
Distribution system	86,339,778	20,630,823	-	106,970,601
Treatment plant	22,056,723	547,903	-	22,604,626
Storage facilities	23,082,820	1,510,278	-	24,593,098
Transmission system	29,405,627	-	-	29,405,627
Source facilities	5,675,845	-	-	5,675,845
Sewer facilities	1,258,111	-	-	1,258,111
Structures and improvements	1,902,893	216,472	-	2,119,365
Other plant and equipment	3,459,042	497,077	(129,436)	3,826,683
Total depreciable assets	173,180,839	23,402,553	(129,436)	196,453,956
Accumulated depreciation:				
Distribution system	(32,431,350)	(1,567,781)	-	(33,999,131)
Treatment plant	(9,653,179)	(704,280)	-	(10,357,459)
Storage facilities	(7,464,309)	(469,226)	-	(7,933,535)
Transmission system	(4,221,080)	(254,255)	-	(4,475,335)
Source facilities	(2,295,793)	(107,411)	-	(2,403,204)
Sewer facilities	(657,503)	(29,060)	-	(686,563)
Structures and improvements	(1,345,281)	(41,273)	-	(1,386,554)
Other plant and equipment	(2,884,849)	(224,296)	129,436	(2,979,709)
Total accumulated depreciation	(60,953,344)	(3,397,582)	129,436	(64,221,490)
Total depreciable assets, net	112,227,495	20,004,971	-	132,232,466
Total capital assets, net	\$ 137,581,047	24,007,941	(22,913,895)	138,675,093

**(7) Compensated Absences**

The change in compensated absences for 2021 was as follows:

<b>Balance 2020</b>	<b>Earned</b>	<b>Taken</b>	<b>Balance 2021</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
\$ 704,953	897,385	(802,426)	799,912	199,978	599,934

The change in compensated absences for 2020 was as follows:

<b>Balance 2019</b>	<b>Earned</b>	<b>Taken</b>	<b>Balance 2020</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
\$ 546,575	906,745	(748,367)	704,953	176,238	528,715

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(8) Long-term Debt**

The change in long-term debt for 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Capital lease payable:						
Enterprise vehicle lease	\$ 263,002	63,438	(58,388)	268,052	71,321	196,731
Total capital lease	<u>263,002</u>	<u>63,438</u>	<u>(58,388)</u>	<u>268,052</u>	<u>71,321</u>	<u>196,731</u>
Loans payable:						
<i>Novato Water</i>						
2005 DWR loan	8,413,055	-	(848,441)	7,564,614	431,840	7,132,774
2011 B of M loan	4,523,871	-	(332,634)	4,191,237	344,179	3,847,058
2018 JP Morgan Chase Loan	4,100,000	-	(270,000)	3,830,000	275,000	3,555,000
<i>Novato Recycled</i>						
2005 SWRCB loan	1,742,339	-	(231,551)	1,510,788	237,108	1,273,680
2011-2012 SWRCB loans	6,754,264	-	(453,875)	6,300,389	464,681	5,835,708
2016 SWRCB Loan	6,705,816	-	(208,715)	6,497,101	210,802	6,286,299
<i>West Marin Water</i>						
2011 B of M loan	<u>664,054</u>	<u>-</u>	<u>(48,827)</u>	<u>615,227</u>	<u>50,522</u>	<u>564,705</u>
Total loans payable	<u>32,903,399</u>	<u>-</u>	<u>(2,394,043)</u>	<u>30,509,356</u>	<u>2,014,132</u>	<u>28,495,224</u>
Total long-term debt	<u>\$ 33,166,401</u>	<u>63,438</u>	<u>(2,452,431)</u>	<u>30,777,408</u>	<u>2,085,453</u>	<u>28,691,955</u>

The change in long-term debt for 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Capital lease payable:						
Enterprise vehicle lease	\$ 82,403	211,298	(30,699)	263,002	58,387	204,615
Total capital lease	<u>82,403</u>	<u>211,298</u>	<u>(30,699)</u>	<u>263,002</u>	<u>58,387</u>	<u>204,615</u>
Loans payable:						
<i>Novato Water</i>						
2005 DWR loan	9,241,577	-	(828,522)	8,413,055	421,701	7,991,354
2011 B of M loan	4,844,924	-	(321,053)	4,523,871	332,634	4,191,237
2018 JP Morgan Chase Loan	4,360,000	-	(260,000)	4,100,000	270,000	3,830,000
<i>Novato Recycled</i>						
2005 SWRCB loan	1,968,463	-	(226,124)	1,742,339	231,551	1,510,788
2011-2012 SWRCB loans	7,197,587	-	(443,323)	6,754,264	453,876	6,300,388
2016 SWRCB Loan	6,912,465	-	(206,649)	6,705,816	208,714	6,497,102
<i>West Marin Water</i>						
2011 B of M loan	<u>711,182</u>	<u>-</u>	<u>(47,128)</u>	<u>664,054</u>	<u>48,827</u>	<u>615,227</u>
Total loans payable	<u>35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>	<u>1,967,303</u>	<u>30,936,096</u>
Total long-term debt	<u>\$ 35,318,601</u>	<u>211,298</u>	<u>(2,363,498)</u>	<u>33,166,401</u>	<u>2,025,690</u>	<u>31,140,711</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(8) Long-term Debt, continued**

***Enterprise Capital Lease***

In May 2019, the District entered into an agreement with Enterprise Fleet Management Trust (Enterprise) to lease vehicles from time to time, commencing on the delivery date of each vehicle. As of June 30, 2021, the District maintains leases for 12 vehicles with delivery dates from June 2019 through June 2021. Each vehicle has a term of 60 months, with an interest rate ranging from -0.29% to 2.49% per annum. Principal and interest payments on the lease are due monthly through 2026.

Annual lease payments are as follows:

<b>Fiscal Year</b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$	71,321	1,621	72,942
2023		71,873	1,065	72,938
2024		71,969	507	72,476
2025		40,693	57	40,750
2026		12,196	(20)	12,176
Total		268,052	3,230	271,282
Current		(71,321)		
Non-current	\$	196,731		

***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. The proceeds from the loan were used for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> and matures in 2030.

Annual debt service requirements for the loan are as follows:

<b>Fiscal Year</b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$	431,840	90,398	522,238
2023		879,223	165,251	1,044,474
2024		900,362	144,112	1,044,474
2025		922,010	122,465	1,044,475
2026		944,177	100,297	1,044,474
2027-2030		3,487,002	168,659	3,655,661
Total		7,564,614	791,182	8,355,796
Current		(431,840)		
Non-current	\$	7,132,774		

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(8) Long-term Debt, continued**

***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 2.40% per annum. The proceeds from the loan were used to construct the Deer Island Recycled Water Facility. Principal and interest are payable annually on June 19<sup>th</sup> and matures in 2027.

As noted in note 3, the District entered into a contractual agreement with Stone Tree whereby Stone Tree agreed to reimburse the District for construction costs incurred for the new recycled water facility in-lieu of connection fees. As the major customer of the recycled water facility, Stone Tree contributed a significant amount towards the District's repayment of this loan.

Annual debt service requirements for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 237,108	36,259	273,367
2023	242,798	30,569	273,367
2024	248,626	24,741	273,367
2025	254,593	18,774	273,367
2026	260,703	12,664	273,367
2027	266,960	6,407	273,367
Total	1,510,788	129,414	1,640,202
Current	(237,108)		
Non-current	\$ 1,273,680		

***2011-2012 SWRCB Loans – Novato Recycled Water segment – North and South Service Areas***

In 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. The proceeds from the loan were used to construct the Recycled Water Expansion project – North Service Area. As of June 30, 2013, the loan totaled \$4,375,605 consisting of eligible reimbursement cost of \$4,364,335 and capitalized interest charges of \$11,270. Principal and interest payments of \$281,892 are payable annually and matures in 2033.

In 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. The proceeds from the loan were used to construct the Recycled Water Expansion project – South Service Area. Principal and interest payments of \$332,407 are payable annually and matures in 2034.

Annual debt service requirements for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 464,681	149,618	614,299
2023	475,745	138,554	614,299
2024	487,075	127,224	614,299
2025	498,676	115,623	614,299
2026	510,556	103,743	614,299
2027-2031	2,741,190	330,304	3,071,494
2032-2034	1,122,466	40,602	1,163,068
Total	6,300,389	1,005,668	7,306,057
Current	(464,681)		
Non-current	\$ 5,835,708		



**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(8) Long-term Debt, 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. The proceeds of the loan were used for the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. Principal and interest payments of \$46,067 are payable monthly on the 27<sup>th</sup> day of each month and matures in September 2031.

Annual debt service requirements for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 394,701	158,099	552,800
2023	408,400	144,400	552,800
2024	422,223	130,577	552,800
2025	437,229	115,571	552,800
2026	452,405	100,395	552,800
2027-2031	2,508,545	255,455	2,764,000
2032	182,961	1,306	184,267
Total	4,806,464	905,803	5,712,267
Current	(394,701)		
Non-current	\$ 4,411,763		

**2016 SWRCB Loan – Novato Recycled Water segment – Central Service Area**

In 2016, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for an amount not-to-exceed \$10,450,708. The amount consists of a 30-year loan totaling \$7,130,503 with an interest rate of 1.00% per annum and capital grant totaling \$3,320,205. The proceeds of the loan were used to construct the Recycled Water Expansion project – Central Service Area. Principal and interest are payable annually on December 31<sup>st</sup> and matures in 2048.

As noted in note 3, the District entered into a contractual agreement with the Country Club whereby the Country Club agreed to reimburse the District for construction costs incurred for the new recycled water pipeline in-lieu of connection fees. As the primary customer of the Central Service Area pipeline, the Country Club contributes a significant amount towards the District's repayment of this loan.

Annual debt service requirements for the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 210,802	64,971	275,773
2023	212,910	62,863	275,773
2024	215,039	60,734	275,773
2025	217,189	58,584	275,773
2026	219,361	56,412	275,773
2027-2031	1,130,153	248,712	1,378,865
2032-2036	1,187,802	191,063	1,378,865
2037-2041	1,248,392	130,473	1,378,865
2042-2046	1,312,072	66,792	1,378,864
2047-2048	543,381	8,164	551,545
Total	6,497,101	948,768	7,445,869
Current	(210,802)		
Non-current	\$ 6,286,299		

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(8) Long-term Debt, continued**

**2018 JP Morgan Chase Loan**

In 2018, the District entered into an agreement with JP Morgan Chase Bank for a loan in an amount of \$4,600,000 with an interest rate of 2.69% per annum. The proceeds of the loan were used to finance the acquisition and construction of the automated meter information system throughout the District's Novato service area. Principal and interest payments on the loan are due semi-annually on September 1<sup>st</sup> and March 1<sup>st</sup> and matures in 2033.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 275,000	103,027	378,027
2023	280,000	95,630	375,630
2024	290,000	88,098	378,098
2025	300,000	80,297	380,297
2026	305,000	72,227	377,227
2027-2031	1,655,000	233,492	1,888,492
2032-2033	725,000	29,321	754,321
Total	3,830,000	702,092	4,532,092
Current	(275,000)		
Non-current	\$ 3,555,000		

**(9) Other Post-employment Benefits (OPEB) Plan**

**General Information about the OPEB Plan**

*Plan description* – The District's defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board of Directors has the authority to establish and amend the benefit terms and financing requirements of the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided* – 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.

The District contributes up to \$319.22 to PEMHCA on behalf of each retiree eligible for PEMHCA. The District makes supplemental contributions towards certain retirees' PEMHCA premiums if the retiree has attained age 55 and has completed at least 12 years of service with the District at the time of retirement. For employees hired on or after October 1, 2018, the retiree must be at least age 55 at the date of retirement with a minimum of 20 years of full-time equivalent service.

The District's contribution varies by group and retirement date, as follows:

- (1) Retiring on or after January 1, 2013, all groups: Up to 85% of the Kaiser 2-party rate each year, offset by the District's basic contribution of \$319.22/month to PEMHCA. If there is no covered spouse, or once the spouse has attained age 65, this changes to 85% of the Kaiser 1-party rate. The supplement ends upon the retiree's attainment of age 65\*.
- (2) Retiring on or after June 1, 2005, but before January 1, 2013, all groups: Up to 90% of the Kaiser 2-party rate each year, offset by the District's basic contribution of \$319.22/month to PEMHCA. If there is no covered spouse, or once the spouse has attained age 65, this changes to 90% of the Kaiser 1-party rate. The supplement ends upon the retiree's attainment of age 65\*.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(9) Other Post-employment Benefits (OPEB) Plan, continued**

**General Information about the OPEB Plan, continued**

(3) Retiring before June 1, 2005:

- *Represented* – Up to 100% of the Kaiser 2-party rate (or 1-party rate if single or if spouse has attained age 65) until retiree's age 65; after age 65, the dollar amount is capped at a flat \$409.91/month. All amounts are offset by the District's basic \$319.22/month to PEMHCA.
- *Unrepresented* – Up to 90% of the Kaiser 2-party rate (or 1-party rate if single or if spouse has attained age 65) until retiree's age 65; after age 65, the dollar amount is capped at a flat \$364.87/month. All amounts are offset by the District's basic \$319.22/month to PEMHCA.
- 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.

\* If a retiree covered under the medical plan dies before age 65, his/her spouse may continue District-paid group health coverage until age 65 if ineligible for other health insurance coverage, i.e., through employment or remarriage.

*Employees covered by benefit terms* – At June 30, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefit payments	38	34
Inactive employees entitled to but not receiving benefit payments	-	4
Active employees	<u>53</u>	<u>53</u>
	<u>91</u>	<u>91</u>

*Contributions* – The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. 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. The annual contribution is based on the actuarially determined contribution. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

**Total OPEB Liability**

The District's total OPEB liability of \$4,938,031 and \$4,658,025 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of June 30, 2019.

*Actuarial assumptions and other inputs* – The total OPEB liability measured based on the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2021: 1.92 percent 2020: 2.45 percent
Healthcare cost trend rates	2021: 5.80 percent for 2021, decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years 2020: 5.90 percent for 2020, decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(9) Other Post-employment Benefits (OPEB) Plan, continued**

***Total OPEB Liability, continued***

As of and for the years ended June 30, 2021 and 2020, the discount rates were based on the Fidelity GO AA 20-Years Municipal Index of 1.92% and 2.45%, respectively.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability 2021</b>	<b>Total OPEB Liability 2020</b>
Balance at beginning of year	\$ 4,658,025	4,520,164
Changes for the year:		
Service cost	166,020	140,410
Interest	115,047	135,765
Difference between expected and actual experience	-	(272,373)
Changes in assumptions or other inputs	256,981	363,781
Benefit payments	(258,042)	(229,722)
Net change	280,006	137,861
Balance at end of year	\$ 4,938,031	4,658,025

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021.

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District as of June 30, 2021, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>Discount Rate - 1% (0.92%)</b>	<b>Current Discount Rate (1.92%)</b>	<b>Discount Rate + 1% (2.92%)</b>
District's total OPEB liability	\$ 5,486,320	4,938,031	4,470,353

The following presents the total OPEB liability of the District as of June 30, 2020, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>Discount Rate - 1% (1.45%)</b>	<b>Current Discount Rate (2.45%)</b>	<b>Discount Rate + 1% (3.45%)</b>
District's total OPEB liability	\$ 5,162,694	4,658,025	4,226,748

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(9) Other Post-employment Benefits (OPEB) Plan, continued**

***Changes in the Total OPEB Liability, continued***

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the District as of June 30, 2021, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (4.80% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (5.80% decreasing to 5.00%)</b>	<b>1% Increase (6.80% decreasing to 6.00%)</b>
District's total OPEB liability	\$ 4,670,501	4,938,031	5,259,051

The following presents the total OPEB liability of the District as of June 30, 2020, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (4.90% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (5.90% decreasing to 5.00%)</b>	<b>1% Increase (6.90% decreasing to 6.00%)</b>
District's total OPEB liability	\$ 4,432,386	4,658,025	4,926,524

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021 and 2020, the District recognized OPEB expense of \$372,446 and \$319,965, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	<b>2021</b>		<b>2020</b>	
<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 489,891	-	341,851	-
Differences between actual and expected experience	-	(104,267)	-	(121,829)
Total	\$ 489,891	(104,267)	341,851	(121,829)

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(9) Other Post-employment Benefits (OPEB) Plan, continued**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued***

As of June 30, 2021, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year June 30:	Net Changes in Assumptions	Net Differences between Expected Net Deferred and Actual Outflows/(Inflows) Experience of Resources	
2022	\$ 108,940	(17,562)	91,378
2023	143,757	(17,562)	126,195
2024	125,897	(35,696)	90,201
2025	92,263	(33,448)	58,815
2026	19,035	-	19,035
Total	\$ 489,892	(104,268)	385,624

As of June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year June 30:	Net Changes in Assumptions	Net Differences between Expected Net Deferred and Actual Outflows/(Inflows) Experience of Resources	
2021	\$ 61,352	(17,562)	43,790
2022	61,352	(17,562)	43,790
2023	96,166	(17,562)	78,604
2024	78,305	(35,695)	42,610
2025	44,676	(33,448)	11,228
Total	\$ 341,851	(121,829)	220,022

**(10) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (PERF C) administered by the California Public Employees' Retirement System (CalPERS). The PERF C consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans respectively. Benefit provisions under the Plan are established by State Statute and the District's 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 at 400 P Street, Sacramento, California 95814.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

***Benefits Provided***

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

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 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to 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% at 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA based on the average annual compensation for the last three years of employment.

The District participates in the PERF C miscellaneous risk pool. The provision and benefits for the PERF C miscellaneous pool in effect at June 30, are summarized as follows:

	<b>Classic</b>	<b>PEPRA</b>
	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	
Benefit payments	monthly for life	
Retirement age	50 - 55	57 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	2021: 7.953%	2021: 6.750%
	2020: 7.951%	2020: 6.750%
Required employer contribution rates	2021: 12.361%	2021: 7.732%
	2020: 11.432%	2020: 6.985%

***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 an actuary and shall be effective on July 1, following notice of the change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with 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.

For the fiscal years ended June 30, the District's pension contributions were as follows:

	<b>Miscellaneous Plan</b>	
	<b>2021</b>	<b>2020</b>
Contributions – employer	\$ 1,490,360	1,370,702

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

***Net Pension Liability***

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

	<u>2021</u>	<u>2020</u>
Proportionate share of net pension liability	\$ 14,727,660	13,653,187

The District's net pension liability for the PERF C is measured as the proportionate share of the net pension liability for the miscellaneous pool. As of June 30, 2021 and 2020, the net pension liability of the Plan is measured as of June 30, 2020 and 2019 (the measurement dates), respectively. The total pension liability for the PERF C's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 (valuation dates), rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the net pension liability for the Plan as of the measurement dates for June 30, 2021 and 2020, were as follows:

	<u>Proportionate Share</u>
Proportion at Measurement Date – June 30, 2018	0.12881 %
Change in proportion	<u>0.00443</u>
Proportion at Measurement Date – June 30, 2019	0.13324
Change in proportion	<u>0.00212</u>
Proportion at Measurement Date – June 30, 2020	<u>0.13536 %</u>

***Deferred Pension Outflows (Inflows) of Resources***

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$815,408 and \$2,545,904, respectively.



**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources, continued***

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date at June 30	\$ 1,490,360	-	1,370,702	-
Net difference between actual and expected experience	758,960		874,799	-
Net change in assumptions	-	(105,044)	420,256	-
Net difference between projected and actual earnings on plan investments	437,508	-	-	(238,700)
Net difference between actual contribution and proportionate share of contribution	-	(529,790)	-	(563,155)
Net change due to differences in proportion of net pension liability	320,514	-	129,884	-
Total	\$ 3,007,342	(634,834)	2,795,641	(801,855)

As of June 30 2021 and 2020, the District reported \$1,490,360 and \$1,370,702, respectively, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended June 30, 2021, will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Pension contributions subsequent to the measurement date for the year ended June 30, 2020, were recognized as a reduction of the net pension liability for the year ended June 30, 2021.

At June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year June 30,	Net Difference between Expected and Actual Experience	Net Change in Assumptions	Net Difference between Projected and Actual Earnings on Pension Plan's Investments	Net Difference between Actual Contribution and Proportionate Share of Contribution	Net Change due to Differences in Proportions	Net, Deferred Outflows/(Inflows) of Resources
2022	\$ 437,469	(70,872)	(90,729)	(279,269)	122,124	118,723
2023	260,084	(22,868)	117,684	(178,309)	133,620	310,211
2024	61,407	(11,304)	219,735	(72,212)	64,770	262,396
2025	-	-	190,818		-	190,818
Total	\$ 758,960	(105,044)	437,508	(529,790)	320,514	882,148

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources, continued***

At June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

<b>Fiscal Year</b>	<b>Net Difference</b>	<b>Net Difference</b>	<b>Net Difference</b>	<b>Net Difference</b>	<b>Net Change</b>	<b>Net, Deferred</b>
<b>June 30,</b>	<b>between</b>	<b>between Projected</b>	<b>between</b>	<b>Actual</b>	<b>due to</b>	<b>Outflows/(Inflows)</b>
<b>June 30,</b>	<b>Expected and</b>	<b>and Actual</b>	<b>Actual</b>	<b>Contribution and</b>	<b>Differences</b>	<b>of Resources</b>
	<b>Actual</b>	<b>Earnings on</b>	<b>Pension Plan's</b>	<b>Proportionate Share</b>	<b>in Proportions</b>	
	<b>Experience</b>	<b>Investments</b>	<b>of Contribution</b>			
		<b>in Assumptions</b>				
2021	\$ 330,786	485,736	87,076	(286,107)	36,030	653,521
2022	360,699	(56,742)	(281,551)	(189,004)	41,179	(125,419)
2023	183,314	(8,738)	(73,138)	(88,044)	52,675	66,069
2024	-	-	28,913	-	-	28,913
Total	\$ 874,799	420,256	(238,700)	(563,155)	129,884	623,084

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

\* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1–10*</b>	<b>Real Return Year 11+**</b>
Global Equity	50.00 %	4.80 %	5.98 %
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Infrastructure and Forestland	0.00	0.00	0.00
Liquidity	1.00	0.00	-0.92
	<u>100.00 %</u>		

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

As June 30, 2021, 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:

	<b>Discount Rate - 1% (6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's net pension liability	\$ <u>21,791,736</u>	<u>14,727,660</u>	<u>8,890,836</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(10) Defined Benefit Pension Plan, continued**

As June 30, 2020, 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:

	<b>Discount Rate - 1% (6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's net pension liability	\$ 20,597,446	13,653,187	7,921,192

***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 59 and 61 for Required Supplementary Schedules.

**(11) Net Position**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 5,251,244	470,660	2,872,364	282,590	8,876,858
Depreciable capital assets, net	93,867,241	30,730,706	4,886,590	980,537	130,465,074
Loan receivable	2,079,140	-	-	-	2,079,140
Current:					
Bonds payable	(71,321)	-	-	-	(71,321)
Loans payable	(1,051,019)	(912,591)	(50,522)	-	(2,014,132)
Non-current:					
Bonds payable	(196,731)	-	-	-	(196,731)
Loans payable	(14,534,832)	(13,395,687)	(564,705)	-	(28,495,224)
Total net investment in capital assets	<u>85,343,722</u>	<u>16,893,088</u>	<u>7,143,727</u>	<u>1,263,127</u>	<u>110,643,664</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	687,346	-	-	-	687,346
Prepaid expenses and deposits	437,477	-	559	1,100	439,136
Non-current:					
Notes receivable	-	1,098,812	-	-	1,098,812
Notes receivable – employee housing loans	525,000	-	-	-	525,000
Total non-spendable net position	<u>1,649,823</u>	<u>1,098,812</u>	<u>559</u>	<u>1,100</u>	<u>2,750,294</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,658,025	-	-	-	4,658,025
Operating reserve (deficit)	(2,627,979)	5,640,903	192,912	426,345	3,632,181
Total spendable net position (deficit)	<u>2,030,046</u>	<u>5,640,903</u>	<u>192,912</u>	<u>426,345</u>	<u>8,290,206</u>
Total unrestricted net position	<u>3,679,869</u>	<u>6,739,715</u>	<u>193,471</u>	<u>427,445</u>	<u>11,040,500</u>
Total net position	<u>\$ 89,023,591</u>	<u>23,632,803</u>	<u>7,337,198</u>	<u>1,690,572</u>	<u>121,684,164</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(11) Net Position, continued**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 4,250,459	470,660	1,476,171	245,337	6,442,627
Depreciable capital assets, net	94,701,502	31,535,583	4,970,472	1,024,909	132,232,466
Capital project loan proceeds unused	19,955	-	193,868	-	213,823
Loan receivable	2,224,108	-	-	-	2,224,108
Current:					
Capital lease	(58,387)	-	-	-	(58,387)
Loans payable	(1,024,335)	(894,141)	(48,827)	-	(1,967,303)
Non-current:					
Capital lease	(204,615)	-	-	-	(204,615)
Loans payable	(16,012,591)	(14,308,278)	(615,227)	-	(30,936,096)
Total net investment in capital assets	<u>83,896,096</u>	<u>16,803,824</u>	<u>5,976,457</u>	<u>1,270,246</u>	<u>107,946,623</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	628,948	-	-	-	628,948
Prepaid expenses and deposits	444,316	-	752	1,049	446,117
Non-current:					
Notes receivable	-	1,136,458	-	-	1,136,458
Notes receivable – employee housing loans	525,000	-	-	-	525,000
Total non-spendable net position	<u>1,598,264</u>	<u>1,136,458</u>	<u>752</u>	<u>1,049</u>	<u>2,736,523</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,520,164	-	-	-	4,520,164
Operating reserve (deficit)	(5,064,696)	4,854,232	1,367,623	353,296	1,510,455
Total spendable net position (deficit)	<u>(544,532)</u>	<u>4,854,232</u>	<u>1,367,623</u>	<u>353,296</u>	<u>6,030,619</u>
Total unrestricted net position	<u>1,053,732</u>	<u>5,990,690</u>	<u>1,368,375</u>	<u>354,345</u>	<u>8,767,142</u>
Total net position	<u>\$ 84,949,828</u>	<u>22,794,514</u>	<u>7,344,832</u>	<u>1,624,591</u>	<u>116,713,765</u>

**(12) 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. 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 statements of net position. As of June 30, 2021 and 2020, the assets of the deferred compensation savings plan totaled \$8,533,293 and \$7,153,527, respectively.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(13) 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.

At June 30, 2021, the District coverage with various insurance carriers are as follows:

- General liability coverage includes general aggregate and products and completed operations aggregate of \$10 million; personal and advertising injury and damage to premises rented by the District of \$1 million; and medical expenses of \$10,000. Each claim is subject to a deductible of \$100,000.
- Property insurance coverage is as follows: 1) Real property and business personal property blanket coverage up to \$70,653,000 and coverage extension blanket up to \$2 million subject to a \$25,000 deductible; and mobile equipment coverage up to \$659,000 for scheduled, \$100,000 for unscheduled, and \$250,000 for borrowed, rented, or leased subject to a \$25,000 deductible; 2) Vehicle coverage up to \$1 million for bodily injury, property damage, hired auto, non-owned auto, and uninsured/underinsured motorist; \$100,000 for hired physical damage; and \$5,000 for medical payments subject to a comprehensive and collision deductible of \$5,000.
- Crime coverage includes employee theft of \$1 million; and forgery or alteration, theft of money and securities, robbery and safe burglary, crime outside the premises, computer fraud and money orders, and funds transfer fraud of \$250,000. Each claim is subject to a deductible of \$100,000.
- Public officials and management liability against wrongful acts, employment practices, and employee benefit plans of \$1 million. Each claim is subject to a deductible of \$100,000.
- Workers' compensation insurance coverage up to \$1 million per accident per employee.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2021 and 2020.

**(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.



**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**North Marin Water District**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended June 30, 2021 and 2020**

**(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 97, continued***

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**(15) Commitments and Contingencies**

***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 facility 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. In addition, 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).

***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 commitments of approximately \$2,213,128 and \$1,049,963 in capital expenditures as of June 30, 2021 and 2020, respectively.

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such audit 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.

**(16) Subsequent Events**

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of November 2, 2021, which is the date the financial statements were available to be issued.

## **Required Supplementary Information**



**North Marin Water District**  
**Schedule of Changes in the District Total OPEB Liability and Related Ratios**  
**As of June 30, 2021**  
**Last Ten Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 166,020	140,410	137,480	145,989
Interest	115,047	135,765	150,690	132,454
Differences between expected and actual experience	-	(272,373)	163,205	-
Changes in assumptions or other inputs	256,981	363,781	195,564	(197,296)
Benefit payments	<u>(258,042)</u>	<u>(229,722)</u>	<u>(250,340)</u>	<u>(375,787)</u>
Net change in total OPEB liability	280,006	137,861	396,599	(294,640)
Total OPEB liability - beginning	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>	<u>4,418,205</u>
Total OPEB liability - ending	\$ <u>4,938,031</u>	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>
Covered-employee payroll	\$ 5,685,912	5,699,559	5,434,109	5,635,521
Total OPEB liability as a percentage of covered-employee payroll	<u>86.85%</u>	<u>81.73%</u>	<u>83.18%</u>	<u>73.17%</u>

**Notes to Schedule:**

**Changes of benefit terms** – No changes were noted.

**Changes of assumptions** – Change of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<b>Fiscal Year</b>	<b>Discount Rate</b>
2021	1.92%
2020	2.45%
2019	3.13%
2018	3.62%

\* Historical information presented above follows the measurement periods for which GASB 74 & 75 were applicable. The fiscal year ended June 30, 2018, (valuation date of June 30, 2017) was the first year of implementation required by GASB 74 & 75; therefore, only four years are shown.

**North Marin Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2021**  
**Last Ten Years\***

Description	Measurement Dates						
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.13536%	0.13324%	0.13034%	0.12881%	0.12759%	0.12558%	0.10769%
District's proportionate share of the net pension liability \$	14,727,660	13,653,187	12,560,160	12,774,724	11,040,789	8,619,837	6,701,264
District's covered payroll \$	5,128,723	4,878,849	4,953,247	4,600,500	4,542,666	4,305,518	4,106,287
District's proportionate share of the net pension liability as a percentage of its covered payroll	287.16%	279.84%	253.57%	277.68%	243.05%	200.20%	163.20%
Plan's fiduciary net position as a percentage of the total pension liability	75.10%	73.56%	74.43%	72.80%	73.98%	78.63%	83.47%

**Notes to Schedule:**

**Changes in Benefit Terms** – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**Changes of Assumptions** – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The

inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

**North Marin Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2021**  
**Last Ten Years\***

**Notes to Schedule, continued:**

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71; therefore, only seven years are shown.

**North Marin Water District  
Schedules of Pension Plan Contributions  
As of June 30, 2021  
Last Ten Years\***

Description	Fiscal Years						
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 1,490,360	1,370,702	1,155,358	1,017,325	926,448	828,792	669,066
Contributions in relation to the actuarially determined contribution	(1,490,360)	(1,370,702)	(1,155,358)	(1,017,325)	(926,448)	(828,792)	(669,066)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	\$ 5,128,723	4,878,849	4,953,247	4,600,500	4,542,666	4,305,518	4,305,518
Contribution's as a percentage of covered payroll	29.06%	28.09%	23.33%	22.11%	20.39%	19.25%	15.54%

**Notes:**

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, (valuation date of June 30, 2014) was the first year of implementation required by GASB 68 & 71; therefore, only seven years are shown.



## **Supplemental Information**



## **Combining Schedules**

**North Marin Water District**  
**Combining Schedule of Net Position**  
**For the Year Ended June 30, 2021**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 15,670,430	4,390,675	112,495	440,391	20,613,991
Restricted – cash and cash equivalents	-	890,072	98,885	2,628	991,585
Restricted – investments	2,741,536	-	-	-	2,741,536
Accrued interest receivable	23,168	-	-	-	23,168
Accounts receivable – water and sewer sales	3,914,215	382,601	193,614	-	4,490,430
Accounts receivable – governmental agencies	532,602	-	-	-	532,602
Accounts receivable – other	-	87,413	-	-	87,413
Note receivable	-	37,646	-	-	37,646
Loan receivable	148,902	-	-	-	148,902
Materials and supplies inventory	687,346	-	-	-	687,346
Prepaid expenses and deposits	437,477	-	559	1,100	439,136
<b>Total current assets</b>	<b>24,155,676</b>	<b>5,788,407</b>	<b>405,553</b>	<b>444,119</b>	<b>30,793,755</b>
<b>Non-current assets:</b>					
Restricted – investments	250,440	-	-	-	250,440
Notes receivable	-	1,098,812	-	-	1,098,812
Loan receivable	1,930,238	-	-	-	1,930,238
Note receivable – employee housing loans, net	525,000	-	-	-	525,000
Capital assets, not being depreciated	5,251,244	470,660	2,872,364	282,590	8,876,858
Depreciable capital assets, net	93,867,241	30,730,706	4,886,590	980,537	130,465,074
<b>Total non-current assets</b>	<b>101,824,163</b>	<b>32,300,178</b>	<b>7,758,954</b>	<b>1,263,127</b>	<b>143,146,422</b>
<b>Total assets</b>	<b>125,979,839</b>	<b>38,088,585</b>	<b>8,164,507</b>	<b>1,707,246</b>	<b>173,940,177</b>
<b>Deferred outflows of resources:</b>					
Deferred other post-employment benefits outflows	489,891	-	-	-	489,891
Deferred pension outflows	3,007,342	-	-	-	3,007,342
<b>Total deferred outflows of resources</b>	<b>3,497,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,497,233</b>
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	1,662,214	-	48,241	-	1,710,455
Accrued wages and related payables	224,300	32,312	34,539	13,369	304,520
Accrued claims payable	21,682	656	797	305	23,440
Customer advances and deposits	1,452,336	478	128,505	3,000	1,584,319
Accrued interest payable – long-term debt	34,342	114,058	-	-	148,400
Long-term liabilities – due within one year:					
Compensated absences	199,978	-	-	-	199,978
Capital lease	71,321	-	-	-	71,321
Loans payable	1,051,019	912,591	50,522	-	2,014,132
<b>Total current liabilities</b>	<b>4,717,192</b>	<b>1,060,095</b>	<b>262,604</b>	<b>16,674</b>	<b>6,056,565</b>
<b>Non-current liabilities:</b>					
Long-term liabilities – due in more than one year:					
Compensated absences	599,934	-	-	-	599,934
Capital lease	196,731	-	-	-	196,731
Loans payable	14,534,832	13,395,687	564,705	-	28,495,224
Other post-employment benefits liability	4,938,031	-	-	-	4,938,031
Net pension liability	14,727,660	-	-	-	14,727,660
<b>Total non-current liabilities</b>	<b>34,997,188</b>	<b>13,395,687</b>	<b>564,705</b>	<b>-</b>	<b>48,957,580</b>
<b>Total liabilities</b>	<b>39,714,380</b>	<b>14,455,782</b>	<b>827,309</b>	<b>16,674</b>	<b>55,014,145</b>
<b>Deferred inflows of resources:</b>					
Deferred other post-employment benefits inflows	104,267	-	-	-	104,267
Deferred pension inflows	634,834	-	-	-	634,834
<b>Total deferred inflows of resources</b>	<b>739,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>739,101</b>
<b>Net position:</b>					
Net investment in capital assets	85,343,722	16,893,088	7,143,727	1,263,127	110,643,664
Unrestricted	3,679,869	6,739,715	193,471	427,445	11,040,500
<b>Total net position</b>	<b>\$ 89,023,591</b>	<b>23,632,803</b>	<b>7,337,198</b>	<b>1,690,572</b>	<b>121,684,164</b>

**North Marin Water District**  
**Combining Schedule of Net Position**  
**For the Year Ended June 30, 2020**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 10,149,337	3,561,047	854,992	299,522	14,864,898
Restricted – cash and cash equivalents	-	890,072	292,753	1,615	1,184,440
Restricted – investments	3,479,480	-	-	-	3,479,480
Accrued interest receivable	81,874	-	-	-	81,874
Accounts receivable – water and sewer sales	3,833,018	392,067	177,075	-	4,402,160
Accounts receivable – governmental agencies	326,481	-	336,398	-	662,879
Accounts receivable – other	11,300	171,906	-	68,555	251,761
Note receivable	-	37,271	-	-	37,271
Loan receivable	144,968	-	-	-	144,968
Materials and supplies inventory	628,948	-	-	-	628,948
Prepaid expenses and deposits	444,316	-	752	1,049	446,117
<b>Total current assets</b>	<b>19,099,722</b>	<b>5,052,363</b>	<b>1,661,970</b>	<b>370,741</b>	<b>26,184,796</b>
<b>Non-current assets:</b>					
Restricted – investments	2,720,000	-	-	-	2,720,000
Note receivable	-	1,136,458	-	-	1,136,458
Loan receivable	2,079,140	-	-	-	2,079,140
Notes receivable – employee housing loans, net	525,000	-	-	-	525,000
Capital assets, not being depreciated	4,250,459	470,660	1,476,171	245,337	6,442,627
Depreciable capital assets, net	94,701,502	31,535,583	4,970,472	1,024,909	132,232,466
<b>Total non-current assets</b>	<b>104,276,101</b>	<b>33,142,701</b>	<b>6,446,643</b>	<b>1,270,246</b>	<b>145,135,691</b>
<b>Total assets</b>	<b>123,375,823</b>	<b>38,195,064</b>	<b>8,108,613</b>	<b>1,640,987</b>	<b>171,320,487</b>
<b>Deferred outflows of resources:</b>					
Deferred other post-employment benefits outflows	341,851	-	-	-	341,851
Deferred pension outflows	2,795,641	-	-	-	2,795,641
<b>Total deferred outflows of resources</b>	<b>3,137,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,137,492</b>
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	2,833,400	47,944	17,974	-	2,899,318
Accrued wages and related payables	209,664	28,194	34,236	13,090	285,184
Accrued claims payable	21,772	659	800	306	23,537
Customer advances and deposits	1,222,111	483	46,717	3,000	1,272,311
Accrued interest payable – long-term debt	36,763	120,851	-	-	157,614
Long-term liabilities – due within one year:					
Compensated absences	176,238	-	-	-	176,238
Capital lease	58,387	-	-	-	58,387
Loans payable	1,024,335	894,141	48,827	-	1,967,303
<b>Total current liabilities</b>	<b>5,582,670</b>	<b>1,092,272</b>	<b>148,554</b>	<b>16,396</b>	<b>6,839,892</b>
<b>Non-current liabilities:</b>					
Long-term liabilities – due in more than one year:					
Compensated absences	528,715	-	-	-	528,715
Capital lease	204,615	-	-	-	204,615
Loans payable	16,012,591	14,308,278	615,227	-	30,936,096
Other post-employment benefits liability	4,658,025	-	-	-	4,658,025
Net pension liability	13,653,187	-	-	-	13,653,187
<b>Total non-current liabilities</b>	<b>35,057,133</b>	<b>14,308,278</b>	<b>615,227</b>	<b>-</b>	<b>49,980,638</b>
<b>Total liabilities</b>	<b>40,639,803</b>	<b>15,400,550</b>	<b>763,781</b>	<b>16,396</b>	<b>56,820,530</b>
<b>Deferred inflows of resources:</b>					
Deferred other post-employment benefits inflows	121,829	-	-	-	121,829
Deferred pension inflows	801,855	-	-	-	801,855
<b>Total deferred inflows of resources</b>	<b>923,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>923,684</b>
<b>Net position:</b>					
Net investment in capital assets	83,896,096	16,803,824	5,976,457	1,270,246	107,946,623
Unrestricted	1,053,732	5,990,690	1,368,375	354,345	8,767,142
<b>Total net position</b>	<b>\$ 84,949,828</b>	<b>22,794,514</b>	<b>7,344,832</b>	<b>1,624,591</b>	<b>116,713,765</b>

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2021**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
<b>Operating revenues:</b>					
Water consumption sales	\$ 17,174,412	1,594,471	777,728	-	19,546,611
Bi-monthly meter service charge	4,921,137	91,653	197,372	-	5,210,162
Sewer service charges	-	-	-	276,360	276,360
Other charges and services	338,531	-	6,871	-	345,402
<b>Total operating revenues</b>	<b>22,434,080</b>	<b>1,686,124</b>	<b>981,971</b>	<b>276,360</b>	<b>25,378,535</b>
<b>Operating expenses:</b>					
Source of supply	8,289,856	309,398	25,014	-	8,624,268
Pumping	549,914	4,525	88,038	-	642,477
Water facilities operations	892,993	245,921	79,176	-	1,218,090
Water treatment	1,617,471	15,450	284,865	-	1,917,786
Transmission and distribution	3,403,372	95,099	125,933	-	3,624,404
Sewage collection and treatment	-	-	-	184,329	184,329
Customer service	441,993	1,600	24,950	1,868	470,411
General and administrative	3,356,534	71,917	168,002	62,441	3,658,894
Water conservation projects	352,057	-	44,357	-	396,414
<b>Total operating expenses</b>	<b>18,904,190</b>	<b>743,910</b>	<b>840,335</b>	<b>248,638</b>	<b>20,737,073</b>
Operating income before depreciation	3,529,890	942,214	141,636	27,722	4,641,462
Depreciation	(2,857,337)	(786,073)	(199,315)	(44,371)	(3,887,096)
<b>Operating income(loss)</b>	<b>672,553</b>	<b>156,141</b>	<b>(57,679)</b>	<b>(16,649)</b>	<b>754,366</b>
<b>Non-operating revenues(expenses):</b>					
Property tax revenue	6,273	-	57,678	61,465	125,416
Investment earnings	87,258	43,028	8,714	4,166	143,166
Interest earnings from note receivable – BPGL	-	11,551	-	-	11,551
Interest earnings from loan receivable – MMWD	60,352	-	-	-	60,352
Rental revenue	74,729	-	5,464	250	80,443
Interest expense – long-term debt	(455,568)	(262,505)	(21,931)	-	(740,004)
Other non-operating revenues	18,011	-	72	77	18,160
Other non-operating expenses	(969)	-	(782)	(69,388)	(71,139)
<b>Total non-operating revenues(expense), net</b>	<b>(209,914)</b>	<b>(207,926)</b>	<b>49,215</b>	<b>(3,430)</b>	<b>(372,055)</b>
<b>Net income(loss) before capital contributions</b>	<b>462,639</b>	<b>(51,785)</b>	<b>(8,464)</b>	<b>(20,079)</b>	<b>382,311</b>
<b>Capital contributions:</b>					
Developers and others	1,005,109	-	830	-	1,005,939
Connection fees	3,496,089	-	-	-	3,496,089
Capital grants – state and local	-	-	-	86,060	86,060
<b>Total capital contributions</b>	<b>4,501,198</b>	<b>-</b>	<b>830</b>	<b>86,060</b>	<b>4,588,088</b>
<b>Transfer in(out)</b>	<b>(890,074)</b>	<b>890,074</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>4,073,763</b>	<b>838,289</b>	<b>(7,634)</b>	<b>65,981</b>	<b>4,970,399</b>
<b>Net position, beginning of year</b>	<b>84,949,828</b>	<b>22,794,514</b>	<b>7,344,832</b>	<b>1,624,591</b>	<b>116,713,765</b>
<b>Net position, end of year</b>	<b>\$ 89,023,591</b>	<b>23,632,803</b>	<b>7,337,198</b>	<b>1,690,572</b>	<b>121,684,164</b>

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2020**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
<b>Operating revenues:</b>					
Water consumption sales	\$ 15,940,598	1,463,316	790,254	-	18,194,168
Bi-monthly meter service charge	4,709,222	66,859	192,539	-	4,968,620
Sewer service charges	-	-	-	264,372	264,372
Other charges and services	362,628	84	7,049	-	369,761
<b>Total operating revenues</b>	<b>21,012,448</b>	<b>1,530,259</b>	<b>989,842</b>	<b>264,372</b>	<b>23,796,921</b>
<b>Operating expenses:</b>					
Source of supply	6,718,848	354,861	22,936	-	7,096,645
Pumping	549,018	5,353	91,995	-	646,366
Water facilities operations	1,008,932	107,857	60,044	-	1,176,833
Water treatment	2,480,913	5,606	161,169	-	2,647,688
Transmission and distribution	3,442,219	20,415	97,879	-	3,560,513
Sewage collection and treatment	-	-	-	145,032	145,032
Customer service	506,690	1,326	24,374	2,162	534,552
General and administrative	2,978,195	64,113	117,324	39,508	3,199,140
Water conservation projects	382,764	-	15,246	-	398,010
<b>Total operating expenses</b>	<b>18,067,579</b>	<b>559,531</b>	<b>590,967</b>	<b>186,702</b>	<b>19,404,779</b>
Operating income before depreciation	2,944,869	970,728	398,875	77,670	4,392,142
Depreciation	(2,660,688)	(473,828)	(185,652)	(46,048)	(3,366,216)
<b>Operating income</b>	<b>284,181</b>	<b>496,900</b>	<b>213,223</b>	<b>31,622</b>	<b>1,025,926</b>
<b>Non-operating revenues(expenses):</b>					
Property tax revenue	5,252	-	55,952	59,617	120,821
Investment earnings	342,612	123,483	72,324	11,058	549,477
Interest earnings from note receivable – BPGI	-	18,549	-	-	18,549
Interest earnings from loan receivable – MMWD	64,182	-	-	-	64,182
Rental revenue	81,043	-	5,304	250	86,597
Interest expense – long-term debt	(494,197)	(280,694)	(23,631)	-	(798,522)
Capital contribution to Agency	-	(305,711)	-	-	(305,711)
Gain on sale of property and equipment	18,816	-	-	-	18,816
Other non-operating revenues	9,862	-	-	217	10,079
Other non-operating expenses	(2,325)	-	(703)	(901)	(3,929)
<b>Total non-operating revenues(expense), net</b>	<b>25,245</b>	<b>(444,373)</b>	<b>109,246</b>	<b>70,241</b>	<b>(239,641)</b>
<b>Net income before capital contributions</b>	<b>309,426</b>	<b>52,527</b>	<b>322,469</b>	<b>101,863</b>	<b>786,285</b>
<b>Capital contributions:</b>					
Developers and others	885,050	10,000	-	-	895,050
Connection fees	1,531,535	-	-	-	1,531,535
Capital grants – state and local	-	-	336,398	-	336,398
<b>Total capital contributions</b>	<b>2,416,585</b>	<b>10,000</b>	<b>336,398</b>	<b>-</b>	<b>2,762,983</b>
<b>Transfers in(out)</b>	<b>689,600</b>	<b>(689,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>3,415,611</b>	<b>(627,073)</b>	<b>658,867</b>	<b>101,863</b>	<b>3,549,268</b>
<b>Net position, beginning of year</b>	<b>81,534,217</b>	<b>23,421,587</b>	<b>6,685,965</b>	<b>1,522,728</b>	<b>113,164,497</b>
<b>Net position, end of year</b>	<b>\$ 84,949,828</b>	<b>22,794,514</b>	<b>7,344,832</b>	<b>1,624,591</b>	<b>116,713,765</b>

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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.

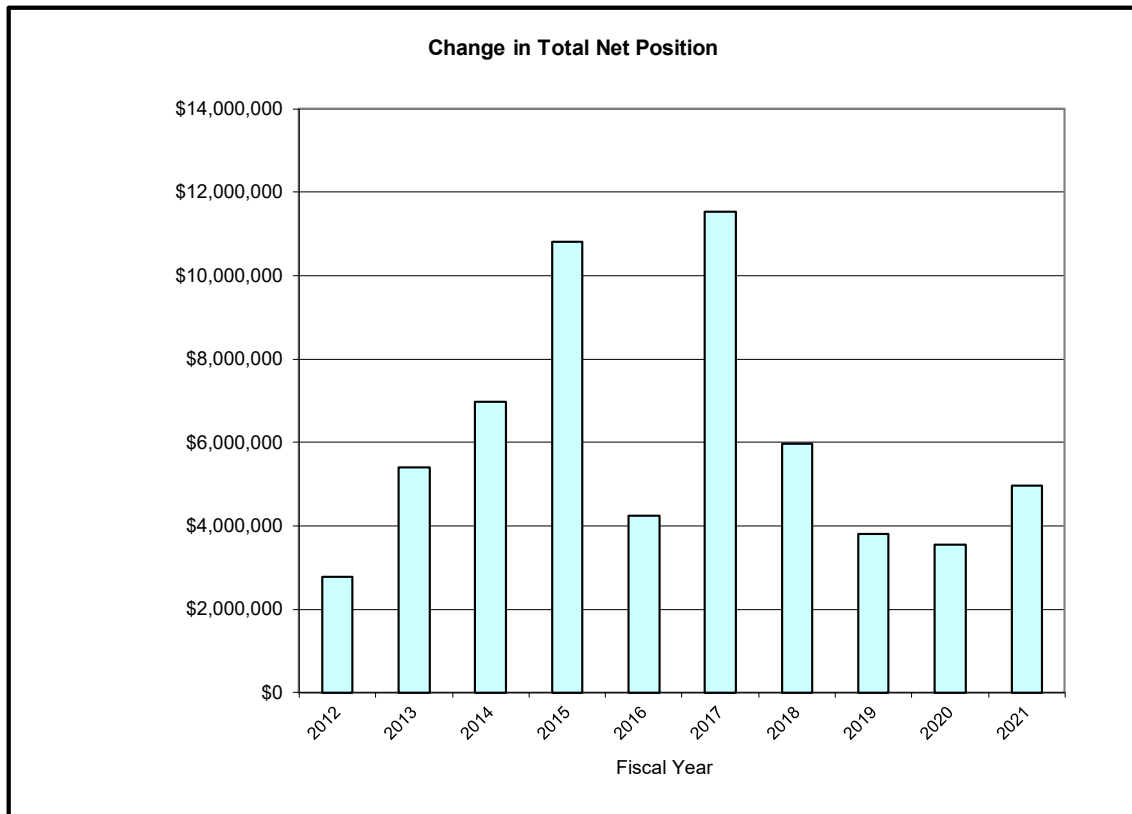
### Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	67-71
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	72-75
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.	76-77
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	78-79
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.	80-81

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

**Schedule 1**

	Fiscal Year			
	2012	Restated 2013	Restated 2014	2015
Change in net position:				
Operating revenues (see schedule 2)	\$15,435,733	\$18,256,638	\$20,772,429	\$18,081,308
Operating expenses (see schedule 3)	(12,610,862)	(13,140,845)	(13,309,833)	(13,328,124)
Depreciation and amortization	(2,726,598)	(2,793,360)	(3,128,302)	(3,183,725)
<b>Operating income(loss)</b>	<b>\$98,273</b>	<b>\$2,322,433</b>	<b>\$4,334,294</b>	<b>\$1,569,459</b>
Net non-op revenue(expense) (see schedule 4)	(531,318)	(285,490)	(518,474)	(488,661)
<b>Net income(loss) before capital contributions</b>	<b>(\$433,045)</b>	<b>\$2,036,943</b>	<b>\$3,815,820</b>	<b>\$1,080,798</b>
Capital contributions	3,200,979	3,357,870	3,144,256	9,714,111
<b>Change in net position</b>	<b>\$2,767,934</b>	<b>\$5,394,813</b>	<b>\$6,960,076</b>	<b>\$10,794,909</b>
Net position by component:				
Net investment in capital assets	\$61,882,478	\$65,839,724	\$71,538,168	\$82,037,287
Restricted	2,993,055	2,186,452	2,156,020	2,170,429
Unrestricted	11,185,857	2,404,385	3,696,449	3,977,830
<b>Total net position</b>	<b>\$76,061,390</b>	<b>\$70,430,561</b>	<b>\$77,390,637</b>	<b>\$88,185,546</b>



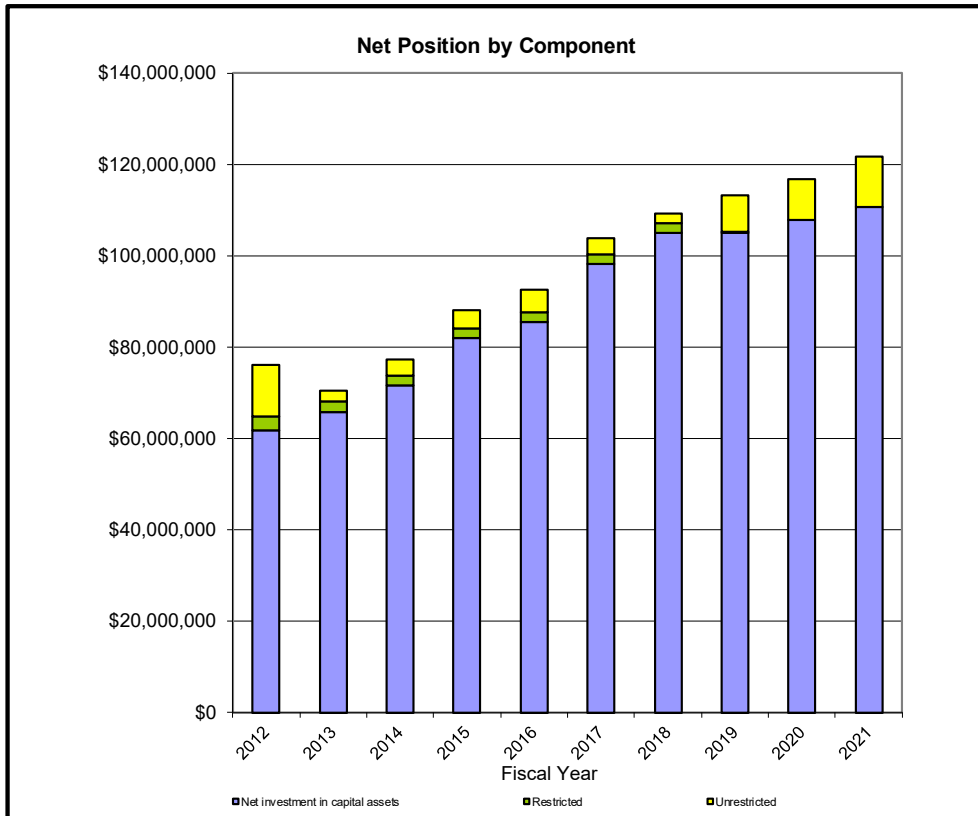
**Source:** North Marin Water District Audited Financial Statements

<sup>(1)</sup> 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**

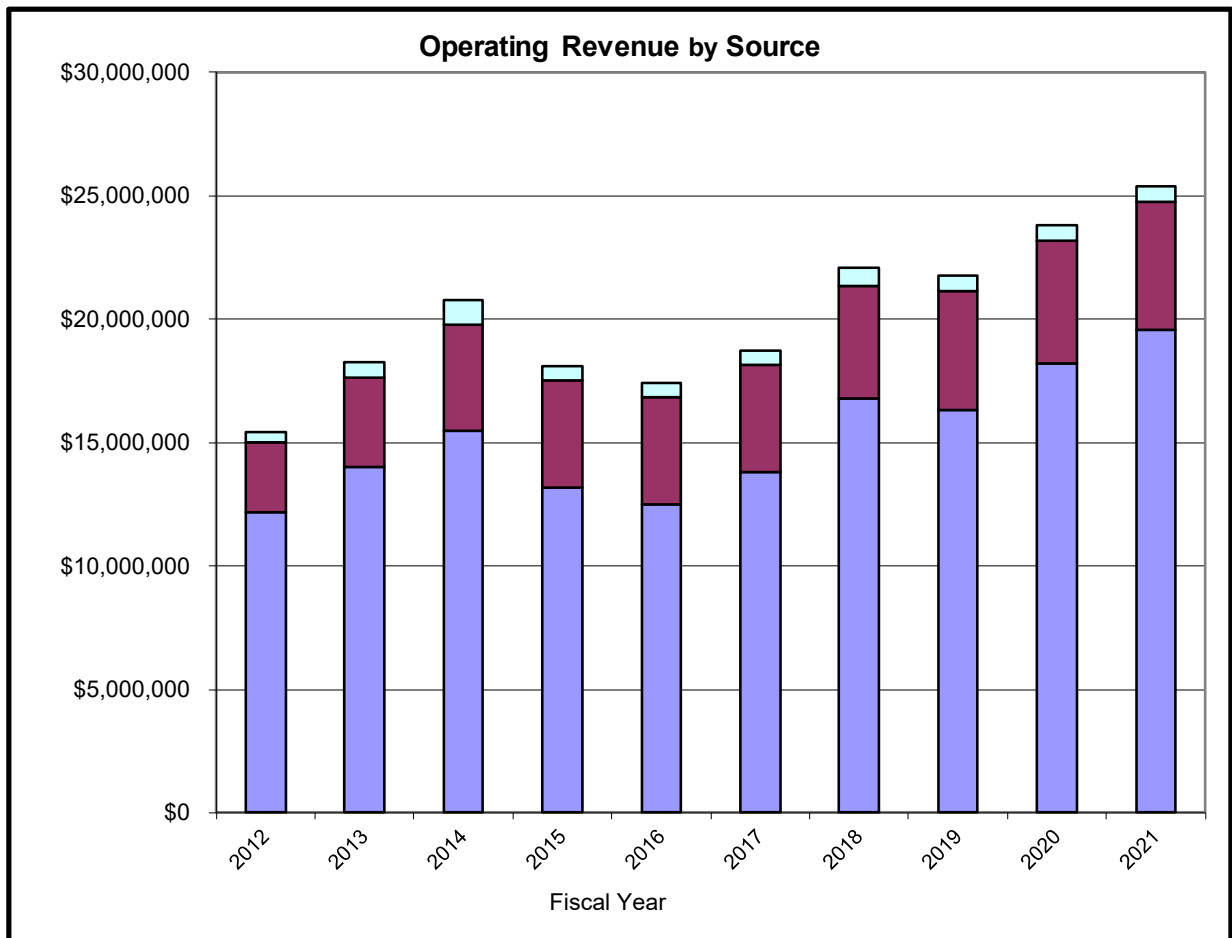
Fiscal Year					
2016	2017	Restated 2018	Restated 2019	2020	2021
\$17,411,543	\$18,703,476	\$22,094,094	\$21,772,246	\$23,796,921	\$25,378,535
(13,704,737)	(15,099,687)	(16,461,030)	(16,371,492)	(19,404,779)	(20,737,073)
(3,286,353)	(3,416,411)	(3,434,069)	(3,451,155)	(3,366,216)	(3,887,096)
\$420,453	\$187,378	\$2,198,995	\$1,949,599	\$1,025,926	\$754,366
(328,734)	(304,830)	(253,110)	(59,467)	(239,641)	(372,055)
\$91,719	(\$117,452)	\$1,945,885	\$1,890,132	\$786,285	\$382,311
4,139,047	11,643,388	4,020,041	1,921,709	2,762,983	4,588,088
\$4,230,766	\$11,525,936	\$5,965,926	\$3,811,841	\$3,549,268	\$4,970,399
\$85,542,035	\$98,131,574	\$104,921,863	\$105,092,277	\$107,946,623	\$110,643,664
2,122,980	2,140,681	2,186,164	71,715	-	-
5,007,769	3,639,717	2,244,629	8,000,505	8,767,142	11,040,500
\$92,672,784	\$103,911,972	\$109,352,656	\$113,164,497	\$116,713,765	\$121,684,164



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

**Schedule 2**

<b>Fiscal Year</b>		<b>Water Sales</b>	<b>Bi-Monthly Service Charges</b>	<b>Other Charges and Services</b>		<b>Total Operating Revenue</b>
2012	\$	12,156,765	2,860,630	418,338	\$	15,435,733
2013		13,987,034	3,630,425	639,178		18,256,638
2014		15,480,438	4,308,584	983,407		20,772,429
2015		13,180,015	4,312,108	589,188		18,081,311
2016		12,508,927	4,331,899	570,717		17,411,543
2017		13,801,864	4,334,762	566,850		18,703,476
2018		16,764,567	4,564,228	765,299		22,094,094
2019		16,337,171	4,810,296	624,779		21,772,246
2020		18,194,168	4,968,620	634,133		23,796,921
2021		19,546,611	5,210,162	621,762		25,378,535

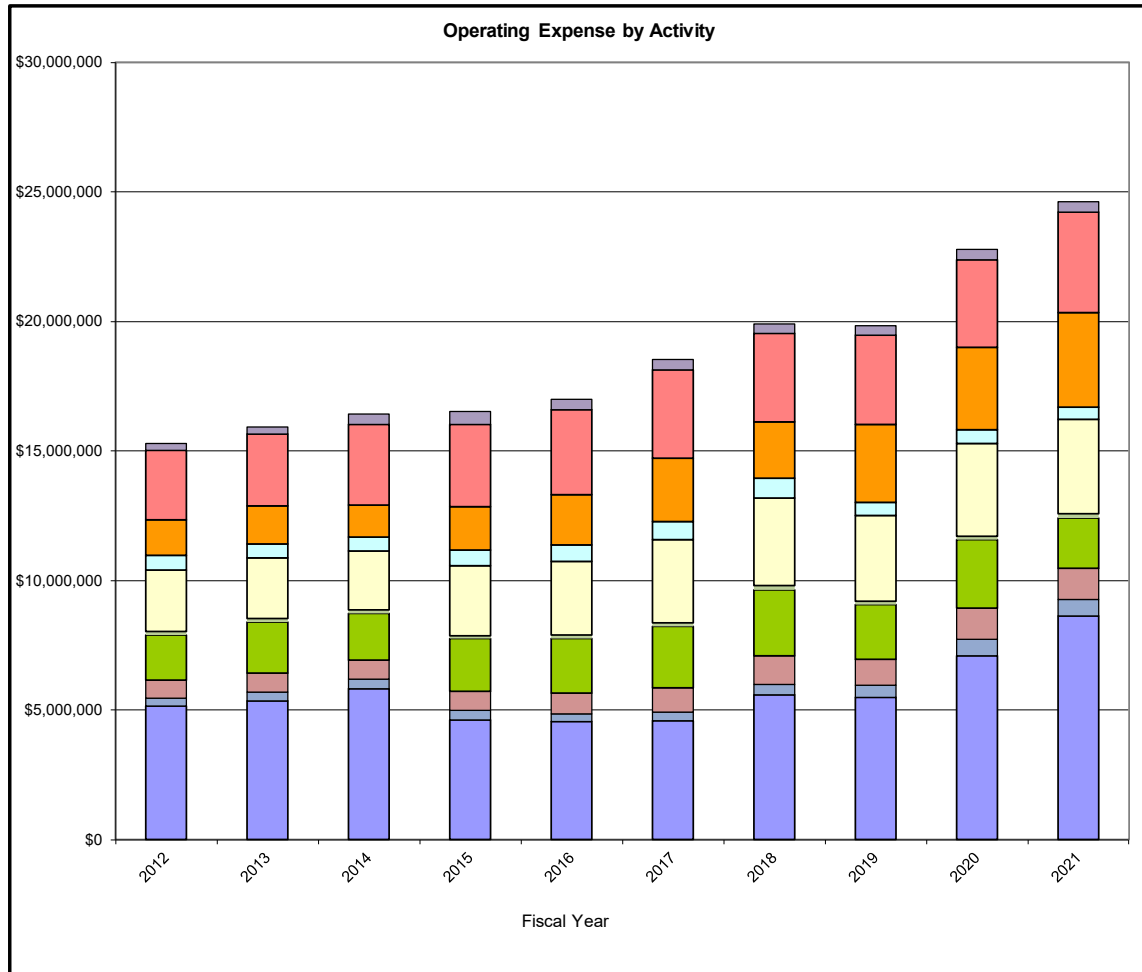


**Source:** North Marin Water District Audited Financial Statements

# 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
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	1,986,904	127,903	2,340,330	552,202	1,449,793	272,107	2,784,670	15,925,493
2014	5,834,854	341,597	742,706	1,815,429	120,548	2,270,764	550,709	1,221,849	411,377	3,128,302	16,438,135
2015	4,624,655	352,007	751,940	2,020,865	108,928	2,727,168	588,579	1,673,156	478,360	3,183,725	16,509,383
2016	4,565,833	281,255	797,806	2,099,887	134,193	2,871,290	628,981	1,934,011	391,481	3,286,353	16,991,090
2017	4,579,359	351,342	937,559	2,346,949	151,205	3,223,237	676,189	2,462,392	371,455	3,416,411	18,516,098
2018	5,569,766	426,356	1,079,917	2,567,146	163,957	3,387,559	742,164	2,169,660	354,505	3,434,069	19,895,099
2019	5,492,324	458,594	993,209	2,131,166	127,513	3,301,629	510,341	3,007,301	349,415	3,451,155	19,822,647
2020	7,096,645	646,366	1,176,833	2,647,688	145,032	3,560,513	534,552	3,199,140	398,010	3,366,216	22,770,995
2021	8,624,268	642,477	1,218,090	1,917,786	184,329	3,624,404	470,411	3,658,894	396,414	3,887,096	24,624,169



Source: North Marin Water District Audited Financial Statements

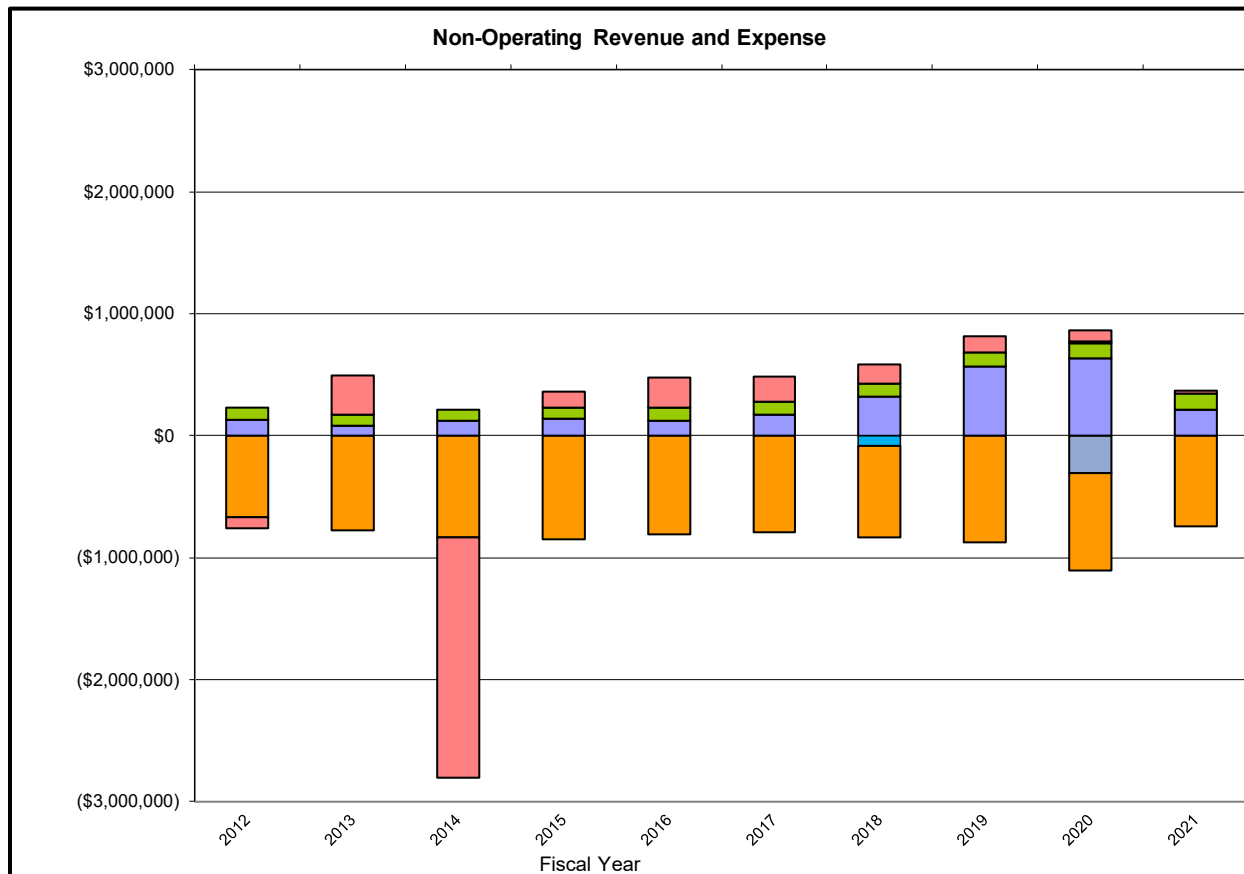
(1) FY09 Excludes \$7,691,033 depreciation due to change in asset lives

(2) Reduced by overhead absorption

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

**Schedule 4**

Fiscal Year	Investment Income <sup>(1)</sup>	Property Taxes	Gain/(Loss) on Asset Sales	Debt Issuance Costs	Cap Contribution to Agency	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2012	\$ 130,974	101,559	-	-	-	(665,713)	(98,138)	\$ (531,318)
2013	80,713	88,088	-	-	-	(778,762)	324,471	(285,490)
2014	120,671	90,071	-	-	-	(830,830)	(1,972,027) <sup>(2)</sup>	(2,592,115)
2015	135,307	94,391	-	-	-	(847,950)	129,591	(488,661)
2016	125,078	102,259	-	-	-	(807,035)	250,969	(328,729)
2017	168,766	107,210	-	-	-	(791,211)	210,405	(304,830)
2018	316,072	109,927	-	(86,180)	-	(747,118)	154,189	(253,110)
2019	565,721	115,706	-	-	-	(875,354)	134,460	(59,467)
2020	632,208	120,821	18,816	-	(305,711)	(798,522)	92,747	(239,641)
2021	215,069	125,416	-	-	-	(740,004)	27,464	(372,055)



**Notes:**

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

(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

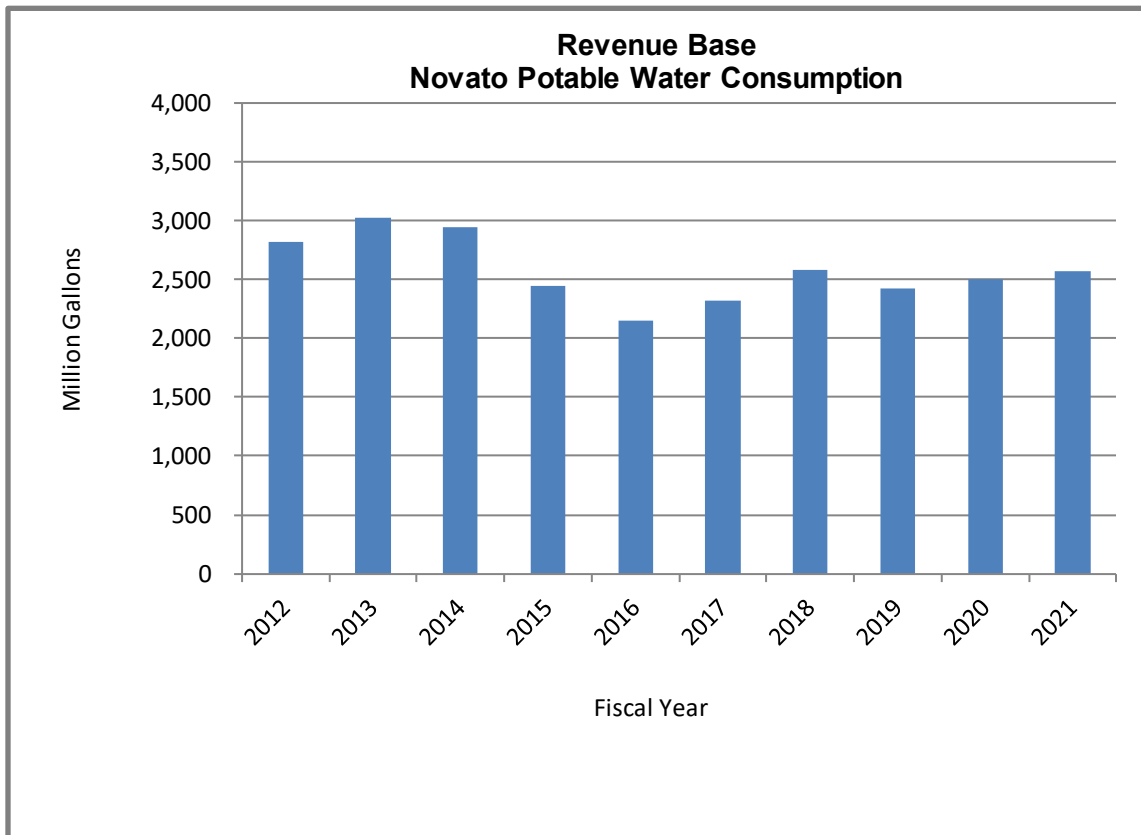
**Source:** North Marin Water District Audited Financial Statements



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

**Schedule 5**

<b>Fiscal Year</b>	<b>Novato Potable Water Consumption (Million Gallons)</b>
2012	2,820
2013	3,018
2014	2,948
2015	2,444
2016	2,152
2017	2,317
2018	2,584
2019	2,416
2020	2,502
2021	2,570



**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					West Marin Water		Oceana Marin Sewer
	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	Recycled			
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
2016	18,561	704	1,239	232	44	780	230	21,790
2017	18,631	700	1,254	229	47	780	231	21,872
2018	18,449	699	1,217	220	53	785	232	21,655
2019	18,387	701	1,210	233	91	783	234	21,639
2020	18,398	711	1,213	232	91	782	235	21,662
2021	18,469	699	1,222	217	96	785	235	21,723

Source: North Marin Water District - Finance Department

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

**Schedule 7**

<b>Bimonthly Service Charge</b>										
<b>Meter Size</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>	<b>6/30/15</b>	<b>6/30/16</b>	<b>6/30/17</b>	<b>6/30/18</b>	<b>6/30/19</b>	<b>6/30/20</b>	<b>6/30/21</b>
5/8" & 3/4"	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 31.50	\$ 33.00	\$ 34.15	\$ 34.15	\$ 41.46
1"	50.00	60.00	60.00	60.00	60.00	63.00	66.00	68.30	68.30	74.06
1 1/2"	61.00	73.00	73.00	73.00	73.00	77.00	80.50	83.30	83.30	128.38
2"	95.00	114.00	114.00	114.00	114.00	120.00	125.50	129.90	129.90	193.57
3"	189.00	227.00	227.00	227.00	227.00	238.00	248.50	257.20	257.20	367.41
4"	303.00	364.00	364.00	364.00	364.00	382.00	399.00	413.00	413.00	562.98
6"	634.00	761.00	761.00	761.00	761.00	799.00	835.00	864.00	864.00	1,106.23
8"	945.00	1,134.00	1,134.00	1,134.00	1,134.00	1,191.00	1,244.50	1,288.00	1,288.00	1,432.18

<b>Water Use Rate (per 1,000 Gallons)</b>										
<b>User Type</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>	<b>6/30/15</b>	<b>6/30/16</b>	<b>6/30/17</b>	<b>6/30/18</b>	<b>6/30/19</b>	<b>6/30/20</b>	<b>6/30/21</b>
<u>Residential Zone A</u>										
Base Rate <sup>(1)</sup>	\$ 3.73	\$ 4.03	\$ 4.29	\$ 4.46	\$ 4.77	\$ 5.01	\$ 5.24	\$ 5.42	\$ 5.42	\$ 5.50
Tier 1 <sup>(2)</sup>	5.94	6.42	6.84	7.11	7.61	7.99	8.35	8.64	8.64	6.23
Tier 2 <sup>(2)</sup>	10.34	11.17	11.90	12.38	13.25	13.91	14.54	15.05	15.05	7.57
<u>Non-Residential Zone A</u>										
Base Rate <sup>(1)</sup>	4.11	4.44	4.73	4.92	5.26	5.52	5.77	5.97	5.97	5.50
Seasonal Rate	4.42	4.77	5.08	5.28	5.65	5.93	6.20	6.42	6.42	7.67

**Notes:**

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

(2) Tier 1 = 616-1845 gallons/day (gpd) FY12-FY20, 263-720 gpd FY21, Tier 2 = >1845 gpd FY12-FY20, >720 gpd FY20

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**

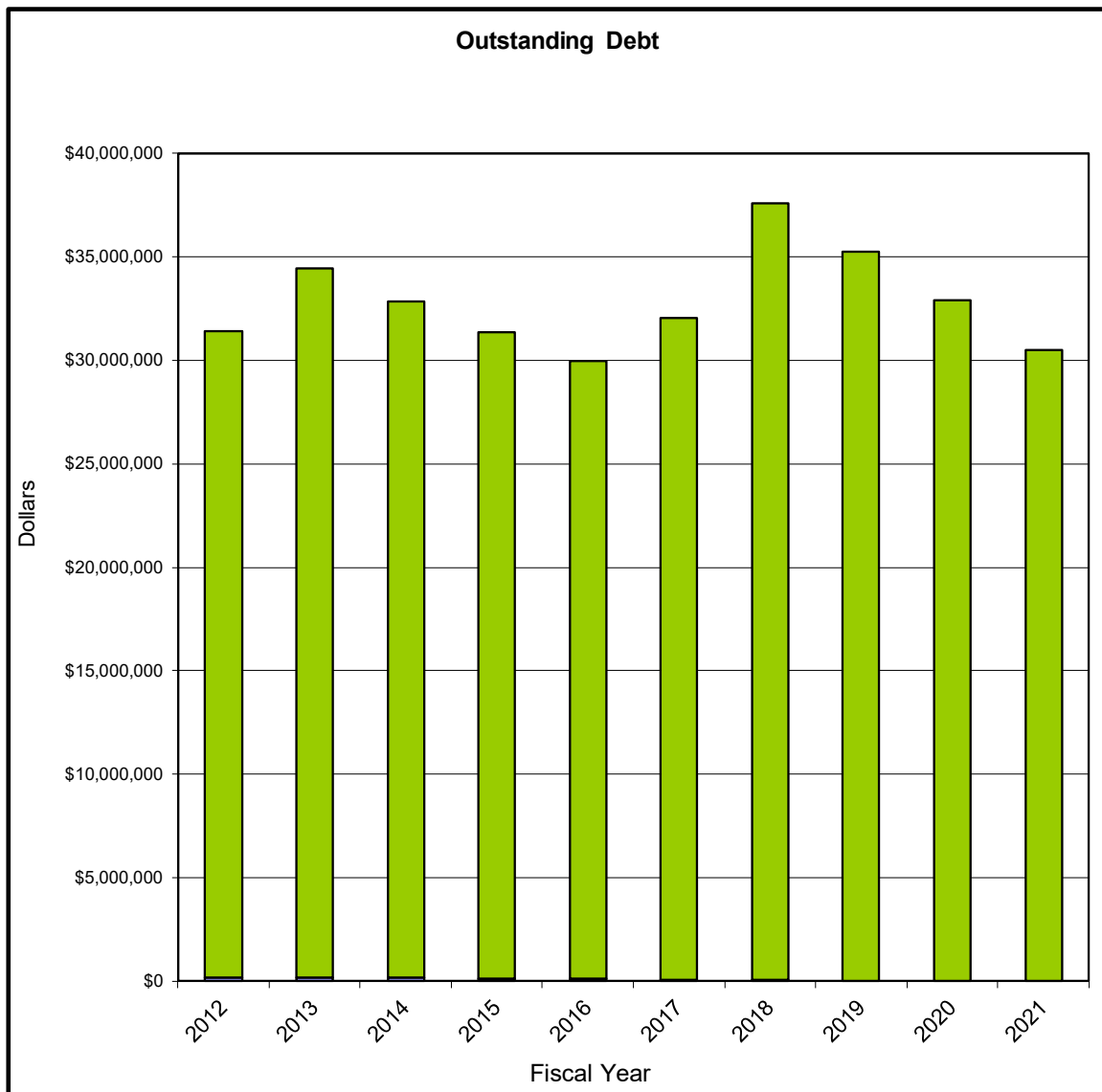
<b>FY 2020/21</b>	<b>% of Total</b>	<b>FY 2011/12</b>	<b>% of Total</b>
Bay Club Stonetree	2.1%	City Of Novato	2.0%
City Of Novato	2.0%	Novato Unified School District	1.6%
Novato Unified School District	1.2%	Bay Club Stonetree	1.4%
Biomarin Pharmaceutical	1.0%	BioMarin Pharmaceutical	0.7%
Indian Valley Golf Course	0.8%	Coast Guard Spanish Housing	0.7%
Marin Country Club	0.7%	Fireman's Fund	0.7%
Meadow Park HOA	0.7%	Meadow Park HOA	0.6%
Bay Vista Apartments	0.6%	Bay Vista Apartments	0.6%
Coast Guard Spanish Housing	0.5%	Indian Valley Golf Course	0.5%
Valley Memorial Park	0.5%	Marion Park Apts	0.5%
	<hr/>		<hr/>
	10.0%		9.3%
	<hr/>		<hr/>
Total Water Service Revenue	\$24,757,000	Total Water Service Revenue	\$14,770,000

Source: NMWD CORE billing system (t:\ac\excel\wtr use\top revenue 2011\_2021.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 <sup>(1)</sup>
2012	209,203	31,173,317	31,382,520	314.35	0.24%
2013	181,652	34,241,715	34,423,367	514.47	0.30%
2014	159,916	32,687,391	32,847,307	564.32	0.47%
2015	136,000	31,237,390	31,373,390	538.48	0.50%
2016	116,000	29,823,693	29,939,693	514.32	0.47%
2017	94,000	31,922,939	32,016,939	490.81	0.44%
2018	72,000	37,513,463	37,585,463	524.87	0.41%
2019	-	35,236,198	35,236,198	610.95	0.48%
2020	-	32,903,399	32,903,399	571.65	0.56%
2021	-	30,509,357	30,509,357	533.63	0.52%



**Source:** North Marin Water District Audited Financial Statements

<sup>(1)</sup> 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 <sup>(1)</sup>	Expense <sup>(2)</sup>	Net Available		Debt Service		Coverage Ratio
			Revenue		Principal	Interest	Total
2012	16,789,744	(12,610,862)	\$ 4,178,882		1,116,410	654,484	\$ 1,770,894
2013	19,761,431	(13,284,705)	6,476,726		1,337,041	778,762	2,115,803
2014	21,364,965	(13,437,213)	7,927,752		1,618,138	830,830	2,448,968
2015	19,308,316	(13,424,517)	5,883,799		1,686,523	847,951	2,534,474
2016	18,191,410	(13,727,613)	4,463,797		1,721,904	807,034	2,528,938
2017	20,209,860	(15,118,535)	5,091,325		1,769,239	757,781	2,527,020
2018	22,506,537	(16,470,065)	6,036,472		1,814,680	747,118	2,561,798
2019	22,496,702	(16,395,767)	6,100,935		2,349,265	875,354	3,224,619
2020	26,057,340	(19,411,083)	6,646,257		2,332,799	798,522	3,131,321
2021	29,188,294	(20,742,030)	8,446,264		2,452,431	740,004	3,192,435

**Notes:**

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

(2) Expense excludes depreciation and interest expense.

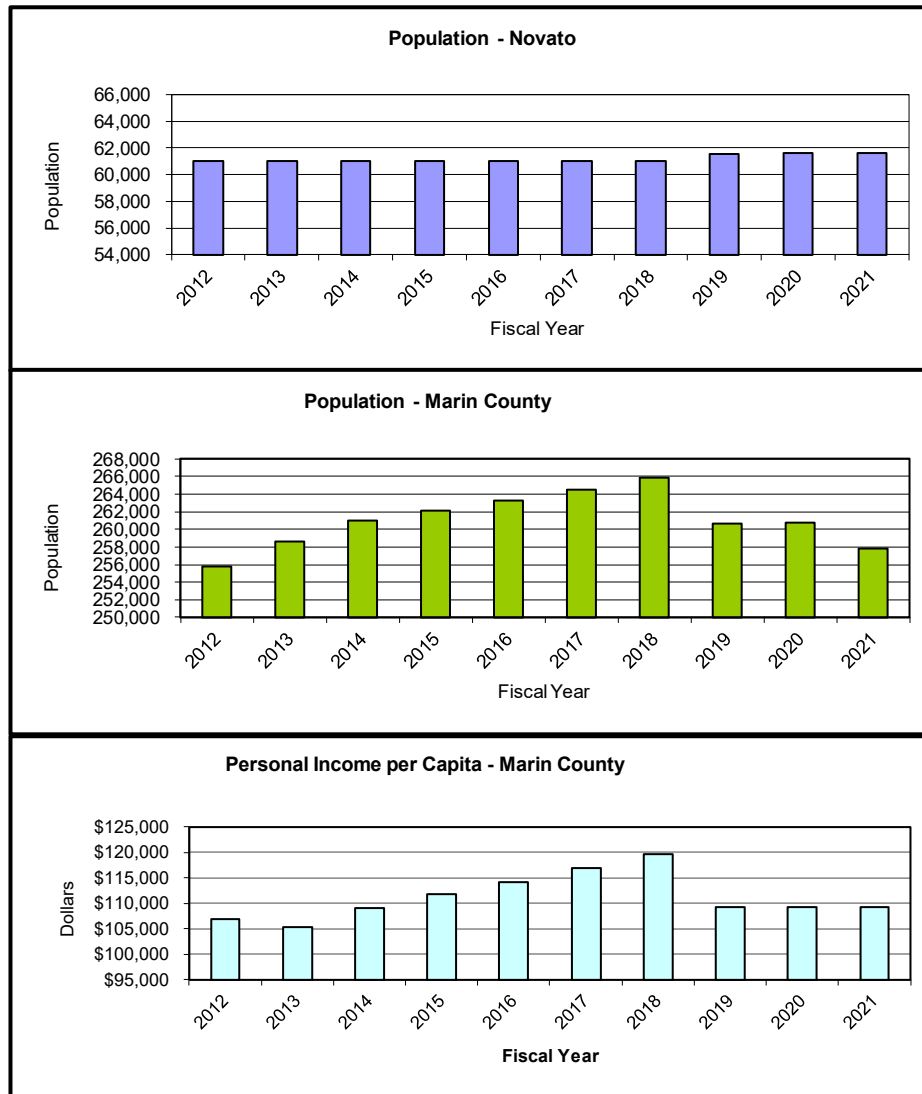
**Source:** North Marin Water District Audited Financial Statements

t:\ac\debt\src\debt coverage ratio ii ten year history.xls

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

Schedule 11

Year	Novato Service Area <sup>(1)</sup>		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2012	61,000	6.5%	255,765	\$ 27,360,972	\$ 106,977
2013	61,000	5.3%	258,569	27,220,334	105,273
2014	61,000	4.1%	261,033	28,455,468	109,011
2015	61,000	3.5%	262,105	29,332,433	111,911
2016	61,000	3.5%	263,257	30,059,737	114,184
2017	61,000	3.1%	264,535	30,945,833	116,982
2018	61,000	2.6%	265,891	31,803,488	119,611
2019	61,520	2.5%	260,651	28,492,803	109,314
2020	61,640	7.4%	260,814	28,510,622	109,314
2021	61,660	4.5%	257,774	28,178,307	109,314



## Sources:

Novato population estimates based on District's occupancy estimates per Active Dwelling Unit  
 Population for Marin County for FY21 found on page 36 of the County of Marin Proposed Budget FY2021-22  
 Personal Income per Capita for 2020 was unavailable. FY 2019 amount was used.  
 Personal Income per Capita for 2021 was unavailable. FY 2019 amount was used.

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

FY 2020/2021			FY 2011/2012		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
BioMarin Pharmaceutical	1,005	3.53%	Novato Unified School District	1,281	5.50%
Novato Unified School District	803	2.82%	BioMarin Pharmaceutical	907	3.89%
2K/Visual Concepts Entertainment	660	2.32%	Fireman's Fund	742	3.18%
Bradley Electric	342	1.20%	Cagwin & Dorward	396	1.70%
Costco Wholesale	316	1.11%	2K/Visual Concepts Entertainment	340	1.46%
Novato Community Hospital	304	1.07%	Novato Community Hospital	291	1.25%
City of Novato	290	1.02%	Target Store	291	1.25%
Ultragenix	275	0.96%	Costco Wholesale	273	1.17%
Safeway Stores	250	0.88%	Buck Institute	262	1.12%
Novato Healthcare Center	233	0.82%	Safeway Stores	249	1.07%
	<b>4,478</b>	<b>15.71%</b>		<b>5,032</b>	<b>21.59%</b>

Source: City of Novato

<https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato>

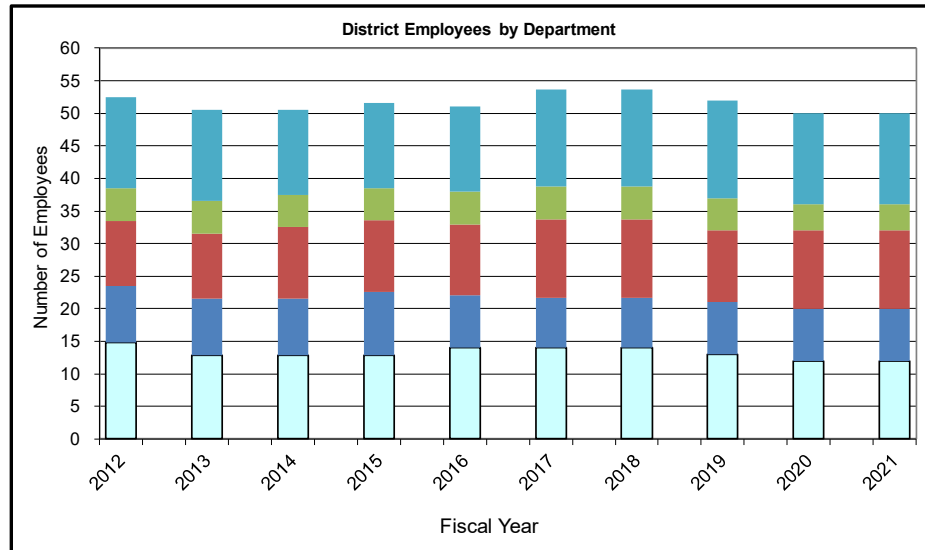
2020/2021 Largest Employers was not available. The previous year's list was used, but the labor force calculation was updated



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

Schedule 13

Department	Fiscal Year End									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Services	15	13	13	13	14	14	14	13	12	12
Engineering Services	9	9	9	10	8	8	8	8	8	8
Construction /Maintenance	10	10	11	11	11	12	12	11	12	12
Water Quality	5	5	5	5	5	5	5	5	4	4
Operations / Maintenance	14	14	13	13	13	15	15	15	14	14
	53	51	51	52	51	54	54	52	50	50



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**

<b>Other Operating and Capacity Indicators</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Number of Fire Hydrants</b>	<b>System Storage Capacity (MG)</b>
2012	100	348	2,785	38
2013	100	356	2,797	39
2014	100	356	2,805	39
2015	100	357	2,808	39
2016	100	358	2,814	39
2017	100	364	2,824	39
2018	100	364	2,842	40
2019	100	364	2,852	40
2020	100	365	2,862	40
2021	100	366	2,886	40

**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:  
1945 Chicago Avenue, Suite C-1  
Riverside, California 92507  
(951) 783-9149

**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 audit 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, 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 2, 2021.

**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 opinion 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.

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

**Fedak & Brown LLP**  
Cypress, California  
November 2, 2021