Date Posted: 12/1/2023

NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
December 5, 2023 – 4:00 p.m.
Location: 100 Wood Hollow Dr., Suite 300
Novato, California

Information about and copies of supporting materials on agenda items are available for public review at the District Office, at the Reception Desk, by calling the District Secretary at (415) 897-4133 or on our website at nmwd.com. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Item	Subject
	CALL TO ORDER
1.	***REORGANIZATION OF BOARD:*** 1. Election of President 2. Election of Vice President 3. Establishment of Meeting Times and Place 4. Establishes the Manner of Calling Special Meetings 5. Appointment of District Officers 6. Confirm Board Meeting Schedule for 2024 7. Committee Appointments
2.	***APPROVE MINUTES FROM REGULAR MEETING***, November 21, 2023
3.	***GENERAL MANAGER'S REPORT***
4.	***OPEN TIME: (Please observe a three-minute time limit)*** This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
5.	***STAFF/DIRECTORS REPORTS***
	ACTION CALENDAR
6.	**Approve:** Accept FY 22/23 Annual Comprehensive Financial Report and Management Report
7.	***MISCELLANEOUS*** Disbursements – Dated November 22, 2023 Disbursements – Dated November 30, 2023 Auditor-Controller's Monthly Report of Investments for October 2023 News Articles: Marin IJ - Water district to fortify basins for Dillon Beach – NORTH MARIN Marin IJ - Slippery Statistics – ENVIRONMENT Marin IJ - What we flush matters for health, safety – EDITORIAL Marin IJ - A better way to promote urban water conservation Marin IJ - MMWD unveils draft plan to manage watershed lands – FIVE OBJECTIVES NBC News - The vision of El Nino as producer of historic California storms may be outdated – CLIMATE IN CRISIS
8.	***ADJOURNMENT***

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

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NORTH MARIN WATER DISTRICT

ITEM #1

MEMORANDUM

To: Board of Directors December 5, 2023

From: Eileen Mulliner, Executive Assistant / District Secretary

Subj: Reorganization of Board of Directors in a Non-Election Year
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Following is an outline of procedures that may be followed at the December 5, 2023 meeting to meet the requirements of the County Water District Law and the California Election Code concerning organization of the Board of Directors after the election of Directors. Since there was no Board election this fall, reorganization is not required this year. However, the Board has traditionally (since 1971) reorganized every year (Attachment 1).

The current President calls the meeting to order. He may conduct the nominations or he may instruct the Secretary to assume the Chair.

1. Election of President. Nominations are received for the office of President of the Board. Directors vote on nominated candidates for President.
2. Election of Vice - President. The elected President assumes the Chair and presides over the election of Vice President. Nominations are received for the office of Vice President of the Board. Directors vote on the nominated candidates for Vice President.
3. Establishment of Meeting Times and Place. By motion, the Board establishes the time and place of holding its regular meetings: first and third Tuesdays of each month at 4:00 p.m. at the District offices.
4. Establishing the Manner of Calling Special Meetings. By motion, the Board establishes the manner of calling special meetings (under provisions of Section 54956 of the Government Code). The Board President, on their own initiative or at the request of two or more Directors, may call a special meeting of the Board of Directors, or as otherwise provided for by law. All special meetings shall be noticed and held in compliance with the Ralph M. Brown Act.
5. Appointment of District Officers. By motion, the Board appoints a General Manager, Assistant General Manager / Chief Engineer, Executive Assistant / District Secretary, and Auditor-Controller, and any other officers necessary and convenient to the District (Attachment 2).
6. Confirm Board Meeting Schedule for 2024. By motion, the Board accepts the proposed meeting dates for the upcoming calendar year with the understanding that the calendar may be adjusted as needed (Attachment 3).

7. Committee Appointments. Board review committee appointments recommended by the President (Attachment 4).

ATTACHMENTS:

1. Board Officer Rotation - 2024
2. District Officers Appointments - 2024
3. Board Meeting Schedule – 2024
4. Committee Appointments - 2024

NMWD BOARD OF DIRECTORS
OFFICER ROTATION

Year	**President**	**Vice President**
2023	*Rick Fraites*	*Jack Baker*
2024	Jack Baker	Mike Joly
2025	Michael Joly*	TBD
2026	TBD	Steve Petterle*
2027	Steve Petterle*	Rick Fraites*

*pending re-election

APPOINTMENT OF DISTRICT OFFICERS

PROPOSED APPOINTMENTS

General Manager	Tony Williams
Assistant General Manager / Chief Engineer	Eric Miller
Executive Assistant / District Secretary	Eileen Mulliner
Auditor – Controller	Julie Blue

2024 SCHEDULE

NORTH MARIN WATER DISTRICT

BOARD OF DIRECTORS MEETINGS

MONTH	DATE	TIME
January	16	4:00 p.m.
February	6 20 (Tentative)	4:00 p.m. 4:00 p.m.
March	5 19	4:00 p.m. 4:00 p.m.
April	2 16	4:00 p.m. 4:00 p.m.
May	7 21	4:00 p.m. 4:00 p.m.
June	4 18	4:00 p.m. 4:00 p.m.
July	16	4:00 p.m.
August	6 (Tentative) 20	4:00 p.m. 4:00 p.m.
September	17	4:00 p.m.
October	1 15	4:00 p.m. 4:00 p.m.
November	5 19	4:00 p.m. 4:00 p.m.
December	3 17	4:00 p.m. 4:00 p.m.

All Board meetings are typically held the first and third Tuesday of the month at the District's Office in Novato (and any others on an 'as-needed' basis).

If you would like information regarding agenda items, please contact District Secretary Eileen Mulliner at (415) 761-8921 or emulliner@nmwd.com.

NORTH MARIN WATER DISTRICT

BOARD OF DIRECTORS

COMMITTEE / ASSOCIATION ASSIGNMENTS

2024

EXTERNAL COMMITTEES	**NMWD Representative(s)/**Alternate
North Bay Watershed Association 1 meeting per month – Friday 9:30 a.m. – 11:30 a.m. Petaluma / Novato	**Rick Fraites**/Jack Baker
Russian River Public Policy Facilitation Committee (Russian River Biological Assessment/Opinion) 1 meeting per year – Friday 9:00 a.m. – Noon Santa Rosa/Ukiah	**Steve Petterle**/TBD
Water Advisory Committee 1 meeting per quarter – Monday 9:00 a.m. – Noon Santa Rosa	**Jack Baker**/Michael Joly
North Bay Water Reuse Authority/NorthBay Water 1 meeting per quarter – Monday 9:30 a.m. Novato Sanitary District/Novato City Hall	**Jack Baker**/TBD
Novato Watershed Policy Advisory Committee As needed	**Rick Fraites/**Jack Baker

INTERNAL COMMITTEES

West Marin Services ad Hoc Committee As needed	**Rick Fraites**/Ken Eichstaedt
Water Management ad Hoc Committee As needed	**Steve Petterle/**Michael Joly

Note: ad Hoc Committees are deleted off the list once no longer in use

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 21, 2023

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 4:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Ken Eichstaedt, Rick Fraites, Michael Joly, and Stephen Petterle. Also present were General Manager Tony Williams, District Secretary Eileen Mulliner, and Auditor-Controller Julie Blue.

District employees Chris Kehoe, Construction Superintendent, Robert Clark, Operations and Maintenance Superintendent, Pablo Ramudo, Water Quality Supervisor, and Avram Pearlman, Associate Engineer, were also in attendance.

Ben Horenstein, General Manager of Marin Water joined the meeting.

GENERAL MANAGER'S REPORT

Tony Williams gave a brief Potter Valley Project update to the Board. He said that the previous Friday, November 17, 2023, PG&E had released their initial draft surrender and decommissioning plan for the Potter Valley Project. The removal of the Scott and Cape Horn dams is included. He said that the draft plan includes the two proposals from the New Eel-Russian Facility Proponents, one of them being a pumping facility in place of the Cape Horn Dam. He also said there are three additional partners, CalTrout, Trout Unlimited and California Department of Fish and Wildlife. The final draft surrender plan will be released next year with the final submittal to FERC in January 2025. Director Baker asked Mr. Horenstein what his opinion was and he said that he felt it was good progress.

PRESENTATION BY MMWD ON THE WATER SUPPLY ROADMAP

Ben Horenstein of Marin Municipal Water District (MMWD), aka Marin Water, gave a presentation to the Board on MMWD's water supply roadmap. The presentation touched on the past drought, strategic water supply assessment, supply roadmap, opportunities to collaborate with NMWD, and next steps. The roadmap was previously adopted by MMWD's Board. Mr. Horenstein mentioned electrifying off-site reservoirs, such as Nicasio and Soulajule, and optimizing required stream releases from reservoirs. They have an ongoing water conservation effort in place that will remain a key strategy. He also noted that recycled water is very costly, especially to expand distribution. Mr. Horenstein said that MMWD is looking at two large projects, one being conveyance and the other storage. He said that additional conveyance (pipeline) from Cotati to Nicasio and Soulajule for storage is being evaluated. He also mentioned the enhancement of the interties between NMWD and MMWD. Director Fraites asked about the feasibility of another parallel aqueduct and Mr. Horenstein said that MMWD will have further discussions with NMWD. Director Joly asked about financing and Mr. Horenstein agreed that the costs for these projects would be very high.

The Board thanked Mr. Horenstein for his presentation and he then left the meeting.

MINUTES

On motion of Director Petterle, seconded by Director Joly, the Board approved the minutes from the November 7, 2023 regular meeting as presented by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

OPEN TIME

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

STAFF/DIRECTORS REPORTS

President Fraites asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

ACTION CALENDAR

AWARD CONSTRUCTION CONTRACT – CREST PUMP STATION PROJECT

Avram Pearlman spoke to the Board and gave an overview of the Crest Pump Station Project and noted that project was brought to the Board at the September 19, 2023 meeting where the Board authorized bid advertisement for the project.

The project was advertised on the District's virtual plan room as well as the Marin IJ. The District received five bids with the lowest bid at $1,297,420, 24% above the Engineer's Estimate of $1,050,000, but within budget. The bid evaluation performed concluded that the lowest bid was in good order and the references check was satisfactory and the contract was awarded to Maggiora & Ghilotti of San Rafael CA. The project completion date is September 2024.

Director Eichstaedt asked if we have had experience with Maggiora & Ghilotti and also what in the bid caused the bids to be so much higher than the estimate and Mr. Pearlman said that because it was a lump sum bid, and not broken out, it wasn't apparent. Mr. Williams said that we have worked with Maggiora & Ghilotti in the past, most recently for the Old Ranch Road Tank No. 2 project, and that they are very good to work with. Director Joly asked if there will be any other pump station projects coming up and Mr. Pearlman said that we will be looking at our hydropneumatic pump stations and prioritizing which ones will be coming up as future projects. Robert Clark noted that the Crest pump station project has been identified in several previous master plans.

On the motion of Director Joly, and seconded by Director Baker, the Board approved by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

Mr. Pearlman left the meeting.

REIMBURSEMENT AGREEMENT WITH THE CITY OF NOVATO – NOVATO BLVD WIDENING

Eric Miller was unable to attend the meeting therefore Tony Williams gave an overview of the project and the proposed agreement. He said that the City of Novato will be doing major streetscape improvements, including widening along Novato Blvd. between Diablo Ave. and Grant Ave. and, as part of the project, many utility providers plan to replace and/or improve their underground utilities, including NMWD. The City and NMWD will enter into a reimbursement agreement which will be for exploratory borings for the new pipeline alignment and to better understand subsurface conditions, including pavement thicknesses. Director Fraites asked if we could put in recycled water pipe and Mr. Williams said that we will keep the old pipeline in place for future pipe-bursting or to preserve the alignment in case recycled water distribution is added in the future. Director Baker noted how important it is to determine existing pavement thicknesses for projects like this one.

On the motion of Director Petterle, and seconded by Director Joly, the Board approved by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

INFORMATION ITEMS

WAC/TAC MEETING MINUTES – AUGUST 7, 2023

Mr. Williams mentioned that he had brought up some of the items from the August 7, 2023 WAC/TAC meeting in previous General Manager's reports since this meeting so no additional information was presented and the Board had no questions.

TAC MEETING MINUTES – OCTOBER 2, 2023

Mr. Williams mentioned the same for the October 2, 2023 TAC meeting and that he has also given Potter Valley Project updates at many Board meetings since then. There were no questions from the Board.

NBWA MEETING – NOVEMBER 3, 2023

Director Fraites said that on November 3, 2023 the NBWA group visited the Ellis Creek Treatment Plant in Petaluma, and that Chris Hale was the speaker. He said that students work with creekside homeless camps and try to talk to the people and have had good success in helping the homeless move off the river. He said the people seem to be more receptive to young people than to adults.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements dated November 9 and 16, 2023, Monthly Progress Report, Auditor-Controller's Monthly Report of Investments for September 2023, Response to NMWD Public Comment Letter re Chevron Facility at 5810 Nave Drive, NOAA Three Month Outlook Precipitation Probability, and NOAA Seasonal Outlook Drought Probability.

The Board also received the following news article: Marin IJ – Administrator hires key as county, Novato face changes – DICK SPOTSWOOD.

The Board also received the NMWD Web and Social Media Report – October 2023.

CLOSED SESSION

President Fraites recessed the Board at 5:07 p.m. for a 15-minute recess prior to adjourning the Board into closed session at 5:25 p.m. in accordance with Government Code Section 54957.6. The Agency designated representatives present were Tony Williams, Julie Blue and Christopher Boucher and the status of the negotiations with the North Marin Water District Employee Association was discussed. Craig Judson was also present. At 5:58 p.m., the second item regarding Unrepresented Employees was discussed.

At 6:00 p.m., the Board discussed the existing PFAS litigation in accordance with Government Code Section 54956.9, regarding the AFFF Multi-District Litigation No. 2873 for PFAS contamination in Public Water Systems' Drinking Water on behalf of: (1) the 3M Company ("3M"); and (2) E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, "DuPont"). Christopher Boucher left the meeting at this time.

OPEN SESSION

Upon returning to regular session at 6:29 p.m., President Fraites stated reportable action had been taken during Closed Session.

ADJOURNMENT

President Fraites adjourned the meeting at 6:30 p.m.

Submitted by

Eileen Mulliner
District Secretary

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ITEM #6

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors Date: December 5, 2023

From: Julie Blue, Auditor/Controller

Subject: Accept Fiscal Year 2022/23 (FY23) Annual Comprehensive Financial Report (ACFR) and Management Report

T:\FINANCE\Audit\Audit23\ACFR FY23\ACFR Board Presentation & Approval\Accept FY 22.23 ACFR Board Memo.docx

RECOMMENDED ACTION: Accept FY23 ACFR and Management Report

FINANCIAL IMPACT: None with this action. Annual audit cost is $20,045

Chris Brown of C.J. Brown & Company CPAs will attend the board meeting to present the Fiscal Year 2022-23 (FY23) Annual Comprehensive Financial Report (ACFR) (Attachment 1) and the Management Report (Attachment 2). His presentation is included as Attachment 3 to this memorandum.

The key statement in the Independent Auditor's Report, found on page 9, states: "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, 2023 and 2022, 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." This unmodified opinion is the most favorable opinion that an outside auditor can issue on an entity's financial statements.

The Management Report (Attachment 2) states that the auditor did not identify any deficiencies in the District's internal control that might result in material misstatement of the District's financial statements. The independent auditor did not have any comments or recommendations regarding internal controls.

Accounting adjustments were made by staff after submitting the general ledger trial balance to the outside auditor and are disclosed on the last seven pages of the Management Report. The number of adjusting entries decreased from the prior fiscal year from 35 to 17. The significant adjusting entries were posted for pension adjustments (GASB 68), other post-employment benefit adjustments (OPEB, GASB 75), leases entries (GASB 87), accrued water sales and an adjustment to the facility reserve Fund. The following changes make up a substantial portion of the adjusting entries:

1) A GASB 68 adjustment for net pension credits of $3,438,780 offset by a significant increase in the Pension Liability of $7,911,126 to $17,178,160.

2) A GASB 75 other post-employment benefits (OPEB) net expense of $24,891 and a decrease in the OPEB Liability of $56,378 to $4,287,222.
3) Entry to accrue water sales at year end for unbilled revenue of $179,560.
4) Adjustment to the facility reserve fund of $2,387,309 which backs out the building remodel costs as it was identified that these costs did not contribute to the expansion or improvement of the water supply.

RECOMMENDATION

Accept Fiscal Year 2022/23 (FY23) Annual Comprehensive Financial Report (ACFR) and Management Report.

ATTACHMENTS:

1. Draft Annual Comprehensive Financial Report FY23 (ACFR)
2. Draft Management Report FY23
3. CJ Brown & Company CPAs Presentation FY23

ATTACHMENT 1

Annual Comprehensive Financial Report

For the fiscal years ended
June 30, 2023 and 2022

75 YEARS
1948 – 2023

NORTH MARIN
WATER DISTRICT

NORTH MARIN
WATER DISTRICT

Name	Title	Elected/ Appointed	Current Term
Rick Fraites	President	Elected	12/22 – 12/26
Jack Baker	Vice-President	Elected	12/20 – 12/24
Ken Eichstaedt	Director	Appointed	12/22 – 12/24
Michael Joly	Director	Elected	12/20 – 12/24
Stephen Petterle	Director	Elected	12/20 – 12/24

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

North Marin Water District

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

NORTH MARIN WATER DISTRICT
999 Rush Creek Place
Novato, California 94945

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

North Marin Water District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

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Introductory Section

NORTH MARIN WATER DISTRICT

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

PHONE
415-897-4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

December 5, 2023

To: Members of the Board of Directors and Customers of the 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, 2023 and 2022, 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 12 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, 2023, the District employed 55 regular employees, plus temporary and seasonal employees as the workload dictates. There were 55 full time positions budgeted, 25 office positions and 30 field positions. The District's Board of Directors generally 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 20,831 potable water service connections and 100 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 792 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 80% of its Novato water supply from the Sonoma County Water Agency (SCWA) with the balance derived from the District's Stafford Lake Reservoir and some recycled water. The District purchased approximately 1.3 billion gallons of water in fiscal year 2023 and 1.9 billion gallons of water in fiscal year 2022 from SCWA.

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 strive to meet or exceed customer needs and expectations. Each day, District employees carry out the mission of providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

The Russian River water delivery system operated by SCWA provides approximately 80% of Novato's water supply. Novato rainfall in fiscal year 2023 totaled 40.1" which was about 149% of the historical average annual rainfall.

North Marin's Stafford Lake water treatment plant produced 636.4 million gallons of water to supplement Russian River supplies with local water supply during the fiscal year. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island treatment facilities combined to provide 201 million gallons of highly treated recycled wastewater to large landscape irrigation customers and commercial car washes in Novato.

A 6% rate increase for customers in the Novato service area was authorized by the Board of Directors effective July 1, 2022. The typical Novato detached single-family home uses 91,200 gallons of water a year and costs the customer about $750 per year. These rates are at the median when compared to 16 other Bay Area water suppliers.

Major Initiatives

The activities of the Board and staff are driven by our mission to provide water and sewer services that are reliable, of high-quality, environmentally responsible, and reasonably priced. To that end, in light of the ever-changing climate, the District's major strategic priorities and initiatives include the following:

1. Increase local control and the long-term reliability of the water supply;
2. Increase communication with customers and ensure quality service;
3. Provide proactive and cost-effective asset management and operations;
4. Retain a high quality, motivated, and efficient workforce with excellent programs and investments in equipment, technology and training;
5. Ensure long-term financial stability, security, and ratepayer value; and
6. Increase preparedness for emergencies as well as long-term challenges such as drought and climate change.

Accomplishments

The District completed the following in fiscal year 2022-23 based on the initiatives listed above:

- Completed the Facility Reserve Charge Study for Novato and West Marin service areas;
- Completed the Old Ranch Road Tank No. 2 Project in Novato;
- Initiated the planning and evaluations of the Stafford Dam Adjustable Spillway Gate Project in Novato, a key local water supply enhancement project;
- Completed construction of the Gallagher Well No. 2 in West Marin;
- Received an additional $361,000 in grant funding for the New Gallagher Well No. 2 in West Marin;
- Developed a work plan for a Water Supply Resiliency Project for West Marin;
- Smoothly transitioned the retirement of three key staff via succession planning and strategic recruitments;
- Proactively reacted to a local landslide event caused by severe storms by declaring a local emergency including assessing potential damage to the District's North Marin Aqueduct; and
- Post Drought adopted ordinances declaring end of water shortage emergencies for Novato and West Marin

District Water Supply

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

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (acre-feet) (1,450 MG) of water by virtue of the Stafford Dam which was originally built in 1951 and subsequently raised 9 feet in 1984. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In fiscal year 2023 and 2022, 1,953 AF (636 MG) and 516 AF (168 MG) respectively, was produced by the Stafford Lake Water Treatment Plant.

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

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). 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 (AF) to meet the regions' water supply needs, which totaled 36,032 acre-feet in fiscal year 2023, which is the most recent data available. 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.

District Water Supply, continued

During the fiscal years 2023 and 2022, the District received 4,033 AF (1,314 MG) and 5,787 AF (1,886 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 bills 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 (fixed 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 C.J. Brown & Company CPAs 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 fourteenth 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 2022 and 2021 Annual Comprehensive Financial Report. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for 2023.

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,

Anthony Williams, General Manager

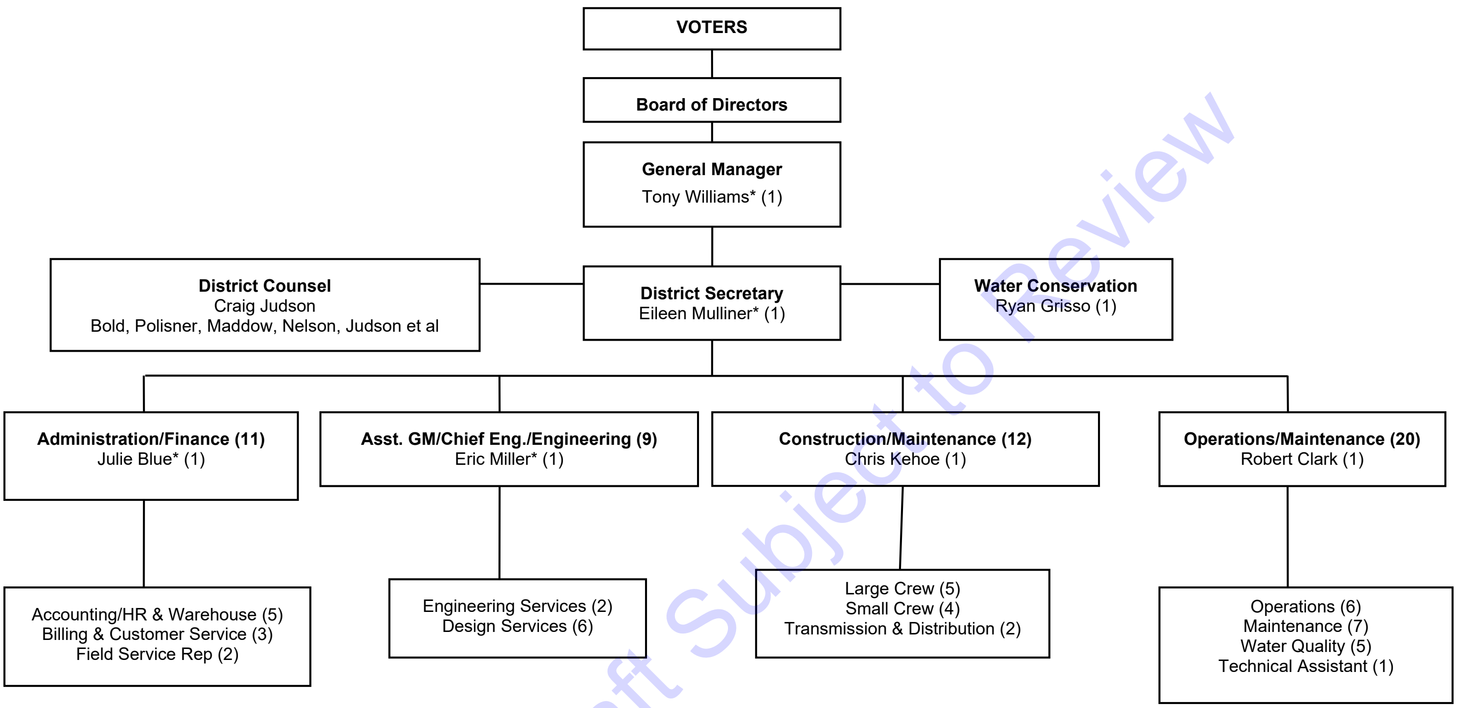
Julie Blue

Julie Blue, Auditor-Controller

North Marin Water District
Organizational Chart

As of
June 30, 2023

Budgeted Full Time Employees (FTE): 55



*Also serves as District officer

North Marin
Water District
Boundary Map
Marin County
North Marin Water District
Service Boundary
No services provided/available
Oceana Marin
Sonoma-Marin County Line
Sonoma
Petaluma
Stafford Lake
Novato
Paradise
Ranch
Estates
Pt. Reyes Station
Inverness
Park
Olema
San Pablo
Bay
1
101
12
116
121
37
131
NORTH MARIN
WATER DISTRICT

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Marin Water District California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Financial Section

Independent Auditor's Report

Board of Directors
North Marin Water District
Novato, California

Report on the Financial Statements

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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 12 through 18 and the required supplementary information on pages 64 through 66 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.

Independent Auditor's Report, continued

Supplementary Information

Our audits were conducted for the purpose of forming opinions 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 67 through 70, and the statistical section on pages 71 through 85 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 December 5, 2023, 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 86 and 87.

C.J. Brown & Company CPAs
Cypress, California
December 5, 2023

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

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, 2023 and 2022. 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 2023, the District's net position increased 5.0% or $5,964,401 to $126,220,978 due to net revenue from ongoing operations of $4,203,106, that include $3,438,780 in current year GASB 68 pension adjustments, and capital contributions of $1,761,295. In fiscal year 2022, the District's net position decreased 1.2% or $1,442,868 to $120,256,577 due to net expense from ongoing operations of $3,268,371, due primarily to $4,395,375 in current year GASB 68 pension adjustments offset by capital contributions of $1,825,503.
- In fiscal year 2023, the District's total revenues increased 7.8% or $1,869,256 to $25,827,941. In fiscal year 2022, the District's total revenues decreased 7.3% or $1,874,219 to $23,958,685.
- In fiscal year 2023, the District's operating revenues increased 2.8% or $656,930 to $24,244,711. In fiscal year 2022, the District's operating revenues decreased 7.1% or $1,790,754 to $23,587,781.
- In fiscal year 2023, the District's non-operating revenues increased by 326.9% or $1,212,326 to $1,583,230. In fiscal year 2022, the District's non-operating revenues decreased by 18.4% or $83,465 to $370,904.
- In fiscal year 2023, the District's total expenses including depreciation and amortization decreased 20.6% or $5,602,221 to $21,624,835. In fiscal year 2022, the District's total expenses including depreciation and amortization increased 7.0% or $1,791,744 to $27,227,056.
- In fiscal year 2023, the District's operating expenses, before depreciation, decreased 26.8% or $5,795,282 to $15,868,060. In fiscal year 2022, the District's operating expenses, before depreciation, increased 4.5% or $926,269 to $21,663,342.
- In fiscal year 2023, the District's non-operating expenses decreased by 20.0% or $307,609 to $1,232,869. In fiscal year 2022, the District's non-operating expenses increased by 89.9% or $729,335 to $1,540,478.
- In fiscal year 2023, the District's capital contributions decreased by 3.5% or $64,208 to $1,761,295. In fiscal year 2022, the District's capital contributions decreased by 60.2% or $2,762,585 to $1,825,503.

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 creditworthiness. 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.

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 24 through 63.

Statements of Net Position

Below is a summary of the statements of net position, and presents a comparison between June 30, 2023 and 2022 and June 30, 2022 and 2021.

Condensed Statements of Net Position

	2023	2022	Change	As Restated 2021	Change
Assets:					
Current assets	$ 39,992,888	47,718,488	(7,725,600)	30,818,785	16,899,703
Non-current assets	6,896,968	6,391,431	505,537	4,235,383	2,156,048
Capital assets, net	147,063,309	140,803,815	6,259,494	139,341,932	1,461,883
Total assets	193,953,165	194,913,734	(960,569)	174,396,100	20,517,634
Deferred outflows of resources	6,917,788	2,797,995	4,119,793	3,497,233	(699,238)
Liabilities:					
Current liabilities	8,559,383	8,677,249	(117,866)	6,056,565	2,620,684
Non-current liabilities	64,052,063	59,548,203	4,503,860	48,957,580	10,590,623
Total liabilities	72,611,446	68,225,452	4,385,994	55,014,145	13,211,307
Deferred inflows of resources	2,038,529	9,229,700	(7,191,171)	1,179,743	8,049,957
Net position:					
Net investment in capital assets	112,410,898	110,111,018	2,299,880	110,643,664	(532,646)
Restricted	7,432,578	4,560,392	2,872,186	6,166,090	(1,605,698)
Unrestricted	6,377,502	5,585,167	792,335	4,889,691	695,476
Total net position	$ 126,220,978	120,256,577	5,964,401	121,699,445	(1,442,868)

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 $126,220,978 and $120,256,577 as of June 30, 2023 and 2022, respectively.

By far the largest portion of the District's net position (89% and 92% as of June 30, 2023 and 2022, 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 2023 and 2022, the District showed a positive balance in its unrestricted net position of $6,377,502 and $5,585,167, respectively. See note 13 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, 2023 and 2022.

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

	2023	2022	Change	As Restated 2021	Change
Revenue:					
Operating revenue	$ 24,244,711	23,587,781	656,930	25,378,535	(1,790,754)
Non-operating revenue	1,583,230	370,904	1,212,326	454,369	(83,465)
Total revenue	25,827,941	23,958,685	1,869,256	25,832,904	(1,874,219)
Expense:					
Operating expense	15,868,059	21,663,342	(5,795,283)	20,737,073	926,269
Depreciation and amortization	4,523,906	4,023,236	500,670	3,887,096	136,140
Non-operating expense	1,232,870	1,540,478	(307,608)	811,143	729,335
Total expense	21,624,835	27,227,056	(5,602,221)	25,435,312	1,791,744
Net income(expense) before capital contributions	4,203,106	(3,268,371)	7,471,477	397,592	(3,665,963)
Capital contributions	1,761,295	1,825,503	(64,208)	4,588,088	(2,762,585)
Changes in net position	5,964,401	(1,442,868)	7,407,269	4,985,680	(6,428,548)
Net position, beginning of year	120,256,577	121,699,445	(1,442,868)	116,713,765	4,985,680
Net position, end of year	$ 126,220,978	120,256,577	5,964,401	121,699,445	(1,442,868)

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 5.0% or $5,964,401 to $126,220,978 due to net revenue from ongoing operations of $4,203,106, that include $3,438,780 in current year GASB 68 pension adjustments, and capital contributions of $1,761,295. In fiscal year 2022, the District's net position decreased 1.2% or $1,442,868 to $120,256,577 due primarily to net expense from ongoing operations of $3,268,371 sourcing from GASB 68 related pension adjustments of $4,395,375 offset by capital contributions of $1,825,503.

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

In 2023, the District's operating revenues increased 2.8% or $656,930 due primarily to increases in bi-monthly meter service charges of $499,854 and in water consumption sales of $132,809. In 2022, the District's operating revenues decreased 7.1% or $1,790,754 due primarily to a decrease in water consumption sales of $3,141,596 offset by an increase in bi-monthly meter service charges of $1,307,410.

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

In 2023, the District's non-operating revenues increased by 326.9% or $1,212,326 due primarily to an increase in net investments earnings of $1,256,847. In 2022, the District's non-operating revenues decreased 18.4% or $83,465 due primarily to a decrease in net investments earnings of $143,166 offset by increases in gain on sale of property and equipment of $34,135, other non-operating revenues of $9,468, and property taxes of $7,233.

In 2023, the District's capital contributions decreased by 3.5% or $64,208 due primarily to a decrease in connection fees of $524,300 offset by increases from developer contributions of $355,528 and state and local capital grants of $104,564. In 2022, the District's capital contributions decreased by 60.2% or $2,762,585 due primarily to decreases in connection fees of $2,534,109 and developer contributions of $415,425; which were offset by an increase in state and local capital grants of $186,949.

In 2023, the District's operating expenses decreased 26.8% or $5,795,282 due primarily to decreases in transmission and distribution of $1,643,280 which includes $1,149,892 in GASB 68 related pension adjustments, source of supply of $1,448,891 due primarily to a decrease of $1,436,318 in purchased water from Sonoma County Water Agency capital contribution credit, general and administrative of $1,377,148 which includes $1,469,057 in GASB 68 related pension adjustment changes, water facilities operations of $706,694 which includes $716,070 in GASB 68 related pension adjustment changes, water conservation of $242,691 which includes $191,276 in GASB 68 related pension adjustment changes; and customer service of $114,672 which includes $165,786 in GASB 68 related pension adjustment changes. In 2022, the District's operating expenses increased 4.5% or $926,269 due primarily to increases in general and administrative of $1,218,116 which includes $1,389,384 in GASB 68 related pension adjustments, transmission and distribution of $933,926 which includes $1,503,218 in GASB 68 related pension adjustments, water treatment of $670,349 which includes $811,416 in GASB 68 related pension adjustments, water facilities operations of $167,177 which includes $459,359 in GASB 68 related pension adjustments, and water conservation of $166,874 which includes $147,685 in GASB 68 related pension adjustments; which were offset by decreases in source of supply of $2,173,395 and pumping of $119,760.

In 2023, the District's non-operating expenses decreased by 20.0% or $307,609 due primarily to a $1,754,360 decrease in unrealized investment loss from prior year levels and no current year debt issuance cost as compared with prior year, which were offset by increases in interest expense on long-term debt of $430,763. In 2022, the District's non-operating expenses increased by 89.9% or $729,335 due primarily to increases in investment unrealized loss, net investment earnings of $497,513 due primarily to year-end market value adjustments of $637,944, debt issuance costs of $124,000, non-operating expenses of $58,770, and interest expense on long-term debt of $49,052.

In 2023 the District's depreciation and amortization increased by 12.4% or $500,670 due primarily to the capitalization of additions to the distribution system, treatment plant, other plant and equipment, and equipment leases. In 2022 the District's depreciation and amortization increased by 3.5% or $136,140 due primarily to the capitalization of additions to the distribution system, treatment plant, other plant and equipment, and equipment leases.

Total District Revenues

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

		2023	2022	Change	As Restated 2021	Change
Operating revenues:						
Water consumption sales	$	16,537,824	16,405,015	132,809	19,546,611	(3,141,596)
Monthly meter service charge		7,017,426	6,517,572	499,854	5,210,162	1,307,410
Sewer service charge		304,560	290,460	14,100	276,360	14,100
Other charges and services		384,901	374,734	10,167	345,402	29,332
Total operating revenues		24,244,711	23,587,781	656,930	25,378,535	(1,790,754)
Non-operating revenues:						
Property tax revenue		143,332	132,649	10,683	125,416	7,233
Investment earnings, net		1,256,847	-	1,256,847	143,166	(143,166)
Interest earnings from note receivable – BPGL		9,009	11,177	(2,168)	11,551	(374)
Interest earnings from loan receivable – MMWD		79,845	56,418	23,427	60,352	(3,934)
Interest earnings from leases		12,782	14,054	(1,272)	14,782	(728)
Rental revenue		69,876	94,843	(24,967)	80,942	13,901
Gain on sale of capital assets		-	34,135	(34,135)	-	34,135
Other non-operating revenues		11,539	27,628	(16,089)	18,160	9,468
Total non-operating revenues		1,583,230	370,904	1,212,326	454,369	(83,465)
Total revenues	$	25,827,941	23,958,685	1,869,256	25,832,904	(1,874,219)

In 2023, total revenues increased $1,869,256. In 2022, total revenues decreased $1,874,219.

Total District Expenses

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

	2023	2022	Change	As Restated 2021	Change
Operating expenses including depreciation expense:					
Source of supply	$ 5,001,982	6,450,873	(1,448,891)	8,624,268	(2,173,395)
Pumping	493,027	522,717	(29,690)	642,477	(119,760)
Water facilities operations	678,573	1,385,267	(706,694)	1,218,090	167,177
Water treatment	2,353,464	2,588,135	(234,671)	1,917,786	670,349
Transmission and distribution	2,913,847	4,557,127	(1,643,280)	3,623,201	933,926
Sewage collection and treatment	220,375	217,921	2,454	185,533	32,388
Customer service	386,333	501,005	(114,672)	470,411	30,594
General and administrative	3,499,861	4,877,009	(1,377,148)	3,658,893	1,218,116
Water conservation	320,597	563,288	(242,691)	396,414	166,874
Depreciation and amortization	4,523,906	4,023,236	500,670	3,887,096	136,140
Total operating expenses including depreciation expense	20,391,965	25,686,578	(5,294,613)	24,624,169	1,062,409
Non-operating expenses:					
Unrealized loss, net of investment inc.	-	497,513	(497,513)	-	497,513
Interest expense – long-term debt	1,219,819	789,056	430,763	740,004	49,052
Capital contribution to Agency	-	124,000	(124,000)	-	124,000
Loss on disposition of capital assets	10,885	-	10,885	-	-
Other non-operating expenses	2,166	129,909	(127,743)	71,139	58,770
Total non-operating expenses	1,232,870	1,540,478	(307,608)	811,143	729,335
Total expenses	$ 21,624,835	27,227,056	(5,602,221)	25,435,312	1,791,744

Total District Expenses, continued

In 2023, total expenses decreased $5,602,221. In 2022, total expenses increased $1,791,744.

Capital Asset Administration

Changes in capital asset amounts for 2023 were as follows:

	Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:				
Non-depreciable assets	$ 10,013,663	10,717,500	(2,350,134)	18,381,029
Depreciable and amortizable assets	202,832,150	2,449,082	(213,592)	205,067,640
Accumulated depreciation and amortization	(72,041,998)	(4,523,906)	180,544	(76,385,360)
Total capital assets, net	$ 140,803,815	8,642,676	(2,383,182)	147,063,309

Changes in capital asset amounts for 2022 were as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	$ 8,876,858	4,621,625	(3,484,820)	10,013,663
Depreciable and amortizable assets	198,573,660	4,362,146	(103,656)	202,832,150
Accumulated depreciation and amortization	(68,108,586)	(4,023,236)	89,824	(72,041,998)
Total capital assets, net	$ 139,341,932	4,960,535	(3,498,652)	140,803,815

At the end of fiscal years 2023 and 2022, the District's investment in capital assets (net of accumulated depreciation) totaled $147,063,309 and $140,803,815, 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 8 for further information.

Debt Administration

Changes in long-term debt amounts for 2023 were as follows:

	Balance 2022	Additions	Principal Payments	Balance 2023
Long-term debt:				
Leases payable	$ 800,066	215,258	(550,903)	464,421
Loans payable	48,058,224	-	(3,389,253)	44,668,971
Total long-term debt	$ 48,858,290	215,258	(3,940,156)	45,133,392

Debt Administration, continued

Changes in long-term debt amounts for 2022 were as follows:

		Balance 2021	Additions	Principal Payments	Balance 2022
Long-term debt:					
Leases payable	$	268,052	710,689	(178,675)	800,066
Loans payable		30,509,356	20,000,000	(2,451,132)	48,058,224
Total long-term debt	$	30,777,408	20,710,689	(2,629,807)	48,858,290

See note 10 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any 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, 2023 and 2022

		2023	2022
Current assets:			
Cash and cash equivalents (note 2)	$	7,081,362	19,032,327
Restricted – cash and cash equivalents (note 2)		15,152,734	22,725,885
Restricted – investments (note 2)		11,448,459	-
Accrued interest receivable		213,124	53,608
Accounts receivable – water and sewer sales and services		4,177,746	4,095,646
Accounts receivable – governmental agencies		288,404	309,411
Accounts receivable – other		39,413	67,632
Leases receivable (note 3)		30,016	27,522
Note receivable (note 4)		38,406	38,024
Loan receivable (note 4)		157,092	152,942
Materials and supplies inventory		940,172	852,274
Prepaid expenses and deposits		425,960	363,217
Total current assets		39,992,888	47,718,488
Non-current assets:			
Restricted – investments (note 2)		3,646,592	2,899,976
Leases receivable (note 3)		357,790	403,371
Note receivable (note 4)		1,022,382	1,060,788
Loan receivable (note 4)		1,620,204	1,777,296
Notes receivable – employee housing assistance loans, net (note 5)		250,000	250,000
Capital assets, not being depreciated (note 8)		18,381,029	10,013,663
Depreciable capital assets, net (note 8)		128,682,280	130,790,152
Total non-current assets		153,960,277	147,195,246
Total assets		193,953,165	194,913,734
Deferred outflows of resources:			
Deferred other post-employment benefits outflows (note 11)		22,539	28,485
Deferred pension outflows (note 12)		6,895,249	2,769,510
Total deferred outflows of resources	$	6,917,788	2,797,995

Continued on next page

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Net Position, continued
June 30, 2023 and 2022

		2023	2022
Current liabilities:			
Accounts payable and accrued expenses	$	2,659,579	2,578,445
Accrued wages and related payables		309,098	312,415
Accrued claims payable		20,125	23,440
Customer advances and deposits		1,973,477	1,861,255
Accrued interest payable – long-term debt		355,078	243,814
Long-term liabilities – due within one year:			
Compensated absences (note 9)		173,828	184,290
Leases payable (note 10)		199,124	531,843
Loans payable (note 10)		2,869,074	2,941,747
Total current liabilities		8,559,383	8,677,249
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 9)		521,487	552,869
Leases payable (note 10)		265,297	268,223
Loans payable (note 10)		41,799,897	45,116,477
Total other post-employment benefits liability (note 11)		4,287,222	4,343,600
Net pension liability (note 12)		17,178,160	9,267,034
Total non-current liabilities		64,052,063	59,548,203
Total liabilities		72,611,446	68,225,452
Deferred inflows of resources:			
Deferred lease inflows (note 3)		359,912	402,237
Deferred other post-employment benefits inflows (note 11)		324,457	249,134
Deferred pension inflows (note 12)		1,354,160	8,578,329
Total deferred inflows of resources		2,038,529	9,229,700
Net position: (note 13)			
Net investment in capital assets		112,410,898	110,111,018
Restricted		7,432,578	4,560,392
Unrestricted		6,377,502	5,585,167
Total net position	$	126,220,978	120,256,577

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, 2023 and 2022

	2023	2022
Operating revenues:		
Water consumption sales	$ 16,537,824	16,405,015
Bi-monthly meter service charge	7,017,426	6,517,572
Sewer service charges	304,560	290,460
Other charges and services	384,901	374,734
Total operating revenues	24,244,711	23,587,781
Operating expenses:		
Source of supply	5,001,982	6,450,873
Pumping	493,027	522,717
Water facilities operations	678,573	1,385,267
Water treatment	2,353,464	2,588,135
Transmission and distribution	2,913,847	4,557,127
Sewage collection and treatment	220,375	217,921
Customer service	386,333	501,005
General and administrative	3,499,861	4,877,009
Water conservation	320,597	563,288
Total operating expenses	15,868,059	21,663,342
Operating income before depreciation	8,376,652	1,924,439
Depreciation and amortization expense – capital recovery	(4,523,906)	(4,023,236)
Operating income (loss)	3,852,746	(2,098,797)
Non-operating revenues(expenses):		
Property tax revenue	143,332	132,649
Investment (market value unrealized loss) earnings, net	1,256,847	(497,513)
Interest earnings from note receivable – BPGL	9,009	11,177
Interest earnings from loan receivable – MMWD	79,845	56,418
Interest earnings from leases receivable	12,782	14,054
Rental revenue	69,876	94,843
Interest expense – long-term debt	(1,219,819)	(789,056)
Debt issuance costs	-	(124,000)
(Loss) gain on sale of capital assets	(10,885)	34,135
Other non-operating revenues	11,539	27,628
Other non-operating expenses	(2,166)	(129,909)
Total non-operating revenue(expenses), net	350,360	(1,169,574)
Net income (loss) before capital contributions	4,203,106	(3,268,371)
Capital contributions:		
Developers and others	946,042	590,514
Connection fees	437,680	961,980
Capital grants – state and local	377,573	273,009
Total capital contributions	1,761,295	1,825,503
Change in net position	5,964,401	(1,442,868)
Net position, beginning of year	120,256,577	121,699,445
Net position, end of year	$ 126,220,978	120,256,577

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Cash receipts from customers and others	$	24,314,591	24,306,910
Cash paid to employees for salaries and wages		(6,680,654)	(6,194,360)
Cash paid to vendors and suppliers for materials and services		(12,763,770)	(12,180,630)
Net cash provided by operating activities		4,870,167	5,931,920
Cash flows from non-capital financing activities:			
Property tax revenue		143,332	132,649
Net cash provided by non-capital financing activities		143,332	132,649
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(10,783,400)	(5,485,119)
Proceeds from the sale of capital assets		(10,885)	34,135
Proceeds from capital contributions and connection fees		1,782,302	2,048,694
Proceeds from principal issued on long-term debt		-	20,000,000
Proceeds from capital leases		215,258	710,689
Costs paid on debt issuance		-	(124,000)
Principal paid on long-term debt		(3,940,156)	(2,629,807)
Interest paid on long-term debt		(1,108,555)	(693,642)
Net cash (used in) provided by capital and related financing activities		(13,845,436)	13,860,950
Cash flows from investing activities:			
Proceeds from sale of investments		2,643,925	2,820,000
Purchases of investments		(14,839,000)	(2,728,000)
Principal received on notes receivable		38,024	37,646
Principal received on loans receivable		196,029	173,932
Principal received on employee housing assistance loans		-	275,000
Investment earnings, net of fair value		1,268,843	(351,461)
Net cash (used in) provided by investing activities		(10,692,179)	227,117
Net (decrease) increase in cash and cash equivalents		(19,524,116)	20,152,636
Cash and cash equivalents, beginning of year		41,758,212	21,605,576
Cash and cash equivalents, end of year	$	22,234,096	41,758,212
Reconciliation of cash and cash equivalents to statement of financial position:			
Cash and cash equivalents	$	7,081,362	19,032,327
Restricted assets – cash and cash equivalents		15,152,734	22,725,885
Total cash and cash equivalents	$	22,234,096	41,758,212

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, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ 3,852,746	(2,098,797)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	4,523,906	4,023,236
Other non-operating revenue	11,539	27,628
Other non-operating expenses	(2,166)	(129,909)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	(82,100)	394,784
Accounts receivable – other	28,219	19,781
Materials and supplies inventory	(87,898)	(164,928)
Prepaid expenses and other deposits	(62,743)	75,919
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related	5,946	461,406
Pension related	(4,125,739)	237,832
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	81,134	867,990
Accrued wages and related payables	(3,317)	7,895
Accrued claims payable	(3,315)	-
Customer advances and deposits	112,222	276,936
Compensated absences	(41,844)	(62,753)
Other post-employment benefit liability	(56,378)	(594,431)
Net pension liability	7,911,126	(5,460,626)
Increase(Decrease) in deferred inflows of resources:		
Lease related	(42,325)	(38,405)
Other post-employment benefits related	75,323	144,867
Pension related	(7,224,169)	7,943,495
Total adjustments	1,017,421	8,030,717
Net cash provided by operating activities	$ 4,870,167	5,931,920
Non-cash investing, capital, and financing transactions:		
Change in fair value of investments	$ (384,953)	(637,944)

See accompanying notes to the basic financial statements.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2023 and 2022

(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.

(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 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.

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.

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

C. Financial Reporting, continued

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.

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.

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.

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

C. Financial Reporting, 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.

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 at the date of the financial statements and the changes in net position during the reporting period.

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

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

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

4. 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.

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

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

5. 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.

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.

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. Lease Receivable / Payable

Leases receivable / payable are measured at the present value of payments expected to be received / paid during the lease term.

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 and Leased 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 – 4 to 40 years
- Buildings and storage facilities – 35 to 50 years
- Equipment and vehicles – 5 to 10 years

Leased assets are amortized on a straight-line basis over the life of the lease term.

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 net assets 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:

(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

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow 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 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 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 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.

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, 2021 and 2020
- Measurement Date: June 30, 2022 and 2021
- Measurement Period: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

(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 net assets 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 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.

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.
- Deferred inflow 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.

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 30th 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.

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.

(2) Cash and Investments

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

		2023	2022
Cash and cash equivalents	$	7,081,362	19,032,327
Restricted – cash and cash equivalents		15,152,734	22,725,885
Total cash and cash equivalents		22,234,096	41,758,212
Restricted – investments		11,448,459	-
Restricted – investments non-current		3,646,592	2,899,976
Total restricted investments		15,095,051	2,899,976
Total cash and investments	$	37,329,147	44,658,188

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

		2023	2022
Cash on hand	$	350	350
Deposits with financial institutions		1,221,972	705,307
Deposits with County of Marin Treasury		1,064,608	1,038,110
California Local Agency Investment Fund		19,947,166	40,014,445
Investments		15,095,051	2,899,976
Total cash and investments	$	37,329,147	44,658,188

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

(2) Cash and Investments, continued

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 fair 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, 2023 and 2022, 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.

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.

(2) Cash and Investments, continued

Interest Rate Risk, continued

As of June 30, 2023, the District's investments are scheduled to mature as follows:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 months or less	13 to 24 months	25-60 months	More than 60 months
Certificates-of-deposit	$ 7,058,326	3,411,734	3,646,592	-	-
U.S. Treasury bill	8,036,725	8,036,725		-	-
Total	$ 15,095,051	11,448,459	3,646,592	-	-

As of June 30, 2022, the District's investments are scheduled to mature as follows:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 months or less	13 to 24 months	25-60 months	More than 60 months
Certificates-of-deposit	$ 2,899,976	-	2,666,396	233,580	-
Total	$ 2,899,976	-	2,666,396	233,580	-

Credit ratings as of June 30, 2023, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AA+ to AA-
Certificates-of-deposit	$ 7,058,326	N/A	7,058,326	-
U.S. Treasury bill	8,036,725	N/A	-	8,036,725
Total	$ 15,095,051		7,058,326	8,036,725

Credit ratings as of June 30, 2022, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AA+ to AA-
Certificates-of-deposit	$ 2,899,976	N/A	2,899,976	-
Total	$ 2,899,976		2,899,976	-

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2023, are as follows:

		Fair Value Measurements Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates-of-deposit	$ 7,058,326	-	7,058,326	-
U.S. Treasury bill	8,036,725	8,036,725	-	-
Total investments measured at fair value	$ 15,095,051	8,036,725	7,058,326	-

(2) Cash and Investments, continued

Fair Value Measurements, continued

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2022, are as follows:

		Fair Value Measurements Using		
Investment Type	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates-of-deposit	$ 2,899,976	-	2,899,976	-
Total investments measured at fair value	$ 2,899,976	-	2,899,976	-

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) Leases Receivable

Changes in leases receivable for 2023 were as follows:

	Balance 2022	**Additions**	**Principal Payments**	**Balance 2023**	**Current Portion**	**Long-term Portion**	**Deferred Inflows**
Leases receivable:							
Novato Water							
Indian Valley Golf Course	$ 120,663	-	(25,551)	95,112	11,120	83,992	(92,377)
Tower development	287,778	-	(12,437)	275,341	13,465	261,876	(251,680)
Subtotal leases Novato	408,441	-	(37,988)	370,453	24,585	345,868	(344,057)
West Marin Water							
Horizon Cable TV Inc.	22,452	-	(5,099)	17,353	5,431	11,922	(15,855)
Total leases receivable	$ 430,893	-	(43,087)	387,806	30,016	357,790	(359,912)

Changes in leases receivable for 2022 were as follows:

	Restated Balance 2021	**Additions**	**Principal Payments**	**Balance 2022**	**Current Portion**	**Long-term Portion**	**Deferred Inflows**
Leases receivable:							
Novato Water							
Indian Valley Golf Course	$ 129,455	-	(8,792)	120,663	9,986	110,677	(110,057)
Tower development	299,235	-	(11,457)	287,778	12,437	275,341	(271,040)
Subtotal leases Novato	428,690	-	(20,249)	408,441	22,423	386,018	(381,097)
West Marin Water							
Horizon Cable TV Inc.	27,233	-	(4,781)	22,452	5,099	17,353	(21,140)
Total leases receivable	$ 455,923	-	(25,030)	430,893	27,522	403,371	(402,237)

(3) Leases Receivable, continued

Indian Valley Golf Course

On July 20, 1988, the District entered into a lease agreement with Indian Valley Golf Course (Indian Valley), whereby Indian Valley has agreed to pay the District monthly for approximately 208.86 acres of watershed area adjoining Stafford Lake for the purpose of maintaining and operating a golf course. The terms of the agreement require Indian Valley to pay the District in monthly installments through June 2030. Monthly installments are adjusted annually based on the cost-of-living index calculated each fiscal year.

Following the guidelines of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023 and 2022, deferred inflows were reported at $92,377 and $110,057, respectively.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2024	$ 11,120	2,800	13,920	$ (13,197)
2025	11,880	2,444	14,324	(13,196)
2026	12,676	2,063	14,739	(13,197)
2027	13,510	1,657	15,167	(13,196)
2028	14,382	1,224	15,606	(13,197)
2029-2030	31,544	1,039	32,583	(26,394)
Total	95,112	11,227	106,339	$ (92,377)
Current	(11,120)			
Non-current	$ 83,992			

Tower Development

On August 1, 2010, the District entered into a lease agreement with Verizon Wireless and Tower Development Corporation (Tower Development), whereby Tower Development has agreed to pay the District for providing for construction of a wireless communications antenna. The terms of the agreement require Tower Development to pay the District in annual installments through November 2025 and is adjusted annually by 3.00%.

Following the guidelines of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023 and 2022, deferred inflows were reported at $251,680 and $271,040, respectively.

(3) Leases Receivable, continued

Tower Development, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Fiscal Year		Principal	Interest	Total		Deferred Inflows
2024	$	13,465	8,563	22,028	$	(19,360)
2025		14,545	8,144	22,689		(19,360)
2026		15,677	7,692	23,369		(19,360)
2027		16,866	7,204	24,070		(19,360)
2028		18,113	6,680	24,793		(19,360)
2029-2033		111,470	24,107	135,577		(96,800)
2034-2037		85,205	5,381	90,586		(58,080)
Total		275,341	67,771	343,112	$	(251,680)
Current		(13,465)				
Non-current	$	261,876				

Horizon Cable

On November 1, 2020, the District entered into a lease agreement with Horizon Cable TV Inc. (Horizon Cable), whereby Horizon Cable has agreed to pay the District for the purpose of operating, maintaining, and replacing facilities for off-air television signal receiving at the District's water tank site number four. The terms of the agreement require Horizon Cable to pay the District in annual installments through October 2026 and is adjusted annually by 3.00%.

Following the guidelines of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023 and 2022, deferred inflows were reported at $15,855 and $21,140, respectively.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Fiscal Year		Principal	Interest	Total		Deferred Inflows
2024	$	5,431	540	5,971	$	(5,285)
2025		5,779	371	6,150		(5,285)
2026		6,143	191	6,334		(5,285)
Total		17,353	1,102	18,455	$	(15,855)
Current		(5,431)				
Non-current	$	11,922				

(4) Note and Loan Receivable

Changes in note and loan receivable for 2023 were as follows:

		Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Note receivable:							
Marin Country Club	$	1,098,812	-	(38,024)	1,060,788	38,406	1,022,382
Total notes receivable		1,098,812	-	(38,024)	1,060,788	38,406	1,022,382
Loan receivable:							
Marin Municipal Water District		1,930,238	-	(152,942)	1,777,296	157,092	1,620,204
Total loans receivable		1,930,238	-	(152,942)	1,777,296	157,092	1,620,204
Total notes and loans receivable	$	3,029,050	-	(190,966)	2,838,084	195,498	2,642,586

Changes in notes and loan receivable for 2022 were as follows:

		Balance 2021	Additions	Principal Payments	Balance 2022	Current Portion	Long-term Portion
Note receivable:							
Marin Country Club	$	1,136,458	-	(37,646)	1,098,812	38,024	1,060,788
Total notes receivable		1,136,458	-	(37,646)	1,098,812	38,024	1,060,788
Loan receivable:							
Marin Municipal Water District		2,079,140	-	(148,902)	1,930,238	152,942	1,777,296
Total loans receivable		2,079,140	-	(148,902)	1,930,238	152,942	1,777,296
Total notes and loans receivable	$	3,215,598	-	(186,548)	3,029,050	190,966	2,838,084

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%.

Future payments to be received under the agreement as of June 30, 2023, are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	38,406	10,448	48,854
2025		38,791	10,063	48,854
2026		39,181	9,673	48,854
2027		39,574	9,280	48,854
2028		39,972	8,882	48,854
2029-2033		205,960	38,309	244,269
2034-2038		216,511	27,758	244,269
2039-2043		227,602	16,667	244,269
2044-2048		214,791	5,048	219,839
Total		1,060,788	136,128	1,196,916
Current		(38,406)		
Non-current	$	1,022,382		

(4) Note and Loan Receivable, continued

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, 2023, are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	157,092	48,228	205,320
2025		161,355	43,965	205,320
2026		165,734	39,586	205,320
2027		170,231	35,089	205,320
2028		174,850	30,470	205,320
2029-2033		948,034	78,566	1,026,600
Total		1,777,296	275,904	2,053,200
Current		(157,092)		
Non-current	$	1,620,204		

(5) Notes Receivable – Employee Housing Assistance Loans

The District's Employer Assisted Housing Program (Program) allows up to $300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District's service area. This 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, 2023 and 2022:

Origination		2023	2022
March 2015	$	250,000	250,000

(6) Interfund Loan

In 2022, the District entered into an interfund loan agreement between the Novato Water system and West Marin Water system for $1,000,000 with an interest rate of 2.75% per annum. The proceeds from the loan were used for the purpose of covering construction in progress projects and expense deficits. Principal and interest payments on the loan are due annually beginning July 1, 2023 and maturing in 2033. See the Combining Schedule of Net Position on page 67.

Annual debt service requirements for the loan are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	88,253	27,467	115,720
2025		90,677	25,043	115,720
2026		93,168	22,553	115,721
2027		95,727	19,993	115,720
2028		98,356	17,364	115,720
2029-2033		533,819	44,783	578,602
Total		1,000,000	157,203	1,157,203
Current		(88,253)		
Non-current	$	911,747		

(7) Transfer

In 2023, the Novato Water system transferred $614,299 to the Novato Recycled system to assist the Novato Recycled system's operations.

In 2022, the Novato Water system transferred $743,438 to the Novato Recycled system to assist the Novato Recycled system's operations.

(8) 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:

		2023	2022
Developer construction – Novato Water	$	1,334,617	1,659,492
Other construction – Novato Water		13,219,450	4,613,699
Other construction – Novato Recycled		661	89,594
Other construction – West Marin Water		2,080,970	1,835,126
Other construction – Oceana Marin Sewer		252,240	322,661
Total construction-in-progress	$	16,887,938	8,520,572

(8) Capital Assets, continued

The change in capital assets for 2023 are as follows:

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land and land rights	$ 1,493,091	-	-	1,493,091
Construction-in-progress	8,520,572	10,717,500	(2,350,134)	16,887,938
Total non-depreciable assets	10,013,663	10,717,500	(2,350,134)	18,381,029
Depreciable and amortizable assets:				
Distribution system	109,925,253	1,733,833	-	111,659,086
Treatment plant	23,012,963	250,304	-	23,263,267
Storage facilities	26,174,758	23,760	-	26,198,518
Transmission system	29,503,127	-	-	29,503,127
Source facilities	5,675,845	-	-	5,675,845
Sewer facilities	1,267,600	37,834	(86,784)	1,218,650
Structures and improvements	2,119,365	-	-	2,119,365
Other plant and equipment	4,111,348	187,615	(126,808)	4,172,155
Leased structures	587,691	-	-	587,691
Leased equipment	454,200	215,736	-	669,936
Total depreciable and amortizable assets	202,832,150	2,449,082	(213,592)	205,067,640
Accumulated depreciation and amortization:				
Distribution system	(37,936,358)	(1,995,631)	-	(39,931,989)
Treatment plant	(11,820,270)	(737,450)	-	(12,557,720)
Storage facilities	(8,938,120)	(536,495)	-	(9,474,615)
Transmission system	(4,983,846)	(259,728)	-	(5,243,574)
Source facilities	(2,618,026)	(107,411)	-	(2,725,437)
Sewer facilities	(743,504)	(29,296)	53,735	(719,065)
Structures and improvements	(1,492,670)	(52,415)	-	(1,545,085)
Other plant and equipment	(3,277,921)	(252,235)	126,809	(3,403,347)
Leased structures	(81,669)	(441,969)	-	(523,638)
Leased equipment	(149,614)	(111,276)	-	(260,890)
Total accumulated depreciation and amortization	(72,041,998)	(4,523,906)	180,544	(76,385,360)
Total depreciable assets, net	130,790,152	(2,074,824)	(33,048)	128,682,280
Total capital assets, net	$ 140,803,815	8,642,676	(2,383,182)	147,063,309

(8) Capital Assets, continued

The change in capital assets for 2022 are as follows:

		Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:					
Land and land rights	$	1,473,091	20,000	-	1,493,091
Construction-in-progress		7,403,767	4,601,625	(3,484,820)	8,520,572
Total non-depreciable assets		8,876,858	4,621,625	(3,484,820)	10,013,663
Depreciable and amortizable assets:					
Distribution system		108,484,791	1,440,462	-	109,925,253
Treatment plant		22,750,232	262,731	-	23,012,963
Storage facilities		24,593,098	1,581,660	-	26,174,758
Transmission system		29,405,627	97,500	-	29,503,127
Source facilities		5,675,845	-	-	5,675,845
Sewer facilities		1,258,111	9,489	-	1,267,600
Structures and improvements		2,119,365	-	-	2,119,365
Other plant and equipment		3,929,099	259,616	(77,367)	4,111,348
Leased structures		-	587,691	-	587,691
Leased equipment		357,492	122,997	(26,289)	454,200
Total depreciable and amortizable assets		198,573,660	4,362,146	(103,656)	202,832,150
Accumulated depreciation and amortization:					
Distribution system		(35,970,010)	(1,966,348)	-	(37,936,358)
Treatment plant		(11,087,726)	(732,544)	-	(11,820,270)
Storage facilities		(8,435,483)	(502,637)	-	(8,938,120)
Transmission system		(4,729,591)	(254,255)	-	(4,983,846)
Source facilities		(2,510,615)	(107,411)	-	(2,618,026)
Sewer facilities		(713,946)	(29,558)	-	(743,504)
Structures and improvements		(1,440,083)	(52,587)	-	(1,492,670)
Other plant and equipment		(3,130,061)	(225,227)	77,367	(3,277,921)
Leased structures		-	(81,669)	-	(81,669)
Leased equipment		(91,071)	(71,000)	12,457	(149,614)
Total accumulated depreciation and amortization		(68,108,586)	(4,023,236)	89,824	(72,041,998)
Total depreciable assets, net		130,465,074	338,910	(13,832)	130,790,152
Total capital assets, net	$	139,341,932	4,960,535	(3,498,652)	140,803,815

(9) Compensated Absences

The change in compensated absences for 2023 was as follows:

	Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$	737,159	929,860	(971,704)	695,315	173,828	521,487

(9) Compensated Absences, continued

The change in compensated absences for 2022 was as follows:

	Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$	799,912	1,004,544	(1,067,297)	737,159	184,290	552,869

(10) Long-term Debt

The change in long-term debt for 2023 was as follows:

		Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Long-term debt:							
Leases payable:							
Enterprise vehicle lease	$	292,532	215,258	(110,210)	397,580	132,283	265,297
100 Wood Hollow structure lease		378,677	-	(334,705)	43,972	43,972	-
Buck Institute structure lease		128,857	-	(105,988)	22,869	22,869	-
Total leases payable		800,066	215,258	(550,903)	464,421	199,124	265,297
Loans payable:							
Novato Water							
2005 DWR loan		6,695,774	-	(889,730)	5,806,044	452,855	5,353,189
2011 B of M loan		3,847,058	-	(356,125)	3,490,933	368,180	3,122,753
2018 JP Morgan Chase Loan		3,555,000	-	(280,000)	3,275,000	290,000	2,985,000
2022 Webster Bank loan		20,000,000	-	(879,669)	19,120,331	753,254	18,367,077
Novato Recycled							
2005 SWRCB loan		1,273,680	-	(242,799)	1,030,881	248,627	782,254
2011-2012 SWRCB loans		5,835,707	-	(475,745)	5,359,962	487,075	4,872,887
2016 SWRCB Loan		6,286,299	-	(212,910)	6,073,389	215,039	5,858,350
West Marin Water							
2011 B of M loan		564,706	-	(52,275)	512,431	54,044	458,387
Total loans payable		48,058,224	-	(3,389,253)	44,668,971	2,869,074	41,799,897
Total long-term debt	$	48,858,290	215,258	(3,940,156)	45,133,392	3,068,198	42,065,194

The change in long-term debt for 2022 was as follows:

		Balance 2021	Additions	Principal Payments	Balance 2022	Current Portion	Long-term Portion
Long-term debt:							
Leases payable:							
Enterprise vehicle lease	$	268,052	122,998	(98,518)	292,532	91,150	201,382
100 Wood Hollow structure lease		-	420,347	(41,670)	378,677	334,705	43,972
Buck Institute structure lease		-	167,344	(38,487)	128,857	105,988	22,869
Total leases payable		268,052	710,689	(178,675)	800,066	531,843	268,223
Loans payable:							
Novato Water							
2005 DWR loan		7,564,614	-	(868,840)	6,695,774	442,223	6,253,551
2011 B of M loan		4,191,237	-	(344,179)	3,847,058	356,125	3,490,933
2018 JP Morgan Chase Loan		3,830,000	-	(275,000)	3,555,000	280,000	3,275,000
2022 Webster Bank loan		-	20,000,000	-	20,000,000	879,669	19,120,331
Novato Recycled							
2005 SWRCB loan		1,510,788	-	(237,108)	1,273,680	242,799	1,030,881
2011-2012 SWRCB loans		6,300,389	-	(464,682)	5,835,707	475,745	5,359,962
2016 SWRCB Loan		6,497,101	-	(210,802)	6,286,299	212,910	6,073,389
West Marin Water							
2011 B of M loan		615,227	-	(50,521)	564,706	52,276	512,430
Total loans payable		30,509,356	20,000,000	(2,451,132)	48,058,224	2,941,747	45,116,477
Total long-term debt	$	30,777,408	20,710,689	(2,629,807)	48,858,290	3,473,590	45,384,700

(10) Long-term Debt, continued

Enterprise Vehicle 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, 2023, the District maintains leases for 22 vehicles with delivery dates from June 2019 through June 2023. Each vehicle has a term of 60 months with principal and interest due monthly through 2028.

Following the guidelines set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with interest rates ranging from -0.03% to -0.21%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 132,283	6,624	138,907
2025	107,623	4,754	112,377
2026	80,615	3,186	83,801
2027	53,191	1,670	54,861
2028	23,868	295	24,163
Total	397,580	16,529	414,109
Current	(132,283)		
Non-current	$ 265,297		

100 Wood Hollow Structure Lease

In March 2022, the District entered into an agreement with 100 Wood Hollow Drive Owner LLC to rent 10,289 square feet of building space for the purpose of providing a temporary location for the District's headquarters operations for the duration of the District's headquarters remodeling project. Terms of the agreement commenced on May 15, 2022, for a period of 15 months, with base rent due monthly at $28,295 per month, for months 1-12 and $29,735 for months 13-15.

Following the guidelines set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.11%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 43,972	151	44,123
Total	43,972	151	44,123
Current	(43,972)		
Non-current	$ -		

(10) Long-term Debt, continued

Buck Institute Structure Lease

In February 2022, the District entered into an agreement with The Buck Institute for Research on Aging to rent laboratory facility space for purposes of conducting water quality testing for the duration of the District's headquarters remodeling project. Terms of the agreement commenced on February 16, 2022, for a period of 19 months with base rent due quarterly at $8,964 per month for months 1-12 and $9,233 for months 13-19.

Following the guidelines set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.11%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	22,869	213	23,082
Total		22,869	213	23,082
Current		(22,869)		
Non-current	$	-		

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 1st and July 1st and matures in 2030.

Annual debt service requirements for the loan are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	452,855	69,382	522,237
2025		922,010	122,465	1,044,475
2026		944,177	100,297	1,044,474
2027		966,878	77,597	1,044,475
2028		990,124	54,350	1,044,474
2029-2030		1,530,000	36,712	1,566,712
Total		5,806,044	460,803	6,266,847
Current		(452,855)		
Non-current	$	5,353,189		

(10) 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 June19th and matures in 2027.

As noted in note 3, the District entered into a contractual agreement with Stone Tree Golf Course whereby Stone Tree Golf Course 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 Golf Course contributed a significant amount towards the District's repayment of this loan.

Annual debt service requirements for the loan are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	248,627	24,741	273,368
2025		254,593	18,774	273,367
2026		260,703	12,664	273,367
2027		266,958	6,407	273,365
Total		1,030,881	62,586	1,093,467
Current		(248,627)		
Non-current	$	782,254		

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:

Fiscal Year		Principal	Interest	Total
2024	$	487,075	127,224	614,299
2025		498,676	115,623	614,299
2026		510,556	103,743	614,299
2027		522,720	91,579	614,299
2028		535,177	79,122	614,299
2029-2033		2,707,684	198,047	2,905,731
2034		98,074	2,158	100,232
Total		5,359,962	717,496	6,077,458
Current		(487,075)		
Non-current	$	4,872,887		

(10) 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 27th day of each month and matures in September 2031.

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 422,224	130,577	552,801
2025	437,229	115,571	552,800
2026	452,405	100,395	552,800
2027	468,107	84,693	552,800
2028	484,175	68,625	552,800
2029-2032	1,739,224	103,443	1,842,667
Total	4,003,364	603,304	4,606,668
Current	(422,224)		
Non-current	$ 3,581,140		

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 31st and matures in 2048.

As noted in note 3, the District entered into a contractual agreement with the Marin 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:

Fiscal Year	Principal	Interest	Total
2024	$ 215,039	60,734	275,773
2025	217,189	58,584	275,773
2026	219,361	56,412	275,773
2027	221,555	54,218	275,773
2028	223,770	52,002	275,772
2029-2033	1,152,869	225,996	1,378,865
2034-2038	1,211,677	167,188	1,378,865
2039-2043	1,273,484	105,380	1,378,864
2044-2048	1,338,445	40,420	1,378,865
Total	6,073,389	820,934	6,894,323
Current	(215,039)		
Non-current	$ 5,858,350		

(10) 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 1st and March 1st and matures in 2033.

Annual debt service requirements for the loan are as follows:

Fiscal Year		Principal	Interest	Total
2024	$	290,000	88,098	378,098
2025		300,000	80,297	380,297
2026		305,000	72,227	377,227
2027		315,000	64,022	379,022
2028		320,000	55,549	375,549
2029-2033		1,745,000	143,243	1,888,243
Total		3,275,000	503,436	3,778,436
Current		(290,000)		
Non-current	$	2,985,000		

2022 Webster Bank Loan

In May 2022, the District entered into an agreement with Webster Bank, N.A. for a loan in the amount of $20,000,000 with an interest rate of 3.11% per annum. The proceeds of the loan were used to finance the improvements to its system, consisting of the District's headquarters building upgrade and expansion project, and other capital projects. Principal and interest payments on the loan are due semi-annually on September 1st and March 1st and matures in 2042.

Fiscal Year		Principal	Interest	Total
2024	$	753,254	594,642	1,347,896
2025		776,681	571,216	1,347,897
2026		800,835	547,061	1,347,896
2027		825,741	522,155	1,347,896
2028		851,422	496,475	1,347,897
2029-2033		4,671,157	2,068,327	6,739,484
2034-2038		5,444,129	1,295,355	6,739,484
2039-2043		4,997,112	394,473	5,391,585
Total		19,120,331	6,489,704	25,610,035
Current		(753,254)		
Non-current	$	18,367,077		

(11) 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*.

(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:

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	38	38
Inactive employees entitled to but not receiving benefit payments	-	-
Active employees	53	53
	91	91

(11) Other Post-employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan, continued

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 $4,287,222 and $4,343,600 was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of July 1, 2020, to June 30, 2021.

Actuarial assumptions and other inputs – The total OPEB liability measured based on the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2023 - 2.75 percent 2022 - 2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2023 - 3.86 percent 2022 - 3.69 percent
Healthcare cost trend rates	5.00 percent for 2023, 5.20 percent for 2024-2069 4.00 percent for 2070 and later years

As of and for the years ended June 30, 2023 and 2022, the discount rates were based on the Fidelity GO AA 20-Years Municipal Index of 3.86% and 3.69%, respectively.

As of and for the year ended June 30, 2023, pre-retirement mortality rates were based on the CalPERS Experience Study (2000-2019).

As of and for the year ended June 30, 2022, 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, 2021 valuation was based on a review of plan experience during the periods July 1, 2019 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability 2023	Total OPEB Liability 2022
Balance at beginning of year	$ 4,343,600	4,938,031
Changes for the year:		
Service cost	133,569	189,098
Interest	160,146	101,213
Difference between expected and actual experience	-	138,698
Changes in assumptions or other inputs	(73,234)	(758,672)
Benefit payments	(276,859)	(264,768)
Net change	(56,378)	(594,431)
Balance at end of year	$ 4,287,222	4,343,600

(11) Other Post-employment Benefits (OPEB) Plan, continued

Changes in the Total OPEB Liability, continued

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.69% in 2022 to 3.86% in 2023.

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, 2023, 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:

	Discount Rate - 1% (2.86%)	Current Discount Rate (3.86%)	Discount Rate + 1% (4.86%)
District's total OPEB liability	$ 4,748,886	4,287,222	3,894,652

The following presents the total OPEB liability of the District as of June 30, 2022, 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:

	Discount Rate - 1% (2.69%)	Current Discount Rate (3.69%)	Discount Rate + 1% (4.69%)
District's total OPEB liability	$ 4,816,874	4,343,600	3,941,634

(11) 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, 2023, 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:

	1% Decrease (4.00% increasing to 4.20%)	Healthcare Cost Trend Rates (5.00% increasing to 5.20%)	1% Increase (6.00% increasing to 6.20%)
District's total OPEB liability	$ 4,031,340	4,287,222	4,593,288

The following presents the total OPEB liability of the District as of June 30, 2022, 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:

	1% Decrease (4.00% increasing to 4.20%)	Healthcare Cost Trend Rates (5.00% increasing to 5.20%)	1% Increase (6.00% increasing to 6.20%)
District's total OPEB liability	$ 4,105,386	4,343,600	4,628,009

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

For the year ended June 30, 2023 and 2022, the District recognized OPEB expense of $24,891 and $11,842, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2023		2022	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes in assumptions	$ -	(324,457)	-	(249,134)
Differences between actual and expected experience	22,539	-	28,485	-
Total	$ 22,539	(324,457)	28,485	(249,134)

(11) 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, 2023, 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 and Actual Experience	Net Deferred Outflows/(Inflows) of Resources
2024	$	(15,772)	(12,187)	(27,959)
2025		(49,401)	(9,940)	(59,341)
2026		(122,630)	23,508	(99,122)
2027		(128,810)	21,158	(107,652)
2028		(7,844)	-	(7,844)
Total	$	(324,457)	22,539	(301,918)

As of June 30, 2022, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Actuarially Determined Deferred Outflows/(Inflows) - OPEB Plan				
Fiscal Year June 30:		**Net Changes in Assumptions**	**Net Differences between Expected and Actual Experience**	**Net Deferred Outflows/(Inflows) of Resources**
2023	$	15,167	5,946	21,113
2024		(2,694)	(12,187)	(14,881)
2025		(36,323)	(9,940)	(46,263)
2026		(109,552)	23,508	(86,044)
2027		(115,732)	21,158	(94,574)
Total	$	(249,134)	28,485	(220,649)

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

See page 64 for the Required Supplementary Schedule.

(12) 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 Q Street, Sacramento, California 95811.

(12) 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:

	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	2023: 7.96%	2023: 6.75%
	2022: 7.96%	2022: 6.75%
Required employer contribution rates	2023: 12.21%	2023: 7.47%
	2022: 12.20%	2022: 7.59%

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:

	Miscellaneous Plan	
	2023	**2022**
Contributions – employer	$ 1,874,485	1,674,677

(12) 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:

		2023	2022
Proportionate share of net pension liability	$	17,178,160	9,267,034

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, 2023 and 2022, the net pension liability of the Plan is measured as of June 30, 2022 and 2021 (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, 2021 and 2020 (valuation dates), rolled forward to June 30, 2022 and 2021, 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, 2023 and 2022, were as follows:

	Proportionate Share	
Proportion at Measurement Date – June 30, 2021	0.13536	%
Change in proportion	0.03599	
Proportion at Measurement Date – June 30, 2022	0.17135	
Change is proportion	(0.02263)	
Proportion at Measurement Date – June 30, 2023	0.14872	%

Deferred Pension Outflows (Inflows) of Resources

For the years ended June 30, 2023 and 2022, the District recognized pension income and expense of $1,564,295 and $4,395,375, respectively.

(12) 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	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Pension contributions subsequent to the measurement date at June 30	$ 1,874,485	-	1,674,677	-
Net difference between actual and expected experience	113,924		1,039,198	
Net change in assumptions	1,760,260	-	-	-
Net difference between projected and actual earnings on plan investments	3,146,580	-	-	(8,089,629)
Net difference between actual contribution and proportionate share of contribution	-	(558,545)	-	(488,700)
Net change due to differences in proportion of net pension liability	-	(795,615)	55,635	-
Total	$ 6,895,249	(1,354,160)	2,769,510	(8,578,329)

As of June 30 2023 and 2022, the District reported $1,874,485 and $1,674,677, 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, 2023, will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Pension contributions subsequent to the measurement date for the year ended June 30, 2022, were recognized as a reduction of the net pension liability for the year ended June 30, 2023.

At June 30, 2023, 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 Investments	Net Difference between Actual Contribution and Proportionate Share of Contribution	Net Change due to Differences in Proportions	Net, Deferred Outflows/(Inflows) of Resources
2024	$ 179,313	649,518	365,124	(285,007)	(273,479)	635,469
2025	38,153	657,025	336,211	(186,331)	(322,377)	522,681
2026	(103,542)	453,717	145,387	(87,207)	(199,759)	208,596
2027	-	-	2,299,858	-	-	2,299,858
Total	$ 113,924	1,760,260	3,146,580	(558,545)	(795,615)	3,666,604

(12) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2022, 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 Investments	Net Difference between Actual Contribution and Proportionate Share of Contribution	Net Change due to Differences in Proportions	Net, Deferred Outflows/(Inflows) of Resources
2023	$ 525,898	(10,211)	(2,036,783)	(266,522)	80,753	(1,706,865)
2024	327,230	1,352	(1,934,732)	(160,427)	11,890	(1,754,687)
2025	186,070	8,859	(1,963,645)	(61,751)	(37,008)	(1,867,475)
2026	-	-	(2,154,469)		-	(2,154,469)
Total	$ 1,039,198	-	(8,089,629)	(488,700)	55,635	(7,483,496)

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2022 - 6.90% 2021 - 7.15%
Inflation	2022 - 2.30% 2021 - 2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2021 and 2020 – 1997-2015
Post Retirement Benefit	2021 and 2020 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance 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.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022 and 2021, for the PERF C was 6.90% and 7.15%, respectively. This discount rate is not adjusted for administrative expenses.

(12) Defined Benefit Pension Plan, continued

Discount Rate, continued

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.

Asset Class	New Strategic Allocation	Real Return Years 1–10*
Global equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	-0.59
	100.00 %	

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

As June 30, 2023, the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 25,132,339	17,178,160	10,633,845

(12) Defined Benefit Pension Plan, continued

As June 30, 2022, the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's net pension liability	$ 16,589,157	9,267,034	3,213,939

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 65 and 66 for Required Supplementary Schedules.

(13) Net Position

Calculation of net position per fund as of June 30, 2023, was as follows:

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	$ 15,922,939	661	2,204,381	253,048	18,381,029
Depreciable capital assets, net	91,898,532	29,563,702	6,252,447	967,599	128,682,280
Webster loan fund – administrative building	10,480,981	-	-	-	10,480,981
Current:					
Leases payable	(199,124)	-	-	-	(199,124)
Loans payable	(1,864,289)	(950,741)	(54,044)	-	(2,869,074)
Non-current:					
Leases payable	(265,297)	-	-	-	(265,297)
Loans payable	(29,828,019)	(11,513,491)	(458,387)	-	(41,799,897)
Total net investment in capital assets	86,145,723	17,100,131	7,944,397	1,220,647	112,410,898
Restricted net position:					
SRF loan fund – Stafford Treatment Plant	1,063,737	-	-	-	1,063,737
Webster loan fund – administrative building	-	-	-	-	-
SRF reserve fund – Recycled Water System North, South, and Central	-	890,072	-	-	890,072
SRF reserve fund – Recycled Water System Deer Island	-	215,000	-	-	215,000
Interagency capital replacement and expansion fund	-	5,263,769	-	-	5,263,769
Total restricted net position	1,063,737	6,368,841	-	-	7,432,578
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	940,172	-	-	-	940,172
Prepaid expenses and deposits	424,662	-	-	1,298	425,960
Non-current:					
Notes receivable	-	1,022,382	-	-	1,022,382
Notes receivable – employee housing loans	250,000	-	-	-	250,000
Total non-spendable net position	1,614,834	1,022,382	-	1,298	2,638,514
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,343,600	-	-	-	4,343,600
Operating reserve (deficit)	(1,529,975)	634,342	(182,224)	473,245	(604,612)
Total spendable net position (deficit)	2,813,625	634,342	(182,224)	473,245	3,738,988
Total unrestricted net position	4,428,459	1,656,724	(182,224)	474,543	6,377,502
Total net position	$ 91,637,919	25,125,696	7,762,173	1,695,190	126,220,978

(13) Net Position, continued

Calculation of net position per fund as of June 30, 2022, was as follows:

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	$ 7,629,652	89,594	1,970,947	323,470	10,013,663
Depreciable capital assets, net	93,269,653	30,352,213	6,224,806	943,480	130,790,152
Webster loan fund – administrative building	18,165,493	-	-	-	18,165,493
Current:					
Leases payable	(531,843)	-	-	-	(531,843)
Loans payable	(1,958,017)	(931,454)	(52,276)	-	(2,941,747)
Non-current:					
Leases payable	(268,223)	-	-	-	(268,223)
Loans payable	(32,139,815)	(12,464,232)	(512,430)	-	(45,116,477)
Total net investment in capital assets	84,166,900	17,046,121	7,631,047	1,266,950	110,111,018
Restricted net position:					
SRF loan fund – Stafford Treatment Plant	1,035,064	-	-	-	1,035,064
SRF reserve fund – Recycled Water System North, South, and Central	-	890,072	-	-	890,072
SRF reserve fund – Recycled Water System Deer Island	-	215,000	-	-	215,000
Interagency capital replacement and expansion fund	-	2,417,211	-	-	2,417,211
Tax receipts held for general obligation debt	-	-	916	2,129	3,045
Total restricted net position	1,035,064	3,522,283	916	2,129	4,560,392
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	852,274	-	-	-	852,274
Prepaid expenses and deposits	361,299	-	658	1,260	363,217
Non-current:					
Notes receivable	-	1,060,788	-	-	1,060,788
Notes receivable – employee housing loans	250,000	-	-	-	250,000
Total non-spendable net position	1,463,573	1,060,788	658	1,260	2,526,279
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,658,025	-	-	-	4,658,025
Operating reserve (deficit)	(4,813,057)	2,976,376	(232,901)	470,445	(1,599,137)
Total spendable net position (deficit)	(155,032)	2,976,376	(232,901)	470,445	3,058,888
Total unrestricted net position	1,308,541	4,037,164	(232,243)	471,705	5,585,167
Total net position	$ 86,510,505	24,605,568	7,399,720	1,740,784	120,256,577

(14) Adjustment to Net Position

In fiscal year 2022, the District implemented GASB pronouncement 87 to recognize its lessor arrangements. The District did not have any lessee arrangements which required restatement. As a result of the implementation, the District recognized the lease receivables and deferred inflows of resources and recorded a prior period adjustment, an (increase) to net position, of $15,281 at June 30, 2021.

The adjustment to net position is as follows:

Net position at July 1, 2020, as previously stated	$ 116,713,765
Effect of adjustment to record lease receivables and deferred inflows	15,281
Change in net position at June 30, 2021, as previously stated	4,970,399
Subtotal adjustments	4,985,680
Net position at June 30, 2021, as restated	$ 121,699,445

(15) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. 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, 2023 and 2022, the assets of the deferred compensation savings plan totaled $8,777,675 and $7,957,241, respectively.

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage.

At June 30, 2023, 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 $85,131,398 and coverage extension blanket up to $2 million subject to a $50,000 deductible; and mobile equipment coverage up to $689,500 for scheduled, $100,000 for unscheduled, and $250,000 for borrowed, rented, or leased subject to a $50,000 deductible.
- Automobile insurance coverage as follows: 1) $1,000,000 Combined single limit for bodily injury & property damage; $1,000,000 each for hired auto, non-owned auto, and uninsured/underinsured motorist; $100,000 for hired physical damage; and $5,000 for medical payments. Liability coverages are subject to a $100,000 deductible and physical damage coverages are subject to a $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: Statutory limits; Employers Liability coverage up to $1 million per accident; each employee; policy aggregate.

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, 2023 and 2022.

(17) 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. 99

In April 2022, the GASB issued Statement No. 99 – Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Governmental Accounting Standards Board Statement No. 101, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(18) 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 buildings, transmission facilities, and distribution systems within its service area in addition to the acquisition of other assets. 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 $7,246,436 and $13,132,701 in capital expenditures as of June 30, 2023 and 2022, 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.

(19) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of December 5, 2023, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

North Marin Water District
Schedule of Changes in the District Total OPEB Liability and Related Ratios
As of June 30, 2023
Last Ten Years*

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 133,569	189,098	166,020	140,410	137,480	145,989
Interest	160,146	101,213	115,047	135,765	150,690	132,454
Differences between expected and actual experience	-	138,698	-	(272,373)	163,205	-
Changes in assumptions or other inputs	(73,234)	(758,672)	256,981	363,781	195,564	(197,296)
Benefit payments	(276,859)	(264,768)	(258,042)	(229,722)	(250,340)	(375,787)
Net change in total OPEB liability	(56,378)	(594,431)	280,006	137,861	396,599	(294,640)
Total OPEB liability - beginning	4,343,600	4,938,031	4,658,025	4,520,164	4,123,565	4,418,205
Total OPEB liability - ending	$ 4,287,222	4,343,600	4,938,031	4,658,025	4,520,164	4,123,565
Covered-employee payroll	$ 6,668,362	6,126,310	5,685,912	5,699,559	5,434,109	5,635,521
Total OPEB liability as a percentage of covered-employee payroll	64.29%	70.90%	86.85%	81.73%	83.18%	73.17%
Valuation date	July 1, 2022	July 1, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contrbution rates:						
Single and agent employers	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.75%	2.75%	3.00%	3.00%	3.00%	4.00%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality, retirement, turnover	(2)	(2)	(3)	(3)	(3)	(3)

(1) Level percentage of payroll, closed

(2) Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

(3) Preretirement Mortality Rates from RP-2014 Employee Mortality, without projection
Postretirement Mortality Rates from RP-2014 Healthy Annuitant Mortality, without projection.

There are no asset accumultaed in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

North Marin Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2023
Last Ten Years*

Required Supplementary Schedule #1

Description		Measurement Dates								
		June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability		0.14872%	0.17135%	0.13536%	0.13324%	0.13034%	0.12881%	0.12759%	0.12558%	0.10769%
District's proportionate share of the net pension liability	$	17,178,160	9,267,034	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	$	5,228,970	5,013,891	4,877,510	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		328.52%	184.83%	301.95%	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		70.56%	83.29%	72.26%	73.56%	74.43%	72.80%	73.98%	78.63%	83.47%

Notes to schedule:
There were no changes in benefits.

Changes in assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administartive expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

North Marin Water District
Schedules of Pension Plan Contributions
As of June 30, 2023
Last Ten Years*

Required Supplementary Schedule #2

Description		Fiscal Years							
		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarially determined contribution	$	1,867,734	1,674,677	1,490,360	1,370,702	1,155,358	1,017,325	926,448	828,792
Contributions in relation to the actuarially determined contribution		(1,867,734)	(1,674,677)	(1,490,360)	(1,370,702)	(1,155,358)	(1,017,325)	(926,448)	(828,792)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-
District's covered payroll	$	5,387,870	5,228,970	5,013,891	4,877,510	4,878,849	4,953,247	4,600,500	4,542,666
Contribution's as a percentage of covered payroll		34.67%	32.03%	29.72%	28.10%	23.68%	20.54%	20.14%	18.24%
Notes to schdeule:									
Valuation date		June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:									
Actuarial cost method		Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method		Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation		2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return		6.90% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality		(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed
(2) Depending on age, service, and type of employement
(3) Net pf pension plan investment expense, including inflation
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Supplemental Information

Combining Schedules

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2023

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	$ 2,371,442	3,479,403	746,011	484,506	7,081,362
Restricted – cash and cash equivalents	11,821,852	3,330,882	-	-	15,152,734
Restricted – investments	11,448,459	-	-	-	11,448,459
Accrued interest receivable	213,124	-	-	-	213,124
Accounts receivable – water and sewer sales	3,733,529	253,927	188,767	1,523	4,177,746
Accounts receivable – governmental agencies	202,868	-	83,216	2,320	288,404
Accounts receivable – other	-	39,413			39,413
Leases receivable	24,585	-	5,431	-	30,016
Note receivable	-	38,406	-	-	38,406
Loan receivable	157,092	-	-	-	157,092
Interfund loan – West Marin (note 6)	88,253	-	-	-	88,253
Materials and supplies inventory	940,172	-	-	-	940,172
Prepaid expenses and deposits	424,662	-	-	1,298	425,960
Total current assets	31,426,038	7,142,031	1,023,425	489,647	40,081,141
Non-current assets:					
Restricted – investments	3,646,592	-	-	-	3,646,592
Leases receivable	345,868	-	11,922	-	357,790
Notes receivable	-	1,022,382	-	-	1,022,382
Loan receivable	1,620,204	-	-	-	1,620,204
Interfund loan – West Marin (note 6)	911,747	-	-	-	911,747
Note receivable – employee housing loans, net	250,000	-	-	-	250,000
Capital assets, not being depreciated	15,922,939	661	2,204,381	253,048	18,381,029
Depreciable capital assets, net	91,898,532	29,563,702	6,252,447	967,599	128,682,280
Total non-current assets	114,595,882	30,586,745	8,468,750	1,220,647	154,872,024
Total assets	146,021,920	37,728,776	9,492,175	1,710,294	194,953,165
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	22,539	-	-	-	22,539
Deferred pension outflows	6,895,249	-	-	-	6,895,249
Total deferred outflows of resources	6,917,788	-	-	-	6,917,788
Current liabilities:					
Accounts payable and accrued expenses	2,659,579	-	-	-	2,659,579
Accrued wages and related payables	220,077	37,371	39,812	11,838	309,098
Accrued claims payable	18,659	534	666	266	20,125
Customer advances and deposits	1,835,794	912	133,771	3,000	1,973,477
Accrued interest payable – long-term debt	227,580	100,031	27,467	-	355,078
Long-term liabilities – due within one year:					
Compensated absences	173,828	-	-	-	173,828
Interfund loan – West Marin (note 6)	-	-	88,253	-	88,253
Leases payable	199,124	-	-	-	199,124
Loans payable	1,864,289	950,741	54,044	-	2,869,074
Total current liabilities	7,198,930	1,089,589	344,013	15,104	8,647,636
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	521,487	-	-	-	521,487
Interfund loan – West Marin (note 6)	-	-	911,747	-	911,747
Leases payable	265,297	-	-	-	265,297
Loans payable	29,828,019	11,513,491	458,387	-	41,799,897
Other post-employment benefits liability	4,287,222	-	-	-	4,287,222
Net pension liability	17,178,160	-	-	-	17,178,160
Total non-current liabilities	52,080,185	11,513,491	1,370,134	-	64,963,810
Total liabilities	59,279,115	12,603,080	1,714,147	15,104	73,611,446
Deferred inflows of resources:					
Deferred lease inflows	344,057		15,855		359,912
Deferred other post-employment benefits inflows	324,457	-	-	-	324,457
Deferred pension inflows	1,354,160	-	-	-	1,354,160
Total deferred inflows of resources	2,022,674	-	15,855	-	2,038,529
Net position:					
Net investment in capital assets	86,145,723	17,100,131	7,944,397	1,220,647	112,410,898
Restricted for capital projects and debt service	1,063,737	6,368,841	-	-	7,432,578
Unrestricted (deficit)	4,428,459	1,656,724	(182,224)	474,543	6,377,502
Total net position	$ 91,637,919	25,125,696	7,762,173	1,695,190	126,220,978

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2022

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	$ 15,060,130	2,697,343	792,340	482,514	19,032,327
Restricted – cash and cash equivalents	19,200,557	3,522,283	916	2,129	22,725,885
Accrued interest receivable	53,608	-	-	-	53,608
Accounts receivable – water and sewer sales	3,600,081	344,461	151,104	-	4,095,646
Accounts receivable – governmental agencies	223,120	-	84,084	2,207	309,411
Accounts receivable – other	-	67,632	-	-	67,632
Leases receivable	22,423	-	5,099	-	27,522
Note receivable	-	38,024	-	-	38,024
Loan receivable	152,942	-	-	-	152,942
Materials and supplies inventory	852,274	-	-	-	852,274
Prepaid expenses and deposits	361,299	-	658	1,260	363,217
Total current assets	39,526,434	6,669,743	1,034,201	488,110	47,718,488
Non-current assets:					
Restricted – investments	2,899,976	-	-	-	2,899,976
Leases receivable	386,018	-	17,353	-	403,371
Note receivable	-	1,060,788	-	-	1,060,788
Loan receivable	1,777,296	-	-	-	1,777,296
Interfund loan – West Marin (note 6)	1,000,000	-	-	-	1,000,000
Notes receivable – employee housing loans, net	250,000	-	-	-	250,000
Capital assets, not being depreciated	7,629,652	89,594	1,970,947	323,470	10,013,663
Depreciable capital assets, net	93,269,653	30,352,213	6,224,806	943,480	130,790,152
Total non-current assets	107,212,595	31,502,595	8,213,106	1,266,950	148,195,246
Total assets	146,739,029	38,172,338	9,247,307	1,755,060	195,913,734
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	28,485	-	-	-	28,485
Deferred pension outflows	2,769,510	-	-	-	2,769,510
Total deferred outflows of resources	2,797,995	-	-	-	2,797,995
Current liabilities:					
Accounts payable and accrued expenses	2,573,181	-	5,264	-	2,578,445
Accrued wages and related payables	232,623	35,907	32,914	10,971	312,415
Accrued claims payable	21,682	656	797	305	23,440
Customer advances and deposits	1,608,087	27,402	222,766	3,000	1,861,255
Accrued interest payable – long-term debt	136,695	107,119	-	-	243,814
Long-term liabilities – due within one year:					
Compensated absences	184,290	-	-	-	184,290
Leases payable	531,843	-	-	-	531,843
Loans payable	1,958,017	931,454	52,276	-	2,941,747
Total current liabilities	7,246,418	1,102,538	314,017	14,276	8,677,249
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	552,869	-	-	-	552,869
Interfund loan – West Marin (note 6)	-	-	1,000,000	-	1,000,000
Leases payable	268,223	-	-	-	268,223
Loans payable	32,139,815	12,464,232	512,430	-	45,116,477
Other post-employment benefits liability	4,343,600	-	-	-	4,343,600
Net pension liability	9,267,034	-	-	-	9,267,034
Total non-current liabilities	46,571,541	12,464,232	1,512,430	-	60,548,203
Total liabilities	53,817,959	13,566,770	1,826,447	14,276	69,225,452
Deferred inflows of resources:					
Deferred lease inflows	381,097	-	21,140	-	402,237
Deferred other post-employment benefits inflows	249,134	-	-	-	249,134
Deferred pension inflows	8,578,329	-	-	-	8,578,329
Total deferred inflows of resources	9,208,560	-	21,140	-	9,229,700
Net position:					
Net investment in capital assets	84,166,900	17,046,121	7,631,047	1,266,950	110,111,018
Restricted for capital projects and debt service	1,035,064	3,522,283	916	2,129	4,560,392
Unrestricted	1,308,541	4,037,164	(232,243)	471,705	5,585,167
Total net position	$ 86,510,505	24,605,568	7,399,720	1,740,784	120,256,577

North Marin Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	$ 14,520,476	1,382,898	634,450	-	16,537,824
Bi-monthly meter service charge	6,625,825	134,313	257,288	-	7,017,426
Sewer service charges	-	-	-	304,560	304,560
Other charges and services	375,288	-	9,613	-	384,901
Total operating revenues	21,521,589	1,517,211	901,351	304,560	24,244,711
Operating expenses:					
Source of supply	4,657,596	331,168	13,218	-	5,001,982
Pumping	422,830	2,258	67,939	-	493,027
Water facilities operations	551,185	76,014	51,374	-	678,573
Water treatment	2,192,411	3,814	157,239	-	2,353,464
Transmission and distribution	2,623,780	128,299	161,768	-	2,913,847
Sewage collection and treatment	-	-	-	220,375	220,375
Customer service	363,490	1,627	19,394	1,822	386,333
General and administrative	3,085,613	138,163	201,145	74,940	3,499,861
Water conservation projects	312,861	-	7,736	-	320,597
Total operating expenses	14,209,766	681,343	679,813	297,137	15,868,059
Operating income before depreciation	7,311,823	835,868	221,538	7,423	8,376,652
Depreciation	(3,455,892)	(788,511)	(233,218)	(46,285)	(4,523,906)
Operating income(loss)	3,855,931	47,357	(11,680)	(38,862)	3,852,746
Non-operating revenues(expenses):					
Property tax revenue	143,332	-	-	-	143,332
Investment earnings	1,168,552	74,359	5,544	8,392	1,256,847
Interest earnings from note receivable – BPGL	-	9,009	-	-	9,009
Interest earnings from loan receivable – MMWD	79,845	-	-	-	79,845
Interest earnings from leases	12,084	-	698	-	12,782
Rental revenue	64,341	-	5,285	250	69,876
Interest expense – long-term debt	(948,973)	(224,896)	(45,950)	-	(1,219,819)
Gain on sale of capital assets	22,164	-	-	(33,049)	(10,885)
Other non-operating revenues	11,524	-	15	-	11,539
Other non-operating expenses	(2,158)	-	-	(8)	(2,166)
Total non-operating revenues(expense), net	550,711	(141,528)	(34,408)	(24,415)	350,360
Net income(loss) before capital contributions	4,406,642	(94,171)	(46,088)	(63,277)	4,203,106
Capital contributions:					
Developers and others	897,391	-	48,651	-	946,042
Connection fees	437,680	-	-	-	437,680
Capital grants – state and local	-	-	359,890	17,683	377,573
Total capital contributions	1,335,071	-	408,541	17,683	1,761,295
Transfer in(out)	(614,299)	614,299	-	-	-
Change in net position	5,127,414	520,128	362,453	(45,594)	5,964,401
Net position, beginning of year	86,510,505	24,605,568	7,399,720	1,740,784	120,256,577
Net position, end of year	$ 91,637,919	25,125,696	7,762,173	1,695,190	126,220,978

North Marin Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	$ 14,247,657	1,536,136	621,222	-	16,405,015
Bi-monthly meter service charge	6,158,496	121,197	237,879	-	6,517,572
Sewer service charges	-	-	-	290,460	290,460
Other charges and services	367,826	-	6,908	-	374,734
Total operating revenues	20,773,979	1,657,333	866,009	290,460	23,587,781
Operating expenses:					
Source of supply	6,146,781	266,124	37,968	-	6,450,873
Pumping	454,098	3,689	64,930	-	522,717
Water facilities operations	1,144,066	159,879	81,322	-	1,385,267
Water treatment	2,298,375	16,221	273,539	-	2,588,135
Transmission and distribution	4,349,216	50,526	157,385	-	4,557,127
Sewage collection and treatment	-	-	-	217,921	217,921
Customer service	462,670	1,579	34,965	1,791	501,005
General and administrative	4,538,340	119,228	172,161	47,280	4,877,009
Water conservation projects	537,533	-	25,755	-	563,288
Total operating expenses	19,931,079	617,246	848,025	266,992	21,663,342
Operating income before depreciation	842,900	1,040,087	17,984	23,468	1,924,439
Depreciation	(3,007,398)	(768,645)	(200,647)	(46,546)	(4,023,236)
Operating income	(2,164,498)	271,442	(182,663)	(23,078)	(2,098,797)
Non-operating revenues(expenses):					
Property tax revenue	7,017	-	60,818	64,814	132,649
Investment earnings, net	(548,565)	43,983	193	6,876	(497,513)
Interest earnings from note receivable – BPGL	-	11,177	-	-	11,177
Interest earnings from loan receivable – MMWD	56,418	-	-	-	56,418
Interest earnings from leases	13,207	-	847	-	14,054
Rental revenue	89,308	-	5,285	250	94,843
Interest expense – long-term debt	(524,910)	(243,909)	(20,237)	-	(789,056)
Debt issuance costs	(124,000)	-	-	-	(124,000)
Gain on sale of capital assets	34,135	-	-	-	34,135
Other non-operating revenues	26,730	-	898	-	27,628
Other non-operating expenses	(128,277)	-	(775)	(857)	(129,909)
Total non-operating revenues(expense), net	(1,098,937)	(188,749)	47,029	71,083	(1,169,574)
Net income before capital contributions	(3,263,435)	82,693	(135,634)	48,005	(3,268,371)
Capital contributions:					
Developers and others	578,933	-	11,581	-	590,514
Connection fees	900,380	-	61,600	-	961,980
Capital grants – state and local	-	146,634	124,168	2,207	273,009
Total capital contributions	1,479,313	146,634	197,349	2,207	1,825,503
Transfers in(out)	(743,438)	743,438	-	-	-
Change in net position	(2,527,560)	972,765	61,715	50,212	(1,442,868)
Net position, beginning of year	89,038,065	23,632,803	7,338,005	1,690,572	121,699,445
Net position, end of year	$ 86,510,505	24,605,568	7,399,720	1,740,784	120,256,577

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Statistical Information Section

North Marin Water District
Statistical Section

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

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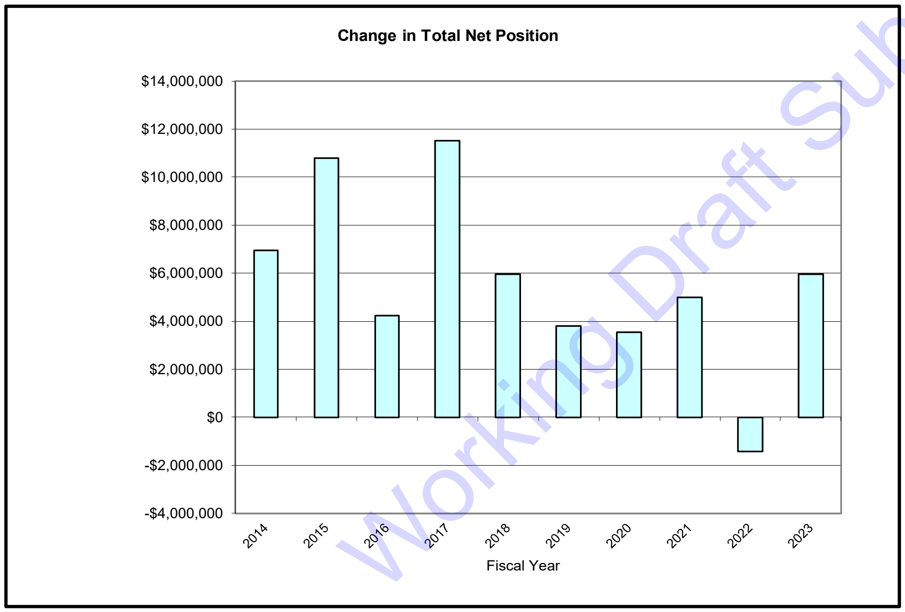
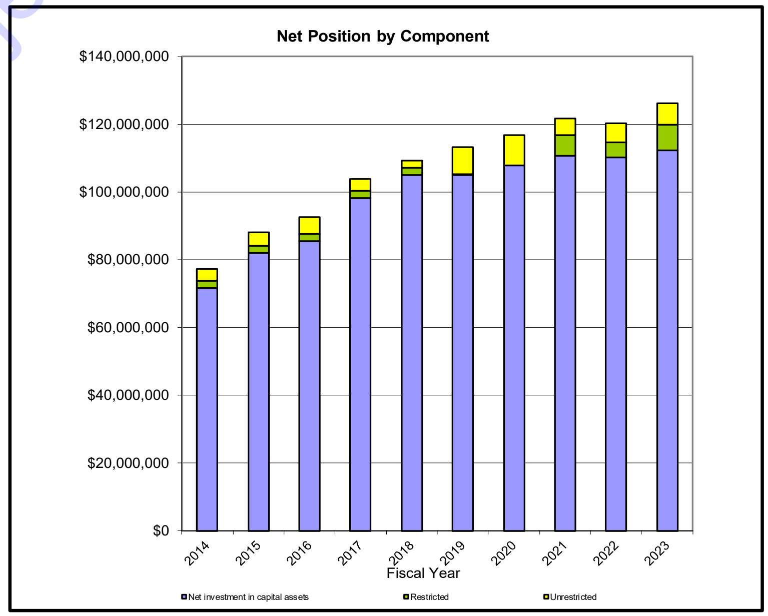
North Marin Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

Schedule 1

	Fiscal Year									
	Restated 2014	**2015**	**2016**	**2017**	**Restated 2018**	**Restated 2019**	**2020**	**Restated 2021**	**2022**	**2023**
Change in net position:										
Operating revenues (see schedule 2)	$20,772,429	$18,081,308	$17,411,543	$18,703,476	$22,094,094	$21,772,246	$23,796,921	$25,378,535	$23,587,781	$24,244,711
Operating expenses (see schedule 3)	(13,309,833)	(13,328,124)	(13,704,737)	(15,099,687)	(16,461,030)	(16,371,492)	(19,404,779)	(20,737,073)	(21,663,342)	(15,868,060)
Depreciation and amortization	(3,128,302)	(3,183,725)	(3,286,353)	(3,416,411)	(3,434,069)	(3,451,155)	(3,366,216)	(3,887,096)	(4,023,236)	(4,523,906)
Operating income(loss)	$4,334,294	$1,569,459	$420,453	$187,378	$2,198,995	$1,949,599	$1,025,926	$754,366	($2,098,797)	$3,852,745
Net non-op revenue(expense) (see schedule 4)	(518,474)	(488,661)	(328,734)	(304,830)	(253,110)	(59,467)	(239,641)	(356,774)	(1,169,574)	350,361
Net income(loss) before capital contributions	$3,815,820	$1,080,798	$91,719	($117,452)	$1,945,885	$1,890,132	$786,285	$397,592	($3,268,371)	$4,203,106
Capital contributions	3,144,256	9,714,111	4,139,047	11,643,388	4,020,041	1,921,709	2,762,983	4,588,088	1,825,503	1,761,295
Change in net position	$6,960,076	$10,794,909	$4,230,766	$11,525,936	$5,965,926	$3,811,841	$3,549,268	$4,985,680	($1,442,868)	$5,964,401
Net position by component:										
Net investment in capital assets	$71,538,168	$82,037,287	$85,542,035	$98,131,574	$104,921,863	$105,092,277	$107,946,623	$110,643,664	$110,111,018	$112,410,898
Restricted	2,156,020	2,170,429	2,122,980	2,140,681	2,186,164	71,715	-	6,166,090	4,560,392	7,432,578
Unrestricted	3,696,449	3,977,830	5,007,769	3,639,717	2,244,629	8,000,505	8,767,142	4,889,691	5,585,167	6,377,502
Total net position	$77,390,637	$88,185,546	$92,672,784	$103,911,972	$109,352,656	$113,164,497	$116,713,765	$121,699,445	$120,256,577	$126,220,978



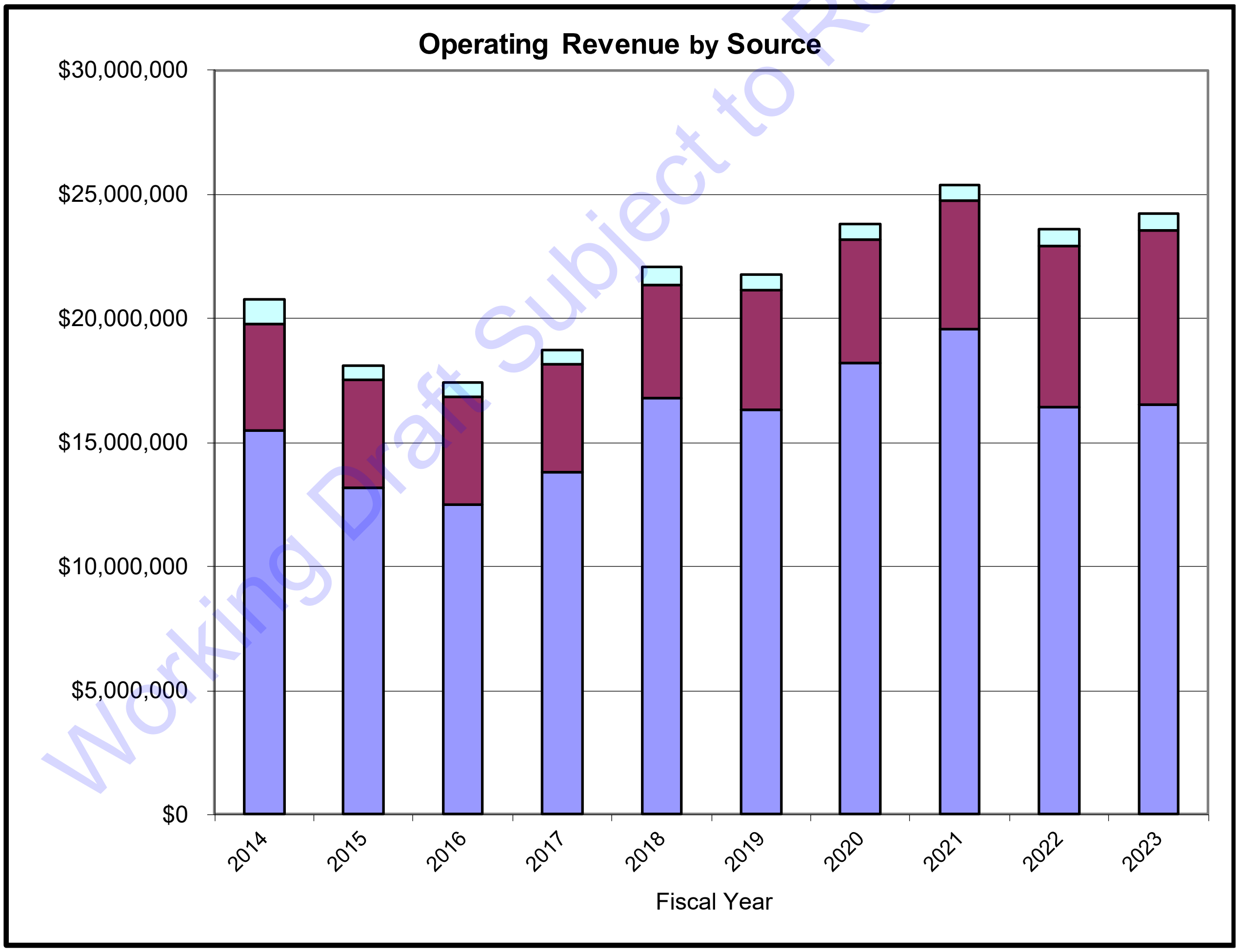


Source: North Marin Water District Audited Financial Statements

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

Schedule 2

Fiscal Year		Water Sales	Bi-Monthly Service Charges	Other Charges and Services		Total Operating Revenue
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
2022		16,405,015	6,517,572	665,194		23,587,781
2023		16,537,824	7,017,426	689,461		24,244,711

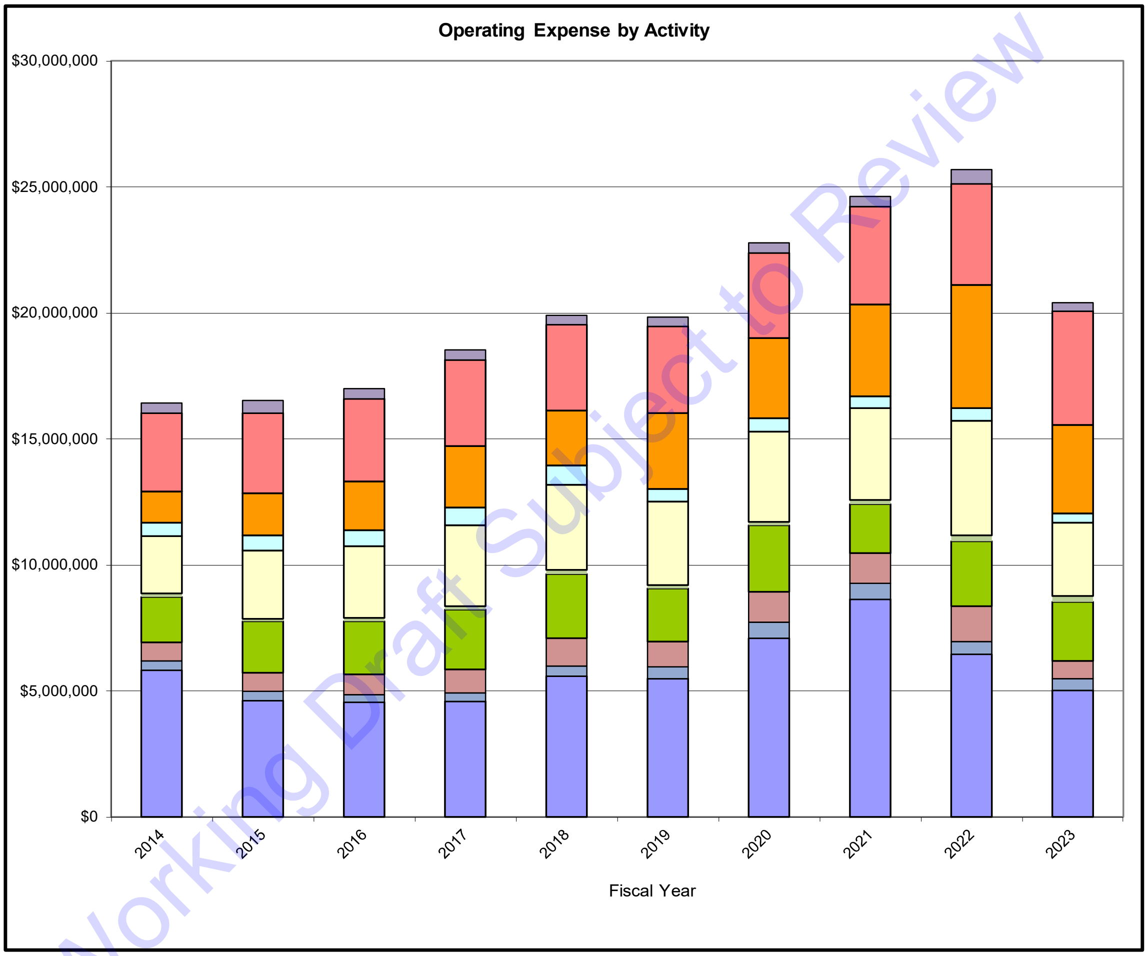


Source: North Marin Water District Audited Financial Statements

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
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	185,533	3,623,201	470,411	3,658,893	396,414	3,887,096	24,624,169
2022	6,450,873	522,717	1,385,267	2,588,135	219,023	4,556,025	501,005	4,877,009	563,288	4,023,236	25,686,578
2023	5,001,982	493,027	678,573	2,353,464	221,031	2,913,192	386,333	3,499,861	320,597	4,523,906	20,391,966

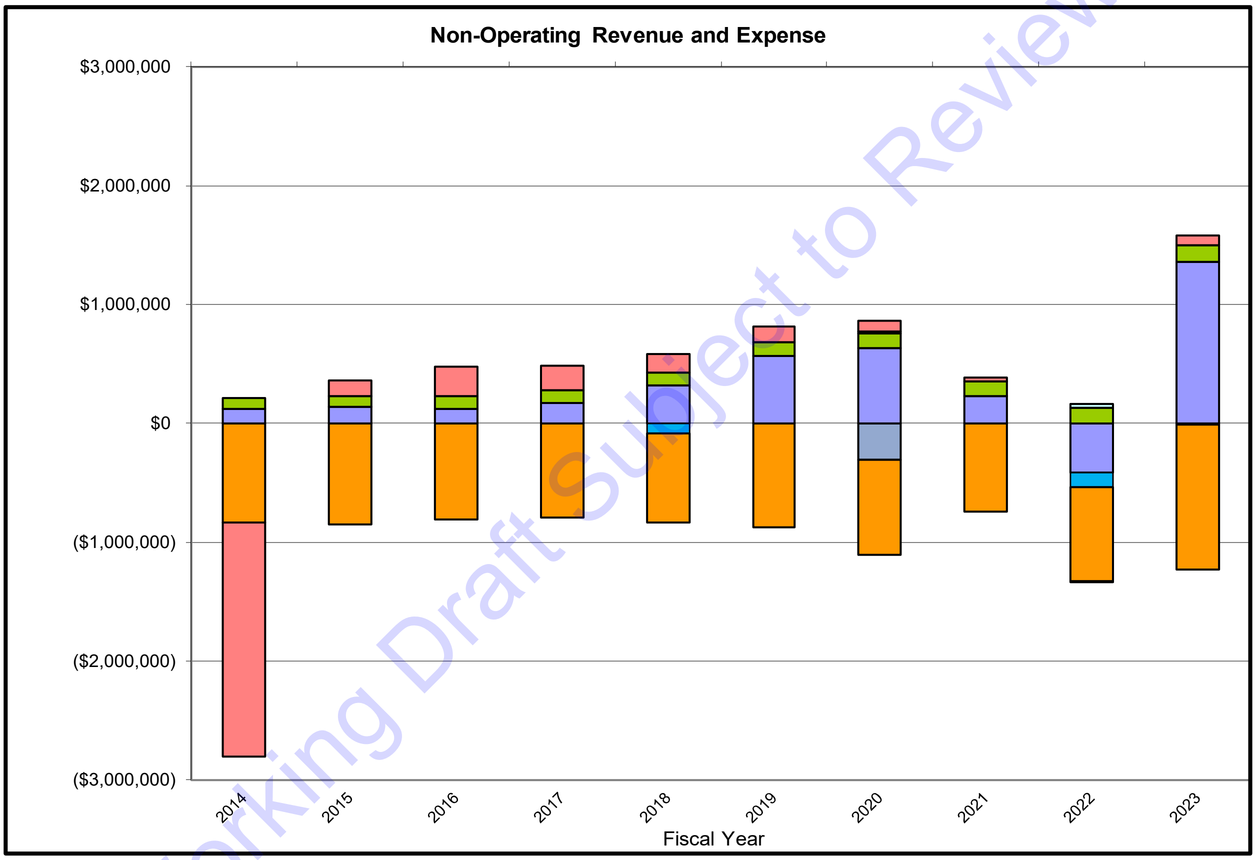


Source: North Marin Water District Audited Financial Statements

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

Schedule 4

Fiscal Year	Investment Income[1]	Property Taxes	Gain/(Loss) on Asset Sales	Debt Issuance Costs	Cap Contribution to Agency	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2014	$ 120,671	90,071	-	-	-	(830,830)	(1,972,027) [2]	(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	229,851	125,416	-	-	-	(740,004)	27,963	(356,774)
2022	(415,864)	132,649	34,135	(124,000)	-	(789,056)	(7,438)	(1,169,574)
2023	1,358,483	143,332	(10,885)	-	-	(1,219,819)	79,250	350,361



Notes:

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

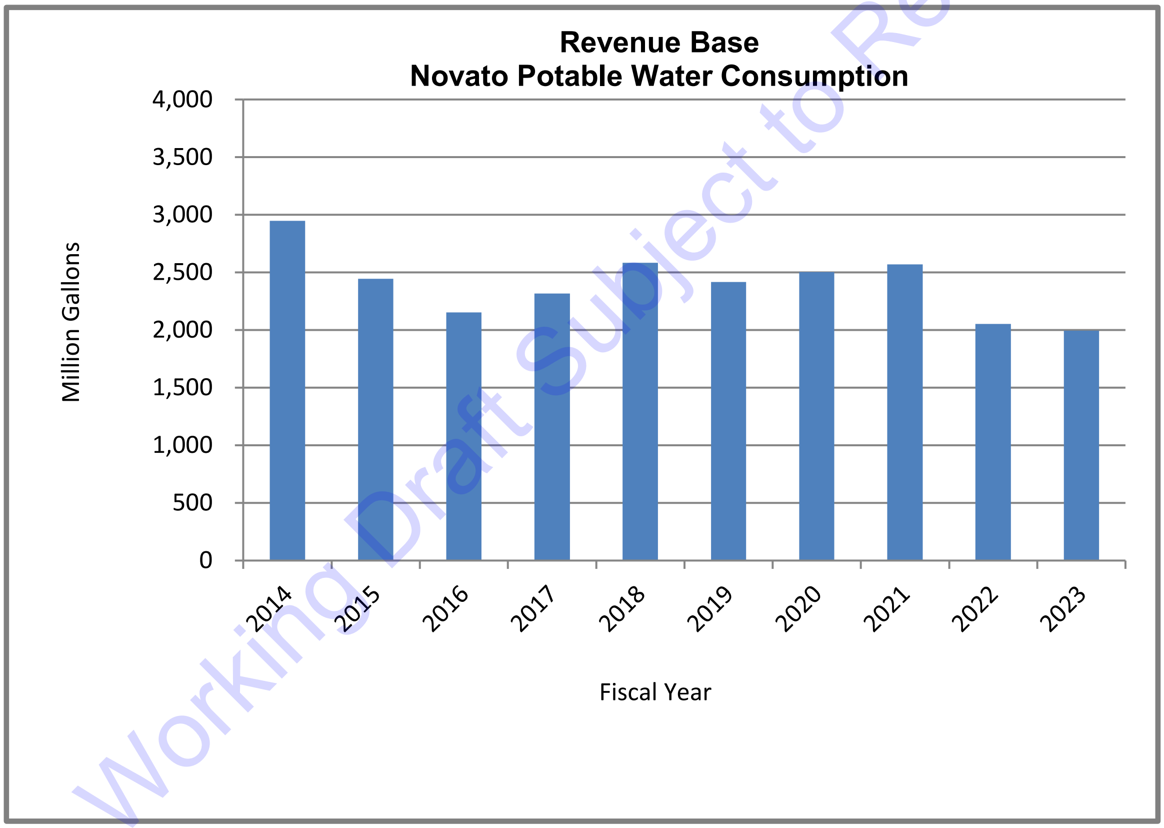
(2) Includes CalPERS Side Fund Payoff ($2,073,701).

Source: North Marin Water District Audited Financial Statements

North Marin Water District
Revenue Base
Last Ten Fiscal Years

Schedule 5

Fiscal Year	Novato Potable Water Consumption (Million Gallons)
2014	2,948
2015	2,444
2016	2,152
2017	2,317
2018	2,584
2019	2,416
2020	2,502
2021	2,570
2022	2,052
2023	1,993



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

	Customer Type							
	Novato Potable & Recycled							
Fiscal Year	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	Recycled	West Marin Water	Oceana Marin Sewer	Total
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
2022	18,552	699	1,232	217	97	789	235	21,821
2023	18,686	699	1,228	218	100	792	235	21,958

Source: North Marin Water District - Finance Department

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

Schedule 7

Bimonthly Service Charge

Meter Size	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
5/8" & 3/4"	$ 30.00	$ 30.00	$ 30.00	$ 31.50	$ 33.00	$ 34.15	$ 34.15	$ 41.46	$ 43.95	$ 46.58
1"	60.00	60.00	60.00	63.00	66.00	68.30	68.30	74.06	78.50	83.21
1 1/2"	73.00	73.00	73.00	77.00	80.50	83.30	83.30	128.38	136.08	144.25
2"	114.00	114.00	114.00	120.00	125.50	129.90	129.90	193.57	205.18	217.50
3"	227.00	227.00	227.00	238.00	248.50	257.20	257.20	367.41	389.45	412.82
4"	364.00	364.00	364.00	382.00	399.00	413.00	413.00	562.98	596.76	632.56
6"	761.00	761.00	761.00	799.00	835.00	864.00	864.00	1,106.23	1,172.60	1,242.96
8"	1,134.00	1,134.00	1,134.00	1,191.00	1,244.50	1,288.00	1,288.00	1,432.18	1,518.11	1,609.20

Water Use Rate (per 1,000 Gallons)

User Type	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Residential Zone A										
Base Rate(1)	$ 4.29	$ 4.46	$ 4.77	$ 5.01	$ 5.24	$ 5.42	$ 5.42	$ 5.50	$ 5.83	$ 6.18
Tier 1(2)	6.84	7.11	7.61	7.99	8.35	8.64	8.64	6.23	6.60	7.00
Tier 2(2)	11.90	12.38	13.25	13.91	14.54	15.05	15.05	7.57	8.13	8.62
Non-Residential Zone A										
Base Rate(1)	4.73	4.92	5.26	5.52	5.77	5.97	5.97	5.50	5.83	6.18
Seasonal Rate	5.08	5.28	5.65	5.93	6.20	6.42	6.42	7.67	8.13	8.62

Notes:

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

(2) Tier 1 = 616-1845 gallons/day (gpd) FY13-FY20, 263-720 gpd FY21-FY23, Tier 2 = >1845 gpd FY13-FY20, >720 gpd FY21-FY23

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

Source: North Marin Water approved rates

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

Schedule 8

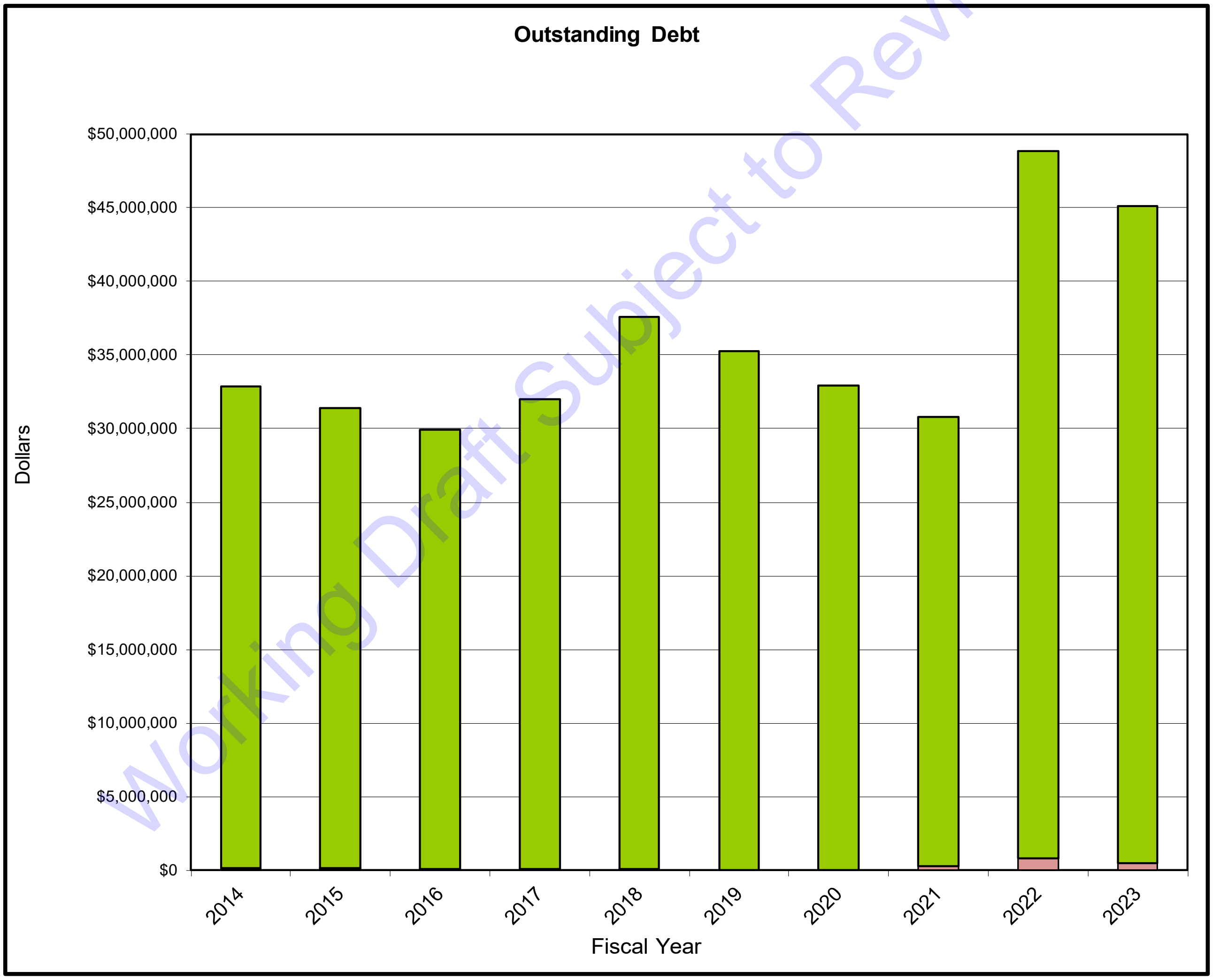
	FY 2022/23	% of Total	FY 2013/14	% of Total
1	Bay Club Stonetree	2.1%	City Of Novato	2.3%
2	City Of Novato	2.0%	Novato Unified School District	1.7%
3	Novato Unified School District	1.4%	Bay Club Stonetree	1.4%
4	Marin Country Club	1.3%	Coast Guard Spanish Housing	0.8%
5	Biomarin Pharmaceutical	1.3%	BioMarin Pharmaceutical	0.7%
6	Indian Valley Golf Course	0.9%	Indian Valley Golf Course	0.7%
7	NCP Multifamily LLC	0.8%	Meadow Park HOA	0.5%
8	Marion Park Apts	0.6%	Bay Vista Apartments	0.5%
9	Meadow Park HOA	0.6%	Fireman's Fund	0.5%
10	Vintage Oaks Shopping Ctr	0.5%	Marin Country Club	0.4%
		11.5%		9.5%
	Total Water Service Revenue	$23,555,000	Total Water Service Revenue	$19,394,000

Source: NMWD CORE billing system (t:\finance\audit\audit23\acfr fy23\top revenue 2014_2023.xlsx]top 10

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

Schedule 9

Fiscal Year	Bonds Payable	Leases Payable	Loans Payable	Total Debt	Total Per Capita	Total As a Share of Personal Income [1]
2014	159,916	-	32,687,391	32,847,307	318.46	0.24%
2015	136,000	-	31,237,390	31,373,390	538.48	0.28%
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	-	268,052	30,509,356	30,777,408	533.63	0.52%
2022	-	800,066	48,058,224	48,858,290	498.82	0.37%
2023	-	464,421	44,668,971	45,133,392	792.02	0.30%



Source: North Marin Water District Audited Financial Statements

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

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

Schedule 10

Fiscal Year		Revenue[1]	Expense[2]		Net Available Revenue	Debt Service	Principal	Interest		Total	Coverage Ratio
2014	$	21,364,965	(13,453,038)	$	7,911,927	$	1,618,138	830,830	$	2,448,968	3.23
2015		19,308,316	(13,803,596)		5,504,720		1,686,523	847,951		2,534,474	2.17
2016		18,191,410	(13,727,613)		4,463,797		1,721,904	807,034		2,528,938	1.77
2017		20,209,860	(15,118,535)		5,091,325		1,769,239	757,781		2,527,020	2.01
2018		22,506,537	(16,470,065)		6,036,472		1,814,680	747,118		2,561,798	2.35
2019		22,496,702	(16,395,767)		6,100,935		2,349,265	875,354		3,224,619	1.89
2020		26,057,340	(19,411,083)		6,646,257		2,332,799	798,522		3,131,321	2.12
2021		29,203,577	(20,742,030)		8,461,547		2,452,431	740,004		3,192,435	2.65
2022		24,290,503	(17,510,034)		6,780,469		2,629,807	789,056		3,418,863	1.98
2023		26,122,289	(17,409,629)		8,712,660		3,940,156	1,031,254		4,971,410	1.75

Notes:

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

(2) Expense excludes depreciation and amortization, interest, GASB 68 related pension, and GASB 75 related OPEB expense.

Source: North Marin Water District Audited Financial Statements

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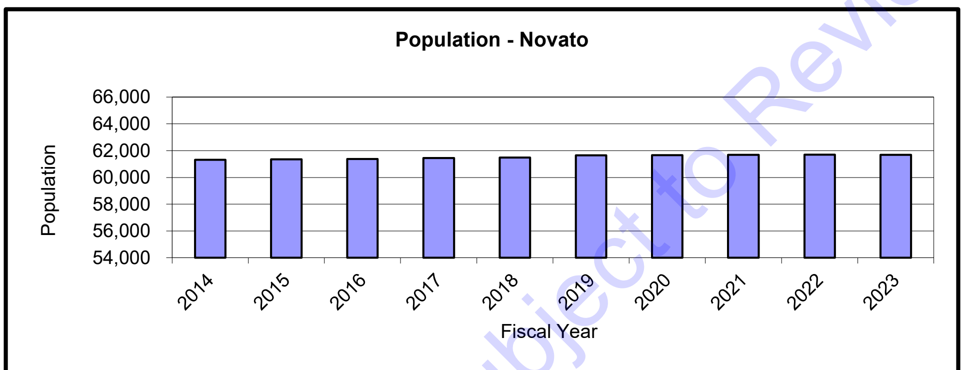
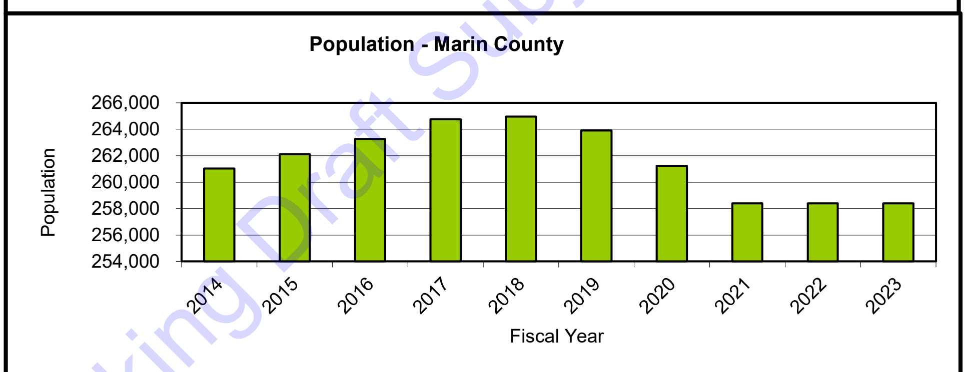
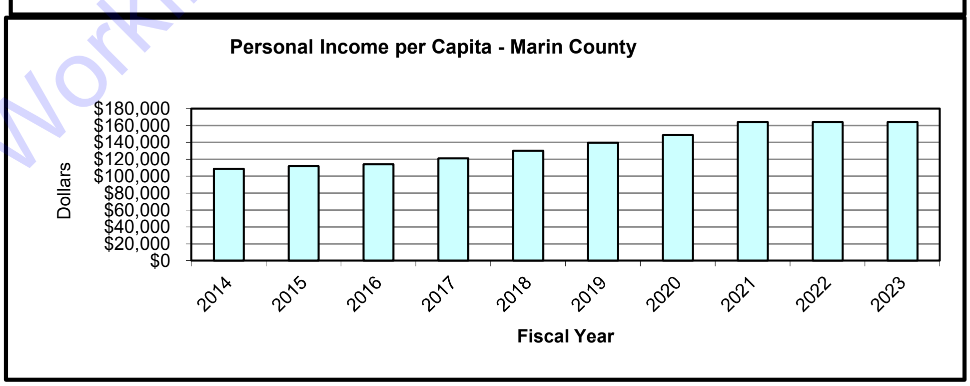
North Marin Water District
Demographics and Economics Statistics
Last Ten Fiscal Years

Schedule 11

	Novato Service Area[1]		County of Marin		
Year	**Estimated Population**	**Unemployment Rate**	**Population**	**Personal Income (thousands of dollars)**	**Personal Income per Capita**
2014	61,307	4.1%	261,033	$ 28,455,468	$ 109,011
2015	61,343	3.5%	262,105	29,332,433	111,911
2016	61,376	3.5%	263,257	30,059,737	114,184
2017	61,448	3.1%	264,753	32,089,917	121,207
2018	61,486	2.6%	264,944	34,476,633	130,128
2019	61,637	2.5%	263,917	36,919,613	139,891
2020	61,658	7.4%	261,227	38,771,050	148,419
2021	61,681	4.5%	258,385	42,405,629	164,118
2022	61,693	2.5%	258,385	42,405,629	164,118
2023	61,688	3.1%	258,385	42,405,629	164,118







Sources:

Novato population estimates based on District's occupancy estimates per Active Dwelling Unit
https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato
Population for County of Marin for 2022 & 2023 was unavailable, 2021 amount was used
Personal Income per Capita for 2022 & 2023 was unavailable, 2021 amount was used.

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

Schedule 12

	FY 2022/2023*		
	Employer	Number of Employees	Percent of Total Employment
1	County of Marin	2,436	1.92%
2	Kaiser Permanente	2,339	1.84%
3	BioMarin Pharmaceutical	1,868	1.47%
4	San Quentin Prsion	1,547	1.22%
5	Glassdoor Inc.	1,452	1.15%
6	San Rafael City Schools	1,145	0.90%
7	Marin General Hospital	1,081	0.85%
8	Novato Unified School District	800	0.63%
9	Marin Community Clinics	576	0.45%
10	Marin County Office of Education	449	0.35%
		13,693	10.80%

FY 2013/2014		
Employer	Number of Employees	Percent of Total Employment
County of Marin	2,065	1.51%
Kaiser Permanente	1,832	1.34%
San Quentin Prsion	1,654	1.21%
Marin General Hospital	1,637	1.19%
Autodesk Inc.	1,095	0.80%
BioMarin Pharmaceutical	850	0.62%
Novato Unified School District	812	0.59%
Fireman's Fund Insurance Co.	750	0.55%
Lucasfilm Ltd.	400	0.29%
Macy's	385	0.28%
	11,480	8.38%

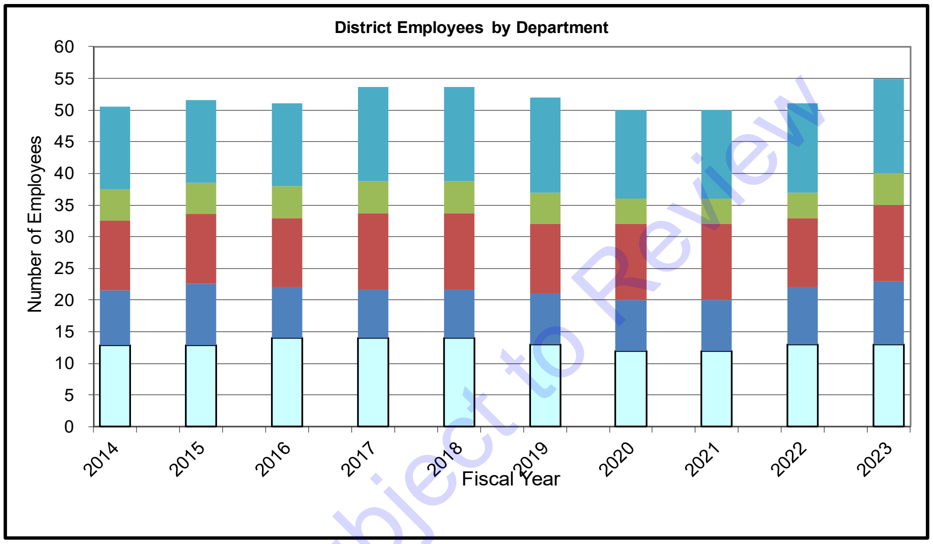
Source: County of Marin
https://www.marincounty.org/depts/df/annual-comprehensive-financial-reports-acfr

* 2022/2023 Largest Employers was not available. The last available year available was FY 2021/2022.

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

Schedule 13

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Fiscal Year End									
Administrative Services	13	13	14	14	14	13	12	12	13	13
Engineering Services	9	10	8	8	8	8	8	8	9	10
Construction /Maintenance	11	11	11	12	12	11	12	12	11	12
Water Quality	5	5	5	5	5	5	4	4	4	5
Operations / Maintenance	13	13	13	15	15	15	14	14	14	15
	51	52	51	54	54	52	50	50	51	55



Source: North Marin Water District Overheaded Payroll Worksheets for Pay Periods Ending June 30
Note: Excludes temporary employees

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

Schedule 14

	Other Operating and Capacity Indicators			
Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
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
2022	100	367	2,894	40
2023	100	368	2,896	40

Source: North Marin Water District - Engineering Department

Report on Internal Controls and Compliance

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, 2023, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

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.

C.J. Brown & Company CPAs
Cypress, California
December 5, 2023

ATTACHMENT 2

North Marin Water District

Management Report

June 30, 2023

North Marin Water District

Management Report

Table of Contents

Board of Directors
North Marin Water District
Novato, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the North Marin Water District (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Current Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Current Year Comments and Recommendations, continued

Disclosure of Audit Adjustments and Reclassifications, continued

Management's Response

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

* * * * * * * * * *

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

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

C.J. Brown & Company CPAs
Cypress, California
December 5, 2023

APPENDIX

North Marin Water District

Audit/Finance Committee Letter

June 30, 2023

Board of Directors
North Marin Water District
Novato, California

We have audited the financial statements of the business-type activities of the North Marin Water District (District) for the year ended June 30, 2023. and have issued our report thereon dated December 5, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 21, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 5, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

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

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

Management's estimate of the other post-employment benefits which is based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan which is based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate the defined benefit pension plan in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

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

The disclosure of capital assets, net in Note 8 to the financial statements which is based on estimated useful lives of each capitalized item which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan in Note 11 to the financial statements which is based on an actuarial valuation which could differ from actual costs.

Financial Statement Disclosures, continued

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

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management.

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 7 through 13 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 5, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

We applied certain limited procedures to the management discussion and analysis, schedules of changes in the District total OPEB liability and related ratios, schedules of the District's proportionate share of net pension liability, and the schedule of pension plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Conclusion

We appreciate the cooperation extended to us by Anthony Williams, General Manager, Julie Blue, Auditor-Controller, Nancy Williamson, Accounting Supervisor, Ling Reilly, Senior Accountant, and the rest of the District staff in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

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

C.J. Brown & Company CPAs
Cypress, California
December 5, 2023

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To reverse accretion of discount on US Treasury Note purchased as interest will be earned upon settlement of the note.			
49200.01	Interest Earned - General Funds	43,428.76	
13540.01	Bond Investments		43,428.76
Total		**43,428.76**	**43,428.76**
Adjusting Journal Entries JE # 2			
AJE - To remove an escrow account addition related to June construction activity which was not ACH'd until July 2023. Note: Retention was recorded simultaneously in accounts payable and retention payable at June 30 prior to this adjustment.			
22201.01	Accounts Payable - Vouchers	24,742.74	
13112.01	DL Falk Const Escrow Acct-CA Bank of Commerce		24,742.74
Total		**24,742.74**	**24,742.74**
Adjusting Journal Entries JE # 3			
AJE - To adjust Novato Recycled interest payable balance per recalculation schedule at June 30, 2023.			
22352.05	Accr Int Pay-SRF Loan-RW N/S Svc Area	6,023.85	
59441.05	RW Expansion SRF Loan Interest Expense		6,023.85
Total		**6,023.85**	**6,023.85**
Adjusting Journal Entries JE # 4			
AJE - To reclassify net book value loss on disposal from depreciation expense to Gain/Loss account at June 30, 2023.			
49605.08	Gain/loss on Disposal of Assets	13,180.60	
49605.08	Gain/loss on Disposal of Assets	19,868.21	
57101.08	Depreciation - Utility Plant In Service		13,180.60
57101.08	Depreciation - Utility Plant In Service		19,868.21
Total		**33,048.81**	**33,048.81**
Adjusting Journal Entries JE # 5			
GASB 68 Entry #1 - To reclassify 2022 contributions to NPL at June 30, 2023.			
21502.01	Pension Related Debt:Novato:Admin	1,674,677.00	
16100.01	Deferred Outflows - Pension		1,674,677.00
Total		**1,674,677.00**	**1,674,677.00**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
GASB 68 Entry #2 - To reclassify 2023 contributions to Deferred Outflows of Resources at June 30, 2023.			
13509.02	Unrestricted Cash:West Marin:GM	103,426.00	
13509.05	Unrestricted Cash	15,207.00	
13509.08	Unrestricted Cash	20,431.00	
16100.01	Deferred Outflows - Pension	1,874,485.00	
13509.01	Unrestricted Cash		139,064.00
51400.01	GASB68 Adjustment - Source		3,719.00
51400.02	GASB68 Adjustment - Source		1,315.00
52309.01	GASB68 Adjustment - Pumping		7,358.00
52309.02	GASB68 Adjustment - Pumping		5,191.00
52309.05	GASB68 Adjustment - Pumping		201.00
52700.01	GASB68 Adjustment - Operations		205,872.00
52700.02	GASB68 Adjustment - Operations		14,489.00
52700.05	GASB68 Adjustment - Operations		3,724.00
53800.01	GASB68 Adjustment - Water Treatment		363,633.00
53800.02	GASB68 Adjustment - Water Treatment		37,081.00
53800.05	GASB68 Adjustment - Water Treatment		385.00
54598.01	GASB68 Adjustment - T&D		575,756.00
54598.02	GASB68 Adjustment - T&D		40,152.00
54598.05	GASB68 Adjustment - T&D		10,897.00
54699.08	GASB68 Adjustment - Sewage Collection		8,092.00
54799.08	GASB68 Adjustment - Sewage Treatment		6,843.00
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin		5,496.00
55999.01	GASB68 Adjustment - Consumer Accounting		47,380.00
55999.02	GASB68 Adjustment - Consumer Accounting		3,984.00
57000.01	GASB68 Adjustment - G&A		478,304.00
58100.01	GASB68 Adjustment - Water Conservation		53,399.00
58100.02	GASB68 Adjustment - Water Conservation		1,214.00
Total		**2,013,549.00**	**2,013,549.00**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
GASB 68 Entry #3 - To record changes in pension liability during FY21/22 at June 30, 2023.			
13509.02	Unrestricted Cash:West Marin:GM	124,012.00	
13509.05	Unrestricted Cash	18,234.00	
13509.08	Unrestricted Cash	24,497.00	
16100.01	Deferred Outflows - Pension	2,398,215.00	
16100.01	Deferred Outflows - Pension	11,499,280.00	
23100.01	Deferred Inflows - Pension	55,635.00	
23100.01	Deferred Inflows - Pension	8,089,629.00	
13509.01	Unrestricted Cash		166,743.00
16100.01	Deferred Outflows - Pension		547,293.00
16100.01	Deferred Outflows - Pension		55,635.00
16100.01	Deferred Outflows - Pension		8,089,629.00
21502.01	Pension Related Debt:Novato:Admin		9,585,803.00
23100.01	Deferred Inflows - Pension		1,055,866.00
23100.01	Deferred Inflows - Pension		460,947.00
51400.01	GASB68 Adjustment - Source		4,459.00
51400.02	GASB68 Adjustment - Source		1,577.00
52309.01	GASB68 Adjustment - Pumping		8,822.00
52309.02	GASB68 Adjustment - Pumping		6,224.00
52309.05	GASB68 Adjustment - Pumping		241.00
52700.01	GASB68 Adjustment - Operations		246,849.00
52700.02	GASB68 Adjustment - Operations		17,373.00
52700.05	GASB68 Adjustment - Operations		4,466.00
53800.01	GASB68 Adjustment - Water Treatment		436,010.00
53800.02	GASB68 Adjustment - Water Treatment		44,461.00
53800.05	GASB68 Adjustment - Water Treatment		461.00
54598.01	GASB68 Adjustment - T&D		690,361.00
54598.02	GASB68 Adjustment - T&D		48,144.00
54598.05	GASB68 Adjustment - T&D		13,066.00
54699.08	GASB68 Adjustment - Sewage Collection		9,702.00
54799.08	GASB68 Adjustment - Sewage Treatment		8,205.00
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin		6,590.00
55999.01	GASB68 Adjustment - Consumer Accounting		56,810.00
55999.02	GASB68 Adjustment - Consumer Accounting		4,777.00
57000.01	GASB68 Adjustment - G&A		573,505.00
58100.01	GASB68 Adjustment - Water Conservation		64,027.00
58100.02	GASB68 Adjustment - Water Conservation		1,456.00
Total		**22,209,502.00**	**22,209,502.00**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY21/22 at June 30, 2023.			
13509.01	Unrestricted Cash	50,690.00	
23100.01	Deferred Inflows - Pension	204,616.00	
23100.01	Deferred Inflows - Pension	391,102.00	
51400.01	GASB68 Adjustment - Source	1,356.00	
51400.02	GASB68 Adjustment - Source	479.00	
52309.01	GASB68 Adjustment - Pumping	2,682.00	
52309.02	GASB68 Adjustment - Pumping	1,892.00	
52309.05	GASB68 Adjustment - Pumping	73.00	
52700.01	GASB68 Adjustment - Operations	75,045.00	
52700.02	GASB68 Adjustment - Operations	5,281.00	
52700.05	GASB68 Adjustment - Operations	1,358.00	
53800.01	GASB68 Adjustment - Water Treatment	132,552.00	
53800.02	GASB68 Adjustment - Water Treatment	13,517.00	
53800.05	GASB68 Adjustment - Water Treatment	140.00	
54598.01	GASB68 Adjustment - T&D	209,876.00	
54598.02	GASB68 Adjustment - T&D	14,636.00	
54598.05	GASB68 Adjustment - T&D	3,972.00	
54699.08	GASB68 Adjustment - Sewage Collection	2,950.00	
54799.08	GASB68 Adjustment - Sewage Treatment	2,494.00	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	2,003.00	
55999.01	GASB68 Adjustment - Consumer Accounting	17,271.00	
55999.02	GASB68 Adjustment - Consumer Accounting	1,452.00	
57000.01	GASB68 Adjustment - G&A	174,353.00	
58100.01	GASB68 Adjustment - Water Conservation	19,466.00	
58100.02	GASB68 Adjustment - Water Conservation	443.00	
13509.02	Unrestricted Cash:West Marin:GM		37,700.00
13509.05	Unrestricted Cash		5,543.00
13509.08	Unrestricted Cash		7,447.00
16100.01	Deferred Outflows - Pension		637,955.00
16100.01	Deferred Outflows - Pension		377,981.00
16100.01	Deferred Outflows - Pension		263,073.00
Total		**1,329,699.00**	**1,329,699.00**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 9			
GASB 75 Entry #1 - To record changes in OPEB liability during FY22/23.			
13509.01	Unrestricted Cash	1,250.00	
21503.01	OPEB Liability	56,378.00	
51401.01	GASB75 Adjustment - Source of Supply	33.00	
51401.02	GASB75 Adjustment - Source of Supply	12.00	
52301.05	Electric Power	2.00	
52310.01	GASB75 Adjustment - Pumping	66.00	
52310.02	GASB75 Adjustment - Pumping	47.00	
52701.01	GASB75 Adjustment - Operations	1,851.00	
52701.02	GASB75 Adjustment - Operations	130.00	
52701.05	GASB75 Adjustment - Operations	33.00	
53801.01	GASB75 Adjustment - Water Treatment	3,270.00	
53801.02	GASB75 Adjustment - Water Treatment	333.00	
53801.05	GASB75 Adjustment - Water Treatment	3.00	
54596.01	GASB75 Adjustment - T&D	5,178.00	
54596.02	GASB75 Adjustment - T&D	361.00	
54596.05	GASB75 Adjustment -T&D	98.00	
54698.08	GASB75 Adjustment - Sewage Collection	73.00	
54798.08	GASB75 Adjustment - Sewage Treatment	62.00	
54898.08	GASB75 Adjustment - Sewage Disposal	49.00	
55998.01	GASB75 Adjustment - Consumer Accounting	426.00	
55998.02	GASB75 Adjustment - Consumer Accounting	36.00	
57001.01	OPEB Expense-G&A	4,302.00	
58101.01	GASB75 Adjustment - Water Conservation	480.00	
58101.02	GASB75 Adjustment - Water Conservation	11.00	
13509.02	Unrestricted Cash:West Marin:GM		930.00
13509.05	Unrestricted Cash		136.00
13509.08	Unrestricted Cash		184.00
23200.01	Deferred Inflows:OPEB		73,234.00
Total		**74,484.00**	**74,484.00**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
GASB 75 Entry #2 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2023.			
13509.01	Unrestricted Cash	597.00	
51401.01	GASB75 Adjustment - Source of Supply	16.00	
51401.02	GASB75 Adjustment - Source of Supply	6.00	
52310.01	GASB75 Adjustment - Pumping	32.00	
52310.02	GASB75 Adjustment - Pumping	22.00	
52310.05	GASB75 Adjustment - Pumping	1.00	
52701.01	GASB75 Adjustment - Operations	883.00	
52701.02	GASB75 Adjustment - Operations	62.00	
52701.05	GASB75 Adjustment - Operations	16.00	
53801.01	GASB75 Adjustment - Water Treatment	1,558.00	
53801.02	GASB75 Adjustment - Water Treatment	159.00	
53801.05	GASB75 Adjustment - Water Treatment	2.00	
54596.01	GASB75 Adjustment - T&D	2,467.00	
54596.02	GASB75 Adjustment - T&D	172.00	
54596.05	GASB75 Adjustment -T&D	47.00	
54698.08	GASB75 Adjustment - Sewage Collection	35.00	
54798.08	GASB75 Adjustment - Sewage Treatment	29.00	
54898.08	GASB75 Adjustment - Sewage Disposal	24.00	
55998.01	GASB75 Adjustment - Consumer Accounting	203.00	
55998.02	GASB75 Adjustment - Consumer Accounting	17.00	
57001.01	OPEB Expense-G&A	2,050.00	
58101.01	GASB75 Adjustment - Water Conservation	229.00	
58101.02	GASB75 Adjustment - Water Conservation	5.00	
13509.02	Unrestricted Cash:West Marin:GM		443.00
13509.05	Unrestricted Cash		66.00
13509.08	Unrestricted Cash		88.00
16200.01	Deferred Outflows - OPEB		5,946.00
23200.01	Deferred Inflows:OPEB		2,089.00
Total		**8,632.00**	**8,632.00**
Adjusting Journal Entries JE # 11			
CPE - To accrue interfund interest receivable to match payable already booked at June 30, 2023.			
13756.01	Loan Interest Receivable-WM Loan	27,467.01	
49232.01	Interest Earned WM Loan from Novato		27,467.01
Total		**27,467.01**	**27,467.01**
Adjusting Journal Entries JE # 12			
AJE - To adjust unbilled receivable accrual to revised calculation at June 30, 2023.			
13741.01	Accrued Water Revenue	142,423.60	
13741.05	Accrued Water Revenue	31,838.27	
41100.02	Water Sales	5,297.71	
13741.02	Accrued Water Revenue		5,297.71
41100.01	Water Sales		142,423.60
41100.05	Water Sales		31,838.27
Total		**179,559.58**	**179,559.58**
Adjusting Journal Entries JE # 13			
CPE - Batch 12673 - To Post Current Liability for Enterprise Leased Vehicles at 6/30/23 and to write off Difference between Lease Schedules and GL.			
21440.01	Enterprise Lease:Novato:Dist	104,588.70	
22440.01	Enterprise Leases-Novato-Current	12.55	
22440.01	Enterprise Leases-Novato-Current		104,588.70
59404.01	Enterprise Lease Int:Novato:Dist		12.55
Total		**104,601.25**	**104,601.25**

North Marin Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 14			
CPE - Batch 12674 - Accrue EFM July Invoice for Vehicle 554 Received 6/8/23 - June portion 71112023 invoice in July Inv #F8M783281.			
22440.01	Enterprise Leases-Novato-Current	363.77	
59404.01	Enterprise Lease Int:Novato:Dist	70.02	
22200.01	Accounts Payable - Accrued		433.79
Total		**433.79**	**433.79**
Adjusting Journal Entries JE # 15			
CPE - Batch 12689 - To post Wood Hollow and Buck Institute Lease Entries to Adjust to Schedules FY22I23.			
12211.01	Depr-Leased Asset/Building	19,817.06	
12211.01	Depr-Leased Asset/Building	24,019.88	
21441.01	Leased Assets/Building - LT	22,869.07	
21441.01	Leased Assets/Building - LT	43,972.06	
59403.01	Int Expense - Leased Assets/Building	183.92	
14400.01	Prepaid Expense		4,481.64
22441.01	Leased Assets/Building - Current		18,570.99
22441.01	Leased Assets/Building - Current		43,109.67
57102.01	Depr-Leased Assets/Building		19,817.05
57102.01	Depr-Leased Assets/Building		24,019.89
59403.01	Int Expense - Leased Assets/Building		862.75
Total		**110,861.99**	**110,861.99**
Adjusting Journal Entries JE # 16			
CPE - Batch 12690 - Adjust the Relieve FRC at 6/30/23 - Back out Building Remodel previously relieved and will not include it in the calculation going forward.			
12622.01	Restricted Cash - FRC Fund	2,387,309.11	
30120.01	Facilities Reserve Fees	2,387,309.11	
13509.01	Unrestricted Cash		2,387,309.11
25502.01	Reserve For Capital Improvements - FRC		2,387,309.11
Total		**4,774,618.22**	**4,774,618.22**
Adjusting Journal Entries JE # 17			
CPE - Batch 12691 - Zero out FRC Cash after Batch 12690 was posted. Batch 12690 backed the Building Remodel amount out of the Relieve FRC Entry.			
13509.01	Unrestricted Cash	2,387,309.11	
12622.01	Restricted Cash - FRC Fund		2,387,309.11
Total		**2,387,309.11**	**2,387,309.11**
	Total Adjusting Journal Entries	**35,002,638.11**	**35,002,638.11**
	Total All Journal Entries	**35,002,638.11**	**35,002,638.11**

Legend:

AJE	Audit Adjusting Journal Entry
CPE	District Prepared Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Journal Entry
GASB 75 Entry	GASB 75 Implementation Journal Entry

ATTACHMENT 3

North Marin Water District

NORTH MARIN WATER DISTRICT

Board of Directors

Presentation Of The June 30, 2023 Annual Audited Financial Statements

C.J. Brown & Company, CPAs
An Accountancy Corporation

The Audit

- **The Audit was Performed in Accordance with Auditing Standards Generally Accepted in the United States of America**
  - **Our Audit Procedure Include:**
    - **Assess the District's internal controls**
    - **Agree balance to supporting documentation**
    - **Perform analysis of key relationships**

The Reports

Independent Auditor's Report

Unmodified 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, 2023….

District Awards

***Certificate of Achievement for Excellence in Financial Reporting* for 2022.**

- **A Prestigious Award Presented by GFOA.**

Management Report

Communication to Governing Board

- **Auditor's Responsibility Under U.S. GAAS**
- **Scope of Audit**
- **District's Accounting Practices**
- **Corrected and/or Uncorrected Misstatements**
- **Difficulties Encountered in Performing the Audit – None Noted**
- **Disagreements with Management – None Noted**

Financial Highlights

Condensed Statements of Net Position

		2023	2022	Change
Assets:				
Current assets	$	39,992,888	47,718,488	(7,725,600)
Non-current assets		6,896,968	6,391,431	505,537
Capital assets, net		147,063,309	140,803,815	6,259,494
Total assets		193,953,165	194,913,734	(960,569)
Deferred outflows of resources		6,917,788	2,797,995	4,119,793
Liabilities:				
Current liabilities		8,559,383	8,677,249	(117,866)
Non-current liabilities		64,052,063	59,548,203	4,503,860
Total liabilities		72,611,446	68,225,452	4,385,994
Deferred inflows of resources		2,038,529	9,229,700	(7,191,171)
Net position:				
Net investment in capital assets		112,410,898	110,111,018	2,299,880
Restricted		7,432,578	4,560,392	2,872,186
Unrestricted		6,377,502	5,585,167	792,335
Total net position	$	126,220,978	120,256,577	5,964,401

Financial Highlights

In 2023:

Net Position - Increased 5.0% or $5,964,401 to $126,220,978 due to net revenue from ongoing operations of $4,203,106, that include $3,438,780 in current year GASB 68 pension adjustments, and capital contributions of $1,761,295.

- Total Revenues – Increase by $1,869,256.
- Total Expenses – Decreased by $5,602,221.

Capital **C**ontributions **- D**ecreased **$**64,208

Financial Highlights

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

	2023	2022	Change
Revenue:			
Operating revenue	$ 24,244,711	23,587,781	656,930
Non-operating revenue	1,583,230	370,904	1,212,326
Total revenue	25,827,941	23,958,685	1,869,256
Expense:			
Operating expense	15,868,059	21,663,342	(5,795,283)
Depreciation and amortization	4,523,906	4,023,236	500,670
Non-operating expense	1,232,870	1,540,478	(307,608)
Total expense	21,624,835	27,227,056	(5,602,221)
Net income(expense) before capital contributions	4,203,106	(3,268,371)	7,471,477
Capital contributions	1,761,295	1,825,503	(64,208)
Changes in net position	5,964,401	(1,442,868)	7,407,269
Net position, beginning of year	120,256,577	121,699,445	(1,442,868)
Net position, end of year	$ 126,220,978	120,256,577	5,964,401

Financial Highlights

Total Revenues – Increase by $1,869,256.

- **Operating Revenues** - Increased 2.8% or $656,930 due primarily to increases in bi-monthly meter service charges of $499,854 and in water consumption sales of $132,809.
- **Non-operating Revenues** - Increased by 326.9% or $1,212,326 due primarily to an increase in net investments earnings of $1,256,847.
- **Capital Contributions** - Decreased by 3.5% or $64,208 due primarily to a decrease in connection fees of $524,300 offset by increases from developer contributions of $355,528 and state and local capital grants of $104,564.

Financial Highlights

Revenues:

		2023	2022	Change
Operating revenues:				
Water consumption sales	$	16,537,824	16,405,015	132,809
Monthly meter service charge		7,017,426	6,517,572	499,854
Sewer service charge		304,560	290,460	14,100
Other charges and services		384,901	374,734	10,167
Total operating revenues		24,244,711	23,587,781	656,930
Non-operating revenues:				
Property tax revenue		143,332	132,649	10,683
Investment earnings, net		1,256,847	-	1,256,847
Interest earnings from note receivable – BPGL		9,009	11,177	(2,168)
Interest earnings from loan receivable – MMWD		79,845	56,418	23,427
Interest earnings from leases		12,782	14,054	(1,272)
Rental revenue		69,876	94,843	(24,967)
Gain on sale of capital assets		-	34,135	(34,135)
Other non-operating revenues		11,539	27,628	(16,089)
Total non-operating revenues		1,583,230	370,904	1,212,326
Total revenues	$	25,827,941	23,958,685	1,869,256

Financial Highlights

Total Expenses – Decreased by $5,602,221.

Operating Expenses - Decreased 26.8% or $5,795,282 due primarily to decreases in:

- **Transmission & Distribution** of $1,643,280 - includes $1,149,892 in GASB 68 related pension adjustments.
- **Source of Supply** of $1,448,891 due primarily to a decrease of $1,436,318 in purchased water from Sonoma County Water Agency capital contribution credit.
- **General & Administrative** of $1,377,148 - includes $1,469,057 in GASB 68 related pension adjustment changes.
- **Water Facilities Operations** of $706,694 which includes $716,070 in GASB 68 related pension adjustment changes.
- **Water Conservation** of $242,691 which includes $191,276 in GASB 68 related pension adjustment changes.
- **Customer Service** of $114,672 which includes $165,786 in GASB 68 related pension adjustment changes.

Non-operating Expenses - Decreased by 20.0% or $307,609 due primarily to a $1,754,360 decrease in unrealized investment loss from prior year levels and no current year debt issuance cost as compared with prior year, which were offset by increases in interest expense on long-term debt of $430,763.

Financial Highlights

Expenses:

		2023	2022	Change
Operating expenses including depreciation expense:				
Source of supply	$	5,001,982	6,450,873	(1,448,891)
Pumping		493,027	522,717	(29,690)
Water facilities operations		678,573	1,385,267	(706,694)
Water treatment		2,353,464	2,588,135	(234,671)
Transmission and distribution		2,913,847	4,557,127	(1,643,280)
Sewage collection and treatment		220,375	217,921	2,454
Customer service		386,333	501,005	(114,672)
General and administrative		3,499,861	4,877,009	(1,377,148)
Water conservation		320,597	563,288	(242,691)
Depreciation and amortization		4,523,906	4,023,236	500,670
Total operating expenses including depreciation expens		20,391,965	25,686,578	(5,294,613)
Non-operating expenses:				
Unrealized loss, net of investment inc.		-	497,513	(497,513)
Interest expense – long-term debt		1,219,819	789,056	430,763
Capital contribution to Agency		-	124,000	(124,000)
Loss on disposition of capital assets		10,885	-	10,885
Other non-operating expenses		2,166	129,909	(127,743)
Total non-operating expenses		1,232,870	1,540,478	(307,608)
Total expenses	$	21,624,835	27,227,056	(5,602,221)

Questions

7

DISBURSEMENTS - DATED NOVEMBER 22, 2023

Date Prepared 11/20/23

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 11/15/23 PPE	$178,756.69
90600*	Internal Revenue Service	Federal & FICA Taxes PPE 11/15/23 PPE	72,405.37
90600*	State of California	State Taxes & SDI PPE 11/15/23 PPE	16,216.13
90600*	CalPERS	Pension Contribution PPE 11/15/23 PPE	46,334.53
EFT*	US Bank	October Bank Analysis Charge (Lockbox $912 & Other $379 Less Interest $105)	1,185.11
90646*	Amazon	Service Award (Kane), Ram for PC, Hose Barb, Kitchen Supplies & Towing Hitch	814.79
1	Alameda Electrical Distributors	2" PVC Pipe (6)	140.55
2	AT&T	Leased Lines	62.86
3	Avery, Lori	Novato "Washer Rebate" Program	100.00
4	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 145 of 240) Aqueduct Energy Efficiency Project	46,066.67
5	Clovis Hills Community Church	Return Payment-Not Our Customer	389.29
6	Costco Membership	Membership Renewal (1/24-12/24) (Budget $120)	120.00
7	Faidi, Susan	Refund Overpayment on Closed Account	70.74
8	D.L. Falk Construction, Inc.	Prog Pymt#16: Perform NMWD Admin & Lab Building Upgrades (Balance Remaining on Contract $3,954,563)	482,748.31
9	D.L. Falk Construction Escrow Acct	5% Retainer: DL Falk Construction-CA Bank of Commerce-Admin Bldg & Lab Upgrade	25,407.80
10	Fisher Scientific	Petri Dishes (600-Lab)	151.43
11	GHD Inc.	Prog Pymt#7: NMWD GIS Conversion to ESRI & Mapping Support (Balance Remaining on Contract $1,648)	1,745.29

*Prepaid

Seq	Payable To	For	Amount
12	Grainger	Cordless Impact Wrench, 10" x 20" Enclosure & Miscellaneous Maintenance Tools & Supplies	1,395.26
13	Hach Co.	Sample Cells (18) (STP)	232.39
14	Idexx Laboratories	Media & Supplies for Coliform & RW Analysis	385.74
15	InfoSend, Inc.	October Processing Fee for Water Bills ($1,278), Postage ($4,152) & October Monthly Support Fee	6,455.93
16	Kaiser Foundation Health Plan	DMV/DOT Physical (Watkins)	115.00
17	Kiosk Creative LLC	October Marketing Communication & Outreach Services (Balance Remaining on Contract $44,409)	6,534.10
18	LeBrun, Kent	Exp Reimb: D3 Renewal	120.00
19	Lincoln Life Employer Serv	Deferred Compensation 11/15/23 PPE	10,752.15
20	Marin County Ford	Service Parts ('20 F250, '18 Ford Cargo Van, '23 Ford Ranger)	849.31
21	McLellan Co, WK	Misc Paving	21,465.80
22	Nationwide Retirement Solution	Deferred Compensation 11/15/23 PPE	4,277.50
23	Novato Sanitary District	July 2023 RW Operating Expense	45,613.09
24	ODP Business Solutions, LLC	Printer Toner & Pencil Holder	154.81
25	O'Reilly Auto Parts	All Purpose Cleaner	52.07
26	Pace Supply	Couplings (26), Elbows (10), Nipples (14), Unions (16) & Valves (8) ($2,561) & Bushings (6)	4,739.67
27	Pape Machinery Inc.	Service Parts ('04 Backhoe & '09 JD Backhoe)	428.36
28	Point Reyes Prop Mgmt Assn	November HOA Fees (25 Giacomini Rd)	75.05
29	Pollard Water	Fire Hose Assembly	303.69
30	Jensen Precast	Delivery & Installation of Manway Vault (Aqueduct Landslide Damage Repair)	28,946.05
31	Quadient, Inc.	December Postal Meter Rental	143.09
32	Ruggles, Mathew	Novato "Pool Cover Rebate" Program	75.00

Seq	Payable To	For	Amount
33	Schoepp, Gregory	Refund Over Payment on Closed Account	30.23
34	Servpro of Petaluma	Refund Excess Advance Over Actual Job Cost	2,075.44
35	Shanks, Lisa	Novato "Washer Rebate" Program	100.00
36	Soiland Co., Inc.	Rock (16 yds)	552.77
37	Sonoma County Water Agency	October Contract Water	354,820.62
38	Stenmark, Spencer	Refund Excess Advance Over Actual Job Cost	1,049.00
39	Tap Masters, Inc.	Installed 24" Manway for Aqueduct	18,418.00
40	Tec Help Fleet Training	Brakeless Ignition Tester & Air Brake Seminar (1/9-1/10/24) (Watkins)	450.00
41	Temple, Sherry	Novato "Washer Rebate" Program	100.00
42	Township Building Services	Oct Janitorial Services (District Yard & STP)	1,522.86
43	US Postal Service	Meter Postage	1,500.00
44	VWR International LLC	Endo Broth Filter (Lab)	249.18
45	White & Prescott	Prog Pymt#29: Homeward Bound Water Line Easement ($675) (Balance Remaining on Contract $34,715), Prog Pymt#30: Ammo Hill Tank Site Acquisition ($135) (Balance Remaining on Contract $34,580), Prog Pymt#31: Klatte Water Line Easement ($855) (Balance Remaining on Contract $33,725) & Prog Pymt#32: McPhails-Hanna Ranch Water Line Easement ($360) (Balance Remaining on Contract $33,365)	2,025.00
46	ZORO	Marking Chalk & Paint	409.89
		TOTAL DISBURSEMENTS	**$1,389,132.61**

The foregoing payroll and accounts payable vouchers totaling $1,389,132.61 are hereby approved and authorized for payment.

Julie Blue 11/20/23

Auditor-Controller Date

11/20/23

General Manager Date

DISBURSEMENTS - DATED NOVEMBER 30, 2023

Date Prepared 11/27/23

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
90649*	US Bank Card	Indeed Job Postings (Utility Worker 1) ($800), Calibration for High Tech Data Logger (Lab), CSMFO-Conference Registration, Lodging, Airfare & Online Training ($1,186), Electric Vehicle Charge, GoDaddy SSL Renewal, Internet for PRTP & Gallagher Well #2, Zoom for Board Meetings, UCD-Assembly Bill 589 Training (4 Employees), ASCE Membership (Williams), Aatrix-941 & DE-9 Filing Fees, Thermal Labels, Replacement Automotive Paint Meter ($893) & Pizza for Staff on Halloween	$4,594.76
1	100 Wood Hollow Drive Owner	December Rent for Wood Hollow	29,735.21
2	Aftertec Inc.	Aerial Photography (999 Rush Creek Place)	259.00
3	Alpha Analytical Labs	Lab Testing (Novato & W.M.)	2,275.00
4	American Family Life Ins	November Employee Paid Benefit	3,761.41
5	AT&T	Leased Lines	308.24
6	Autoworld	Seat Replacement Parts ('18 Dodge Ram)	1,538.26
7	AVEVA Select California	Service Contract for Distribution & STP SCADA Software (3/24-3/25)	8,090.00
8	Backflow Distributors	Vacuum Breakers (2) & Replacement Parts for NMWD Owned Double Check Detector Assemblies ($1,945)	2,442.99
9	Badger Meter	5/8" Meters (120)	11,875.09
10	CA Dept of Tax and Fee Admin.	Water Rights Fees (7/1/23-6/1/24)	2,987.31
11	Consolidated CM	Prog Pymt#30: Provide Construction Management Services for NMWD Admin Building Renovation (Balance Remaining on Contract $246,513)	60,809.88
12	Core Utilities, Inc	Consulting Services: October IT Support ($6,000) & CORE Billing Maintenance	6,325.00

*Prepaid

Seq	Payable To	For	Amount
13	Core & Main	Box Lids (4), Couplings (20), Gaskets (40), Nipples (11), Pipe (200') ($3,581), Unions (2) & Clamps (4) ($3,494)	7,790.30
14	Cummings Trucking	Rock ($1,588) (95 yds) & Sand ($742) (31 yds)	2,329.60
15	Sam Demartini	Exp Reimb: Safety Boots	200.00
16	Energy Systems	Service on O.M. & STP ($1,566) Generators	2,415.09
17	Environmental Science Assoc	Prog Pymt#3: New Gallagher Well #2 (Balance Remaining on Contract $11,782)	7,457.50
18	Fishman Supply Co	Rain Gear for STP	349.46
19	Genterra Consultants	Prog Pymt#27: Dam Safety Consulting Services for STP (Balance Remaining on Contract $61,898)	1,502.50
20	Grainger	Safety Signs (3), Miscellaneous Detergents , Pipe Brushes (3), Socket Plugs (10) & Potassium Iodide (STP)	415.79
21	Home Depot	Fine Point Permanent Markers for Construction (36) & Marking Paint	163.06
22	Instrumart	Level Sensor for STP Auxiliary Cooling Water	645.32
23	JW Mobile	Replace Stafford Lake Outlet Tower Hydraulic Gate Hoses	44,397.76
24	Marin Color Service	Paint & Supplies	58.09
25	McLellan Co, WK	Misc Paving	1,319.81
26	Mutual of Omaha	December Group Life Insurance Premium	1,269.35
27	Northen, Brian	Exp Reimb: Safety Boots	200.00
28	NSI Solutions, Inc.	QC Sample (Lab)	316.00
29	ODP Business Solutions, LLC	Annual Calendar Order	1,016.47
30	Pace Supply	Couplings (22) ($3,970), Nipples (86), Reducers (2), Meter Boxes (8), Bushings (40), Gaskets (10), Hydrants (3) ($8,900), Pipe (280') ($1,537) & Valves (7) ($1,839)	17,947.97
31	Scott Technology Group	November Monthly Maintenance Fee on Engineering, Admin Copiers & Overage Fee	541.43
32	Sonoma-Marin Arborists Inc	Tree & Poison Oak Removal from Stafford Lake Spillway	14,410.00

Seq	Payable To	For	Amount
33	SPG Solar Facility XII, LLC	Oct Energy Delivered Under Solar Services Agreement	12,049.52
34	State Water Resources Control	Clean Water SRF Loan Principal & Interest-RW North Segment 1 (Pymt #12 of 20)	40,196.44
35	Tamagno Green Products	Sludge Removal from STP (135 loads)	6,075.00
36	Thatcher Company of California	Chlorine (2,000 lbs) (STP)	5,181.50
37	VWR International LLC	Membrane Filters (1,000) & Cleaning Cloths (2)	460.42
38	ZORO	Push Brooms (8) & Adaptor	282.66
		TOTAL DISBURSEMENTS	**$303,993.19**

The foregoing payroll and accounts payable vouchers totaling $303,993.19 are hereby approved and authorized for payment.

Nancy Williamson for Julie Blue 11/28/23

Auditor-Controller Date

11/29/2023

General Manager Date

NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors December 5, 2023

From: Julie Blue, Auditor-Controller JB
Nancy Williamson, Accounting Supervisor NW

Subj: Auditor-Controller's Monthly Report of Investments for October 2023
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RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of $36,285,512 and a market value of $36,003,262. During October the cash balance increased by $1,717,361. The market value of securities held increased $1,609,626 during the month. The total unrestricted cash balance at month end was $3,156,097 and 96.8% of the Target Reserves are funded.

At October 31, 2023, 58% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 18% in Time Certificates of Deposit, 17% in a Treasury Bill, 3% in the Marin County Treasury, and 4% retained locally for operating purposes. The weighted average maturity of the portfolio was 77 days, compared to 67 days at the end of September. The LAIF interest rate for the month was 3.67%, compared to 3.53% the previous month. The weighted average Portfolio rate was 4.62%, compared to 4.99% for the prior month.

Investment Transactions for the month of October are listed below:

10/3/2023	LAIF	US Bank	$250,000	Trsf from LAIF account
10/11/2023	US Bank	LAIF	$900,000	Trsf to LAIF account
10/13/2023	CA State Treasurer	LAIF	$168,960	7-9/23 Quarterly LAIF interest credit
10/19/2023	US Treasury	US Bank	$8,168,000	Treasury bill Matured
10/19/2023	US Bank	U.S. Treasury	$5,999,186	Purchase 5.42% Treas due 3/21/24
10/20/2023	US Bank	LAIF	$1,500,000	Trsf to LAIF account
10/25/2023	US Bank	LAIF	$700,000	Trsf to LAIF account

ATTACHMENTS:
1. Monthly Report of Investments – October 2023

ATTACHMENT 1

NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
October 31, 2023

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis[1]	10/31/2023 Market Value	Yield[2]	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	$21,218,274	$20,927,748	3.67% [3]	**58%**
Time Certificate of Deposit								
TCD	Enerbank	n/a	9/25/20	9/25/24	249,000	249,000	0.45%	1%
TCD	BMW Bank	n/a	8/20/21	2/20/24	249,000	249,000	0.45%	1%
TCD	Goldman Sachs Bank	n/a	1/19/22	1/19/24	249,000	249,000	0.75%	1%
TCD	Ally Bank	n/a	2/24/22	2/23/24	248,000	248,000	1.30%	1%
TCD	Greenstate Credit Union	n/a	3/15/22	3/15/24	249,000	249,000	1.60%	1%
TCD	Capital One Bank	n/a	4/7/22	4/8/24	247,000	247,000	2.20%	1%
TCD	Capital One Bank, N.A.	n/a	4/20/22	4/22/24	247,000	247,000	2.35%	1%
TCD	American Express Natl Bank	n/a	5/4/22	5/6/24	246,000	246,000	2.60%	1%
TCD	BMO Harris Bank	n/a	6/10/22	6/10/24	246,000	246,000	2.80%	1%
TCD	GE Credit Union	n/a	6/29/22	6/28/24	249,000	249,000	3.25%	1%
TCD	Beal Bank	n/a	7/13/22	7/10/24	246,000	246,000	3.05%	1%
TCD	Synchrony Bank	n/a	8/5/22	8/5/24	245,000	245,000	3.30%	1%
TCD	Discover Bank	n/a	9/13/22	9/13/24	245,000	245,000	3.40%	1%
TCD	Sharonview Credit Union	n/a	10/17/22	10/17/24	249,000	249,000	4.35%	1%
TCD	Popular Bank	n/a	11/9/22	11/7/24	247,000	247,000	4.75%	1%
TCD	Dannemora Fed Credit Union	n/a	11/10/22	11/10/23	249,000	249,000	4.70%	1%
TCD	Greenwood Credit Union	n/a	11/21/22	11/21/23	248,000	248,000	4.85%	1%
TCD	Alabama Credit Union	n/a	11/22/22	11/22/24	248,000	248,000	4.90%	1%
TCD	Community West Credit Union	n/a	12/19/22	12/19/24	249,000	249,000	4.78%	1%
TCD	Connexus Credit Union	n/a	12/20/22	12/20/23	248,000	248,000	5.00%	1%
TCD	Austin Telco Fed Credit Union	n/a	1/27/23	1/27/25	248,000	248,000	4.90%	1%
TCD	First Tech Fed Credit Union	n/a	2/17/23	2/18/25	249,000	249,000	4.85%	1%
TCD	Keybank National Assoc	n/a	3/15/23	3/17/25	243,000	243,000	5.00%	1%
TCD	Morgan Stanley Bnk NA	n/a	4/6/23	4/7/25	244,000	244,000	4.90%	1%
TCD	Morgan Stanley Private Bnk	n/a	4/6/23	4/7/25	244,000	244,000	4.90%	1%
TCD	Raiz Federal Credit Union	n/a	5/11/23	5/12/25	248,000	248,000	4.85%	1%
TCD	Hughes Federal Credit Union	n/a	6/29/23	6/30/25	248,000	248,000	5.25%	1%
					$6,677,000	**$6,677,000**	**3.53%**	**18%**
US Treasury Bills								
Treas	Treasury Bill	n/a	10/19/23	3/21/24	**$5,999,186**	**$6,007,461**	**5.42%**	**17%**
Other								
Agency	Marin Co Treasury	AAA	Various	Open	$1,051,860	$1,051,860	0.88%	3%
Other	Various	n/a	Various	Open	1,339,193	1,339,193	0.11%	4%
			TOTAL IN PORTFOLIO		**$36,285,512**	**$36,003,262**	**4.62%**	**100%**

Weighted Average Maturity = **77 Days**

LAIF: State of California Local Agency Investment Fund.

TCD: Time Certificate of Deposit.

Treas: US Treasury Notes with maturity of 5 years or less.

Agency: STP State Revolving Fund Loan Reserve.

Other: Comprised of 5 accounts used for operating purposes. US Bank Operating Account, US Bank STP SRF Loan Account, US Bank FSA Payments Account, Bank of Marin AEEP Checking Account & NMWD Petty Cash Fund.

1 Original cost less repayment of principal and amortization of premium or discount.
2 Yield defined to be annualized interest earnings to maturity as a percentage of invested funds.
3 Earnings are calculated daily - this represents the average yield for the month ending October 31, 2023.

Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
Marin Country Club Loan	1/1/18	11/1/47	$1,265,295	$1,048,030	1.00%
Marin Municipal Water - AEEP	7/1/14	7/1/32	$3,600,000	$1,620,203	2.71%
Employee Housing Loan (1)	3/30/15	3/30/30	250,000	250,000	Contingent
TOTAL INTEREST BEARING LOANS			**$5,115,295**	**$2,918,233**	

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

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NORTH MARIN

Water district to fortify basins for Dillon Beach

BY ADRIAN RODRIGUEZ

ARODRIGUEZ@MARINIJ.COM

The North Marin Water District is moving forward with a repair and reinforcement project for its storm-damaged water treatment and storage ponds in western Marin.

The two large ponds serve the Oceana Marin development in Dillon Beach, where the district has 5 miles of pipeline providing sewer services for 236 connections. One of the ponds required emergency repair work after torrential rain in the 2016-17 winter season. The project provides a permanent fix that regrades the ponds and bolsters their berms.

Argonaut Constructors of Santa Rosa was selected from a pool of five bidders to perform the work, district staff told the board at a recent meeting. The contractors submitted the lowest bid at $1.49 million, which is $305,000, or about 17%, below the district engineer's estimate, staff said.

The project is being paid for with a $1.97 million grant from the Federal Emergency Management Administration. The grant requires a 25% local match, said Eric Miller, the district's chief engineer and assistant general manager.

"Projects like this wouldn't be possible without a grant," Miller said. "Oceana Marin is a fairly small system and a project that cost $1.49 million — it would take several years of annual sewer rate collections to get close to that funding. We're really excited about it."

The annual service charge per dwelling in Oceana Marin is $1,374, which is included on the property tax bill. That comes out to about $324,000 in revenue to the district each year.

Miller said the Oceana Marin system involves simple earth ponds. Heavy rain paired with strong winds caused wave action in the ponds that was too aggressive for the earth to handle, eroding the edge of the water storage systems, Miller said.

Tony Williams, general manager of the district, said it applied for the FEMA funding immediately after the storms. While waiting for approval, staff repaired the pond berms at a cost of about $20,000.

"We put in more dirt and used geotextile fabrics to stabilize it," Williams said. "That has lasted since 2018."

Miller said the district wants to ensure that the ponds can withstand similar storms in the future, and proposed a project that would not just repair the damage but reinforce the ponds.

The district received notification last year that the project qualified for FEMA funding. However, because of rising construction costs, the engineer's estimate exceeded the available grant funding by about $700,000. A request for the additional funding was granted this spring, enabling the district to seek a contractor.

The $1.49 million project, which will get underway early next year, involves draining the treatment and storage ponds and clearing and grubbing the bank vegetation.

Once that is done, crews will armor the pond berms with stabilization fabric and rock riprap.

"So in the event of another storm, and that wave action comes back, the riprap would protect the slopes of the banks, so it's a resiliency project in that regard," Miller said.

"This represents a really important project for the community, and it's a good example of what FEMA's mission is in supporting these projects that make us more resilient to natural hazards," Miller said.

The project is expected to be completed next fall.

Marin IJ 11/25/23

ENVIRONMENT

Slippery statistics

State water outlook unclear despite encouraging data

Water rushes down the Peters Dam spillway in January at Kent Lake, one of the seven Marin Municipal Water District reservoirs. The district says its reservoir storage is at 82% of capacity, 125% of the historical average for the time of year. DOUGLAS ZIMMERMAN — SPECIAL TO THE MARIN INDEPENDENT JOURNAL

Flooding stretches across part of Shoreline Highway in Stinson Beach in January.
SHERRY LAVARS — MARIN INDEPENDENT JOURNAL

BY RACHEL BECKER

CALMATTERS

It's a big departure from a year ago: The state's major reservoirs — which store water collected mostly from rivers in the northern portion of the state — are in good shape, with levels at 124% of average. In late 2022, bathtub rings of dry earth lined lakes that had collectively dipped to about two-thirds of average — until heavy winter storms in January filled many of them almost to the brim.

Yet healthy water levels don't mean California's reservoirs are full. Most of California's large reservoirs are operated for flood control as well as water storage, with space kept empty to rein in winter storm runoff.

The wet season has arrived in California, with El Niño conditions projected to continue strengthening. But for the state, with its unpredictable swings from dry to wet and back again, El Niño doesn't guarantee heavy rainfall.

And as California's water managers plan for the water year ahead, they're faced, as always, with their dueling responsibilities: forestalling floods while preparing for possible scarcity in a state where water supplies are often stretched thin and long droughts are common.

When state climatologist Michael Anderson looks into California's water year ahead, he says the crystal ball is cloudy.

Threats of a major storm dissolved into showers in parts of California this month.

Some headlines heralded it as the first storm of many as El Niño continues to strengthen and intensify. Characterized by warming of the central and eastern tropical Pacific Ocean, El Niño is often expected to bring wetter weather.

But in California, the connection is more tenuous. Of seven El Niño events over the past 23 years, Anderson said, two have been dry, three have been roughly average and two have been wet. One recent study reported that El Niño accounts for only about 25% of the year-to-year variability in California's rain and snowfall during the winter.

"What that tells me is anything goes," Anderson said. "El Niño by itself doesn't define our water year."

In fact, the year is actually off to a drier start: Statewide, California has had only about 45% of average precipitation since this water year began Oct. 1. In the Bay Area, last weekend's wet weather dropped 2.6 inches of rain in San Rafael — below the normal rainfall of 3.5 inches for this time of year, according to the National Weather Service.

Marty Ralph, director of the Center for Western Weather and Water Extremes at UC San Diego, suspects that it's atmospheric rivers like the ones that pummeled California last year that will determine whether El Niño will bring a firehose or a trickle to California.

"It's like you're playing poker, and you've got a good hand — that's El Niño for us. But we haven't finished the round of the game, and we still have to draw a couple cards," Ralph said. "But we might not draw the good cards."

With seasonal outlooks unable to reliably say whether a winter will be wet or dry, water managers must plan for both.

Fortunately there's some wiggle room this year, according to Jeanine Jones, the Department of Water Resources' interstate resources manager. Last year's massive snowpack and abundant rainfall filled the state's reservoirs enough that even if this rainy season leans dry, she said, "We're going into next year with a cushion, which is always good."

Last week, Marin Municipal Water District recorded 3.57 inches of rain at Lake Lagunitas, one of seven district reservoirs. Spokesperson Adriane Mertens said on Wednesday that the district’s local reservoir storage is at 82% of capacity, 125% of the historical average storage for the date.

“We’re always happy to see the rain, and last week’s wet weather was no exception,” Mertens said. “While it did not make a drastic jump in our overall water supply numbers, we did still see about a 0.4% gain in supply following the recent rains.”

All of the reservoirs stayed at or above average storage levels throughout this year, according to the district.

That doesn’t mean the reservoirs are full statewide, though. Lake Oroville — the largest reservoir in the State Water Project, which sends water south to farms and cities — and Lake Shasta — critical to growers and other water users reliant on the federal Central Valley Project — are at about two-thirds of their total capacity.

That’s because with reservoirs that serve the dual purpose of flood control and water storage, water managers must release water to keep space empty to wrangle possible floods during the wet season, Jones said.

The water that flows into rivers and streams and out to the ocean is often bemoaned as water wasted. But waste is in the eye of the beholder, said Jay Lund of the Center for Watershed Sciences at UC Davis.

“Water that’s ‘wasted’ is always water used by somebody else,” Lund said.

The list of benefits for fishing, conservation, Delta farmers, water quality and healthy shorelines is lengthy. Water allowed to flow out into the San Francisco Bay, for instance, washes away salts and pollutants, transports sediment and sand necessary to maintain marshes and restore eroding beaches, assists salmon in migrations and helps maintain healthy ecosystems.

Still, the Public Policy Institute of California reports that California could have socked away more water last year, had there been better ways to ferry water from full rivers to groundwater recharge sites, and better coordination among landowners, local agencies, and others.

“I tend to think that there is room for capturing more surface water … if you could afford the cost of capturing it,” agreed Lund. “That, to me, is the biggest problem.”

The controversial Sites Reservoir project, for instance, is projected to cost more than $4.4 billion. The reservoir, planned in the western Sacramento Valley, would store as much as 1.5 million acre-feet of Sacramento River water, alarming environmental groups that say drawing more water from the river will imperil its already-struggling fish.

In early November, Gov. Gavin Newsom cleared the project to be fast-tracked “to the extent feasible” through any litigation challenging it under the landmark California Environmental Quality Act. That move was made possible with new legislation. Even so, the project is not expected to be completed before 2030 or 2031.

In the meantime, researchers like Ralph, along with local, state and federal agencies, hope to operate the state’s reservoirs more nimbly by incorporating new weather forecasting tools into decades-old rulebooks governing when to hold onto water and when to release it.

The program allowed the Russian River watershed to hold onto about 7,000 to 8,000 acre-feet more water in Lake Mendocino this past year, and an additional 19,000 acre-feet more in Lake Sonoma, according to Donald Seymour, deputy director of engineering with Sonoma Water. The Department of Water Resources announced that it is expanding the effort to two major reservoirs, Lake Oroville and New Bullards Bar, as well.

Many are looking down rather than up for opportunities to store more water. The Department of Water Resources estimates that about 3.8 million acre-feet of water was captured through groundwater recharge by last summer.

The Southern California water import giant, the Metropolitan Water District, also recently announced a $211 million groundwater bank in the Antelope Valley. The bank can store 280,000 acre-feet of water, enough to fill Castaic Lake, the largest State Water Project reservoir in Southern California. Though construction to allow withdrawals hasn’t been completed yet, the bank stands ready to accept deposits.

The bank is aimed at providing a little more net for the tightrope walk that California’s water managers start anew every water year.

“We always plan for it to be potentially very dry, or very wet,” said Brad Coffey, Metropolitan’s water resources manager. “No matter what kind of year we had this year.”

EDITORIAL

Marin IJ 11/27/23

What we flush matters for health, safety

What goes in the toilet, and what goes in the trash?

It's the kind of discussion one has with a 2-year-old, and is all the more delightful because it's a topic generally regarded as taboo in polite conversation. You get to say things such as only "the three Ps" — pee, poop and paper — go in the toilet. Everything else goes in the trash can. Right?

Alas, modern human life is much more complicated and the conversation far more difficult, though fundamentally important for health, safety and good manners. The last century has given us three new Ps to contend with: plastics, PFAS and pharmaceuticals. We should not flush these, though throwing them in the trash doesn't mean they won't harm us.

Microplastics are found in human blood. PFAS — per- and polyfluoroalkyl substances, which are known popularly as "forever chemicals" and are associated with a host of bad health effects — taint drinking water in numerous communities. Drugs meant to treat deadly disease in humans end up causing illness in other creatures when, discarded, they leach into the water.

Long dismissed as merely part of the waste stream, water will be cleansed and monitored at a level not previously attained to form a buffer against drought. It is more important than ever to revisit management of the three Ps.

The first two — the ones that pass out of the human body — are treated to kill pathogens. Liquids and solids are separated and, to oversimplify, liquids go to the ocean and solids are used to enrich farm soil.

Human waste fertilizes crops? Yes. Anyone who has bought a bag of Milorganite fertilizer to spread on their lawn and keep it green has in some sense become a customer of the Milwaukee Metropolitan Sewerage District, which produces the product from carefully treated biosolids, the word used to describe human waste.

Los Angeles was once dotted with "sewage farms" fertilized, disturbingly, with untreated waste. They produced vegetables that were considered safe to eat only if cooked. Now L.A.'s waste is properly treated, after which much of it is trucked to farmland in Kern County alongside Interstate 5. Crops there are lush and healthy. Adjacent, unsupplemented land looks like a moonscape.

The third P is more problematic. Toilet paper is made to dissolve, but there are arguments and lawsuits over some other products labeled "flushable" (baby wipes and moistened cleaning pads, for example) that municipal sanitation agencies say clog sewer systems and cost taxpayers and ratepayers millions of dollars each year to clear.

Should so-called flushables go into the trash instead? Yes. Municipalities have long lists of things people commonly flush but shouldn't, including facial tissues, tampons, dental floss and indeed any nonorganic material.

But don't think placing them in the trash renders them harmless. Plastics (like dental floss) in landfills become microplastics that leach any chemicals they were treated with right back into the water. Unused pills are bad news whether flushed or tossed. PFAS leach from some types of paper plates, takeout containers and other things that generally are placed in the blue recycle bin but shouldn't be.

Some used clothes, old carpets, in fact anything that "miraculously" resists stains, moisture or wrinkling, may leach PFAS. They obviously can't be flushed but really shouldn't go into the bin either — not the green one, the blue one or the black one. Many people put them there anyway.

The companies that produce these wonder products make them appear affordable because they "externalize" their costs — they offload them, unseen, onto our sewer bills; our medical bills; our bodies; the land, water and air.

The basic rule remains sound: Flush only the three Ps. For now, everything else has to go into the trash, though we need to recognize the hazards that filling our landfills continues to cause and move quickly to a more sustainable system.

Written by the Los Angeles Times editorial board. Distributed by Tribune Content Agency, LLC.

BLOG POST · NOVEMBER 28, 2023

A Better Way to Promote Urban Water Conservation

David Mitchell and Ellen Hanak

Reducing per capita water use in cities and suburbs is key for helping communities get through droughts. And together with strategies to improve water supplies, it can also help build long-term water resilience in the face of our changing climate. In recent decades, Californians have been making great strides in long-term water conservation, and this latest drought showed once again that communities will go the extra mile to save water during droughts if needed.

But while it's often assumed that water conservation is inexpensive, it actually can be very costly. In response to 2018 legislation, the State Water Board is now considering new urban water use regulations whose statewide costs would far exceed their benefits. What's more, these costs would significantly impact affordability, hitting inland, lower-income communities hardest. In this post, we explore some of the proposed regulations' challenges and suggest some better approaches for implementing the law. An accompanying dataset provides further details.

A recap of recent urban conservation law

The 2018 legislation Making Conservation a California Way of Life called for the state to develop long-term water use standards for urban retail water suppliers—the roughly 400 utilities that serve more than 90% of California's residents. The law focused on indoor and outdoor water use and water loss from leaky pipes within distribution systems. In 2022, the State Water Board adopted regulations on reducing water loss, and new legislation set uniform statewide targets for indoor residential use.

The State Water Board is now considering proposed standards for outdoor water use by homes and non-residential water users with large amounts of landscaping. Outdoor use averages close to half of urban use, but the share varies widely across communities. Board staff developed the proposal, and it includes substantially tighter requirements than those recommended by the Department of Water Resources (DWR) following a multi-year technical assessment with extensive stakeholder input.

Once the regulations are adopted, suppliers could be fined if they fail to meet both the water loss standards and the combined indoor and outdoor standards. The board could also mandate specific actions to reduce water use. Crucially, while utilities can directly control their performance on water loss, they will need to rely on their customers to achieve the required indoor and outdoor savings. Achieving long-term water savings generally requires spending both by customers (on landscaping, for instance) and by utilities, which must staff and fund rebates and other programs to help customers use less water.

Major challenges with the State Water Board proposal

Among the issues with the proposal now before the board, three stand out:

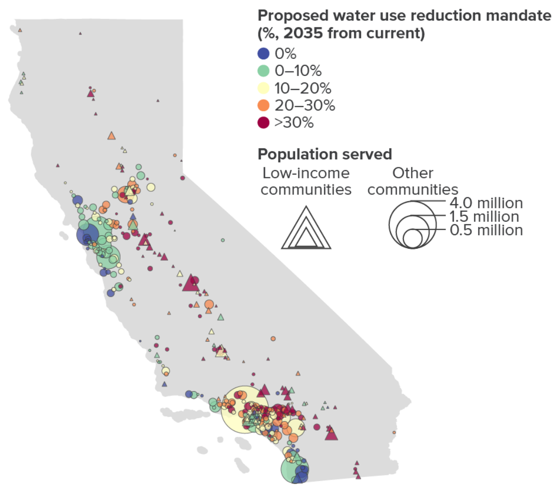
Very high cost for little benefit. Board staff analysis concludes that the regulations would save roughly half a million acre-feet of water annually and would generate a net benefit to California of $2.2 billion between now and 2040—or $1.24 for every dollar spent. But as one of us shows elsewhere, that analysis both overstates the benefits and vastly understates costs. In reality, the regulations are likely to cost utilities and their customers over $15 billion dollars to implement, while providing only $8 billion in benefits. This would result in a *net cost* to California of $7.4

billion to save less than 1.5% of annual water used by communities and farms statewide. In other words, California would see just $0.53 of benefit for every dollar spent.

Major affordability concerns. The staff analysis also asserts that most Californians would see their water bills go down. But given the regulations' high net costs, the reverse is likely to be true. We estimate that at best, only a quarter of communities would save money or face no net costs—and the majority would see costs rise. And the regulations would hit the pocketbooks of inland, low-income, smaller communities hardest.

As the first map shows, the regulations would disproportionately impact smaller, low-income, inland communities, which would face the biggest mandated reductions, given their relatively high outdoor water use. Half of inland communities would need to cut water use by more than 30%, versus just 12% among coastal communities. Communities with the most low-income residents are twice as likely to face high cutbacks as communities with the fewest low-income residents (38% versus 19%). The smallest urban utilities are also twice as likely as the largest ones to face high cutbacks (36% versus 16%).

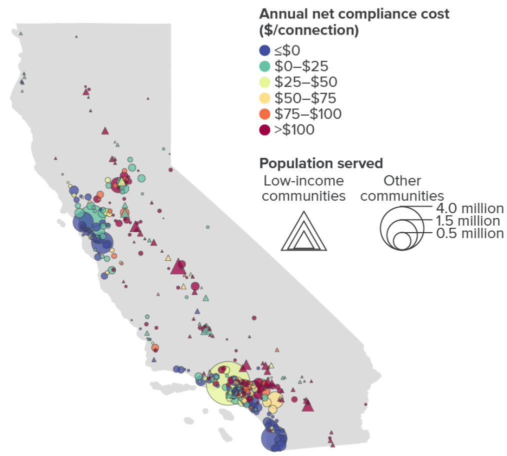
Mandated reductions would be highest in inland, lower-income communities



SOURCE: Author estimates, using DWR's Water Use Objective Analyzer Tool.
NOTES: The reductions are those required by 2035 for water loss and indoor residential use plus the State Water Board's proposed standards for outdoor residential use and commercial, institutional, and industrial outdoor use with dedicated irrigation meters, relative to current levels of these use categories. The sample includes 398 urban utilities. Triangles show the 108 utilities where more than 50% of the population lives in low-income Census block groups, using the state definition of disadvantaged communities as having median household incomes below 80% of the statewide annual median household income. For details by utility, see the accompanying dataset: *PPIC Urban Water Use Standards Analysis*.
FROM: PPIC Blog, November 2023.

As the second map shows, inland, low-income, and smaller communities also will face the biggest net costs of implementing the regulations. This map plots our conservative estimates of annual net implementation costs per connection—the average cost households could face by 2035 when the regulations are in full swing. The statewide average is $101 per year, but the range is wide. On average, coastal communities would pay $54/year to implement the regulations, versus $194/year in inland areas. The communities with the most low-income residents would pay 2.5 times more than those with the fewest. And those served by smaller utilities would also face higher costs. This pattern reflects two things. First, achieving larger reductions is more costly. And second, inland areas such as the Central Valley tend to face relatively low costs for water compared to coastal areas, and thus lower benefits (or "avoided costs") from using less of it.

The proposed regulation would be costly for most communities, and hit inland and lower-income communities hardest



SOURCE: Author estimates, using DWR's Water Use Objective Analyzer Tool.
NOTES: The map shows estimated net costs at full implementation (2035) for the adopted standards for water loss and indoor residential use plus the State Water Board's proposed standards for outdoor residential use and commercial, institutional, and industrial outdoor use with dedicated irrigation meters, relative to current levels of these use categories. These estimates are conservative because they assume implementation costs will be constant, while attaining higher levels of savings often entails higher costs. Also, the avoided costs of saving water are likely lower than the numbers used here because water wholesalers will need to raise prices on remaining sales to cover their fixed costs. The sample includes 398 urban utilities. Triangles show the 108 utilities where more than 50% of the population lives in low-income Census block groups, using the state definition of disadvantaged communities as having median household incomes below 80% of the statewide annual median household income. For details by utility, see the accompanying dataset: *PPIC Urban Water Use Standards Analysis*.
FROM: PPIC Blog, November 2023.

Standards will be hard to meet. As many speakers at a recent board workshop pointed out, the strict standards for outdoor use not only will be costly, they will be hard for many communities to achieve without compromising the health of urban greenery, such as shade-providing trees, and banning residential lawns altogether, including in backyard play areas. Especially in the warmer inland parts of California, the standards could increase the risk of urban heat islands, erode quality of life, and undermine public confidence in government.

In response to concerns raised, the staff's approach so far has been to offer "variances" such as special allowances for communities with a lot of horses, or small delays in implementation for communities that file special requests to protect their trees. Such approaches add to the administrative costs for utilities, and they will tend to amplify the already considerable inequities, because larger, better-resourced utilities will find it easier to avail themselves of these variances.

A better approach

We believe it's possible for the board to meet both the letter and spirit of the Making Conservation a California Way of Life legislation, while limiting the harmful unintended consequences. The following options could be used individually—or ideally in combination:

1. **Revert to the outdoor water use standards proposed by DWR.** Whereas the board staff opted to impose largely untested design standards for outdoor water use efficiency, DWR's proposal includes some room for error, based on expert judgement of what's feasible in large-scale implementation. Applying these standards would reduce average annual implementation costs by 40%—down to $60/connection—and lower the share of communities facing high reductions and high net costs.
2. **Cap required water use reductions.** Past experience has shown that it's both hard—and very

costly—for communities to go beyond 20% savings. Capping the reductions at that level would bring average compliance costs down to $57/year, while reducing the gap in costs between inland and coastal regions and lessening the burden on lower-income communities. DWR also recommended including a cap for utilities facing very high reductions.

3. **Conduct benefit-cost assessments at the utility level.** Even with these options, a majority of communities are likely to lose money implementing the new conservation law; nearly a quarter—including many lower-income communities—would still face annual net implementation costs of more than $100 per household. This is especially troubling given growing concerns about water affordability in the state. A reasonable—and feasible—approach would be to limit conservation requirements for each community to levels that can be justified by the data. It is relatively straightforward to obtain credible estimates of supplier-level benefits and costs using the data developed by DWR and board staff; we have done that for our estimates above. The board has already used such an approach to adjust utility water loss standards. To guard against very costly outcomes, something similar could be done to gauge the local cost-effectiveness of the indoor and outdoor urban water use targets.

The bottom line

The proposed regulations show that urban water conservation can indeed be very costly for California's households, with very large expenses for very little payoff. Judicious modifications could meet the legislature's goal of promoting continued progress in urban water use efficiency in ways that are both equitable and wallet-smart. If the regulations go forward as proposed, it will be tempting to look for taxpayer dollars to help keep conservation programs locally affordable. But that would be penny-wise and pound-foolish. In our warming, increasingly volatile climate, California has vast investment needs to safeguard our water supplies and protect people and property from growing flood, heat, and wildfire risks. It's imperative that we spend our water dollars wisely.

TOPICS

climate change | Drought | Paying for Water | Water Supply | Water, Land & Air

Marin IJ 11/30/23

FIVE OBJECTIVES

MMWD unveils draft plan to manage watershed lands

Includes wild re prevention, creek restoration, recreation

Colin Western of England cycles around Bon Tempe Reservoir in Fairfax. A Marin Municipal Water District proposed watershed stewardship plan focuses on restoration efforts, wildfire preparedness, recreation and facility maintenance. PHOTOS BY SHERRY LAVARS — MARIN INDEPENDENT JOURNAL, FILE

A Marin Municipal Water District sign on the way to Bon Tempe Lake in Fairfax.

BY ADRIAN RODRIGUEZ

ARODRIGUEZ@MARINIJ.COM

Marin Municipal Water District officials unveiled details this week of a proposed watershed stewardship goal designed to focus on restoration efforts, wildfire preparedness, recreation and facility maintenance.

The goal is among several that the district is packaging into a five-year strategic plan. Other goals include water supply, creating a resilient water system, fiscal responsibility and organizational excellence.

While the strategic plan is a working draft, staff is breaking out discussions on each of these topic areas for discussion with the board of the directors. An update was presented at a special meeting on Monday.

“In this discussion we really want to get some assistance framing it,” said Shaun Horne, the district’s watershed resources manager. “And then evaluating these objectives to make sure that they capture important interests of the board and the community.”

The district, which supplies water to 191,000 residents in central and southern Marin, manages about 19,800 acres of watershed lands in the county.

The overarching aim of the watershed stewardship goal is to “protect and manage Marin Water lands for the long-term benefits for the community and the environment,” according to the working draft.

The watershed stewardship goal is broken down into five objectives, the first being creek restoration. That objective covers efforts such as advancing the district’s coho salmon habitat restoration in Lagunitas Creek, increasing fishery lifecycle monitoring, adding new monitoring technology and working toward restoration efforts in other watersheds within district boundaries.

A second objective is wildfire resiliency, which includes maintaining partnerships with other land managers to enhance emergency response and support. The objective also includes replacing old wildland firefighting and vegetation management equipment, and supporting workforce development through ranger trainee programs and other partnerships with organizations such as AmeriCorps, the California Conservation Corps and others.

There is a third objective that calls for overall stewardship. The district plans to lead habitat restoration projects, trail maintenance, environmental education and community science projects, among other efforts.

Objective four is recreation, which proposes several efforts to maintain the land to support visitors engaging in nature-based activities, including trail restoration projects and advancing the goals of a watershed recreation management plan, which is being developed now.

There was quite a bit of discussion about recreation on the watershed land.

Earlier in the conversation, board member Ranjiv Khush said that the district said that an overarching goal of the whole strategic plan is for the district to ensure clean drinking water for the public.

Board member Larry Russell said that fact needs to be highlighted in the recreation goal, “so that people understand that while it’s great that we can get a multipurpose out of the watershed. It’s real value is as our drinking water supply.”

Residents who participated in the meeting said that the recreation component is an important part of the discussion.

Tom Boss, off-road director of the Marin County Bicycle Coalition, said that recreation on the land predates the creation of the water district.

“That’s why we have a legacy of recreation and a lot of popular hiking trails on the mountain,” he said.

Boss said that with over 2 million visitors in the watershed. “So we can’t ignore the fact that it’s a destination.”

The final objective under the stewardship umbrella is to maintain district facilities, including enhancing ranger residences and improving the Sky Oaks headquarters and other projects.

The board asked questions about how detailed the plan should be.

“In my experience, typically you want a strategic plan to fit in a strategy level and not necessarily detailed implementation,” said Ben Horenstein, the utility’s general manager.

Horenstein said the plan will help inform the district’s annual work plans, which will dive into the specifics of each bullet-point objective of the larger plan. The annual work plans are put together each spring, he said.

Board members said they’d like to see some sort of measurability built into the plan so that they can track progress on each goal.

“I don’t know if you necessarily have to quantify it, right? It doesn’t have to be a number, but we really should be able to measure it,” board member Jed Smith said.

Smith said in addition to emphasizing that the district’s mission is to ensure clean and safe drinking water, there is another overriding goal that should be discussed throughout the strategic plan.

“Even though fiscal responsibility is its own goal I’d like to see it in every part of our strategic plan,” Smith said.

Staff is expected to deliver a presentation on water supply reliability and fiscal responsibility at its Dec. 5 meeting.

Other discussions on the strategic plan are set for Dec. 19 and Jan 9. The draft strategic plan is expected to be available at the end of January.

CLIMATE IN CRISIS

The vision of El Niño as producer of historic California storms may be outdated

The phenomenon, once a reliable source of storms, rain, snow and waves for California, may have changed permanently.

Motorists drive through a flooded area of Vanowen Street amid heavy rain in the North Hollywood neighborhood of Los Angeles on Feb. 24. Allen J. Schaben / Los Angeles Times via Getty Images file

Nov. 29, 2023, 6:00 AM PST

By Dennis Romero

SAN DIEGO — In 1983, El Niño brought historic flooding to parts of Southern California, toppling sections of fishing piers and inspiring some to travel submerged streets by surfboard. In 1998, it returned, dusting regional mountains with snow through May.

For Californians' collective mind, the weather phenomenon, defined by an eastward-moving, warmer-than-normal sea surface along the equatorial Pacific, is shaped by those traumatic, potent winters with record precipitation.

But as some earth scientists see a bit of 1983 or 1998 in the coming winter's strong El Niño, they may be neglecting a new reality: A stormy, wet El Niño of that vintage hasn't struck California this century.

University of California, Irvine, earth system science professor Jin-Yi Yu, whose doubts about a predicted "Godzilla El Niño" in 2015-16 were confirmed, sees the phenomenon permanently changed.

"El Niños in these respective centuries are distinct," Yu said in a series of emails. "Recent El Niño and La Niña events have behaved differently from what we initially expected."

While Yu is once again a rare voice discounting the chances of a wet El Niño for California this winter, many of the state's most influential weather watchers are not wholly opposed to his bearish outlook.

The National Oceanic and Atmospheric Administration said the current El Niño is “strong” by its measurements, which could translate into strong storms affecting parts of the state.

State Climatologist Michael Anderson, who also expressed some doubt in 2015's "Godzilla El Niño" predictions, has called on Californians to essentially be ready for anything.

"Until better seasonal forecasts are available, California is preparing for both extreme wet or extreme dry conditions," he said by email.

That may be wise in a weather world that sometimes seems upside down.

Though the 2022-23 season was designated as a La Niña year –usually drier and cooler – the state received 141% of average precipitation for the water year that ended Sept. 30, the California Department of Water Resources said. The snowpack in the Sierra Nevada mountains rivaled that of 1983, it said.

Landslide damage in La Cañada Flintridge, Calif., on Feb. 27.
Allen J. Schaben / Los Angeles Times via Getty Images file

How accurate are El Niño predictions?

Tim Barnett, the late marine geophysicist at the University of California, San Diego's Scripps Institution of Oceanography, predicted the strong, stormy El Niño winter of 1997-98, a quantum leap for a meteorology world that is still 50-50 with 10-day forecasts.

It was the first, last and only time a stormy El Niño for California has successfully been forecast. Storms that season caused $850 million in damage in the state and doubled its normal precipitation, according to meteorologist Jan Null's Golden Gate Weather Services.

Null, a retired lead forecaster for the National Weather Service’s San Francisco Bay Area office, said there have been 26 El Niños and 25 La Niñas since 1950, the vast majority of the former failing to act like those of 1982-83 or 1997-98.

“El Niño is the Stephen Curry superstar of the game,” Null said, referring to the Golden State Warriors’ point guard. “But sometimes someone else has a good night and has a bigger influence.”

Last winter’s wet La Niña, he said, “totally flipped the script.”

What are the chances of a rainy winter?

Anderson, the state climatologist, said an even number of El Niños this century have produced dry and wet winters. "El Niño by itself does not always translate into wet conditions," he said.

The Scripps Institution's Center for Western Weather and Water Extremes puts the chances of a wetter-than-normal winter for most of California at essentially 50-50, though its basis is historical data, not long-range forecasts.

A NOAA long-range forecast map from October shows equal chances for above- or below-average rainfall this winter for the southernmost coast of California, with the chances "leaning" in favor of greater-than-normal rain for the rest of Southern California and extending to the Bay Area.

The state Department of Water Resources said last month that residents should prepare for "the possibility of another wet season under strong El Niño conditions."

Shang-Ping Xie, a climate sciences researcher at the Scripps Institution, puts the chances of a rainy El Niño in California this winter at 2-to-1.

“We had a three-year La Niña,” he said. “Two were dry and one was wet. The odds are not that different from typical results, which say La Niña favors a dry winter.”

But in the two classic examples of stormy El Niño winters for California, the month of March bore the brunt of rain, wind and damage.

“March is the time we believe the tropical ocean is most influential on North America,” Xie said.

Are other factors affecting the forecast?

While its behavior can be unpredictable, identifying El Niño is relatively basic, reliant on a massive patch of water in the equatorial Pacific that, when found to be consistently warmer than average, triggers declaration of the phenomenon, normally for winter.

El Niño’s relative warmth can affect atmospheric circulation along the equator and nudge a jet stream that normally aims for the Pacific Northwest southward, leaving that region drier and the Southeast wetter.

El Niño's no-show in 2015-16 prompted Yu of UC Irvine to dive into possible causes, and today he believes other weather and manmade phenomena are affecting it.

He thinks global warming, in part, and possibly deforestation in Southeast Asia may have helped to create a second warm patch of water adjacent to El Niño’s that may be thwarting its old ways.

El Niños this century have "shifted westward to the central Pacific and lasted longer, becoming multi-year events," Yu said. "El Niño has changed."

People swim in the Pacific Ocean off Del Mar beach in La Jolla, Calif., in 2015.

Brendan Smialowski / AFP via Getty Images file

Xie, the Scripps researcher who believes the odds favor a stormy El Niño, nevertheless believes there are influences on the phenomenon triggered by climate change. For example, he said, the ocean around the surface warming that defines El Niño is also warming on a long-term basis.

What happens when that warmth becomes the new baseline for a wider swath of ocean?

"If that pattern is holding up in the future, then the El Niño influence is going to strengthen," Xie said.

He believes El Niño data and computer modeling may not be keeping up.

"There are a lot of questions we still need to answer," he said.

Null said all eyes are on academia to help sort out what becomes of El Niño, particularly for the country's most populous state, normally in its path.

"It’s a continual learning game," he said. "We have evolved in our understanding of El Niño but then complicated it by the atmosphere and the oceans getting warmer."

"Are we keeping up?" he asked. "I don’t know."

Dennis Romero

Dennis Romero is a breaking news reporter for NBC News Digital.