



Annual Comprehensive Financial Report

Novato, California
For the fiscal years ended
June 30, 2024 and 2023



**NORTH MARIN
WATER DISTRICT**



**NORTH MARIN
WATER DISTRICT**

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

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

North Marin Water District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023

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, 2024 and 2023**

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Introductory Section



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December 3, 2024

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, 2024 and 2023, 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, 2024, the District employed 57 regular employees, plus temporary and seasonal employees as needed based on workload. There were 58 full time positions budgeted, 26 office positions and 32 field positions. The District's Board of Directors generally meets on the first and third Tuesday of each month. Meetings are publicly noticed and customers 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.

DIRECTORS: JACK BAKER · KEN EICHSTAEDT · RICK FRAITES · MICHAEL JOLY · STEPHEN PETTERLE

OFFICERS: ANTHONY WILLIAMS, General Manager · EILEEN MULLINER, District Secretary · JULIE BLUE, Auditor-Controller · ERIC MILLER, Asst. GM/Chief Engineer

District Services, continued

The District provides water service to over 61,000 residents in the greater Novato area through 20,875 potable water service connections and 101 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 797 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 237 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 1.7 billion gallons of water in fiscal year 2024 and 1.3 billion gallons of water in fiscal year 2023 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 2024 totaled 34.5" which was about 129% of the historical average annual rainfall.

North Marin's Stafford Lake water treatment plant produced 409 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 182 million gallons of highly treated recycled wastewater to large landscape irrigation customers and commercial car washes in Novato.

A 9.5% rate increase for customers in the Novato service area was authorized by the Board of Directors effective July 1, 2023. The typical Novato detached single-family home uses 78,000 gallons of water a year and costs the customer about \$834 per year. These rates are slightly below 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 projects and accomplishments in fiscal year 2023-24 based on the initiatives listed on the previous page:

- Completed the Novato and Recycled Water Rate Study and successfully navigated the Prop 218 process, resulting in Board approval for a three-year schedule of rate increases, which includes pass-through costs from Sonoma Water to ensure funding for sustainable water services;
- Made significant progress on the Administration and Laboratory Upgrade Project with estimated completion in fiscal year 2024-25;
- Successfully converted the Geographic Information System (GIS) to a modern platform improving asset and data mapping capabilities and overall functionality;
- Replacement of 8" cast iron pipe with PVC at Railroad Avenue and Rose Street in Novato;
- Completed Phases 1 and 2 of the Supernatant discharge line to Center Road at the Stafford Treatment Plant (STP);
- Substantial Improvements made to the STP Primary Filter Basin;
- Received grant funding for West Marin projects including \$133,000 for Gallagher Well #2 in Point Reyes and \$241,000 for the Oceana Marin Treatment Pond Rehabilitation Project;
- Received over \$100,000 for Water Conservation grants for purposes including AMI install reimbursement and Water Efficiency Landscape Rebate (Cash for Grass); and
- Completed North Marin Aqueduct Restoration and Improvements near Olompali/Redwood Blvd slide which was a local landslide event caused by severe storms in 2023 and lifted local emergency, declared in previous year.

District Water Supply

Stafford Lake – Local Source Provides approximately 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 (STP) located just below the dam. In fiscal year 2024 and 2023, 1,255 AF (409 MG) and 1,953 AF (636 MG) respectively, was produced by the Stafford Lake Water Treatment Plant.

Russian River – Provides approximately 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 through the Potter Valley Project (PVP) and direct 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 41,313 acre-feet in fiscal year 2024, which is the most recent data available from SCWA.

District Water Supply, continued

Releases from the lakes flow to a point about 10 miles upstream of Guerneville where SCWA's six deep Ranney Collector wells collect river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

During the fiscal years 2024 and 2023, the District received 5,136 AF (1,674 MG) and 4,033 AF (1,314 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 (BiOp) for water supply in the Russian River watershed, previously issued by the National Marine Fisheries Service (NMFS) in 2008, established the requirements to preserve, protect and restore the fisheries and maintain the existing Russian River water supplies expired in September 2023. SCWA and its federal partner, the US Army Corps of Engineers submitted a new biological assessment to NMFS and is awaiting issuance of a new BiOp. The District continues to actively support the necessary development of the Russian River water supply and protection of the Russian River fisheries.

Internal Control Structure

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

Budgetary Control

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

Investment Policy

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

Water Rates and District Revenues

Revenue from user charges generated from District customers supports District operations. Accordingly, water and sewer rates are reviewed annually. Water and sewer rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are comprised of a commodity (water use) charge and a bi-monthly service charge (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 fifteenth 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 2023 and 2022 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 2024.

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,



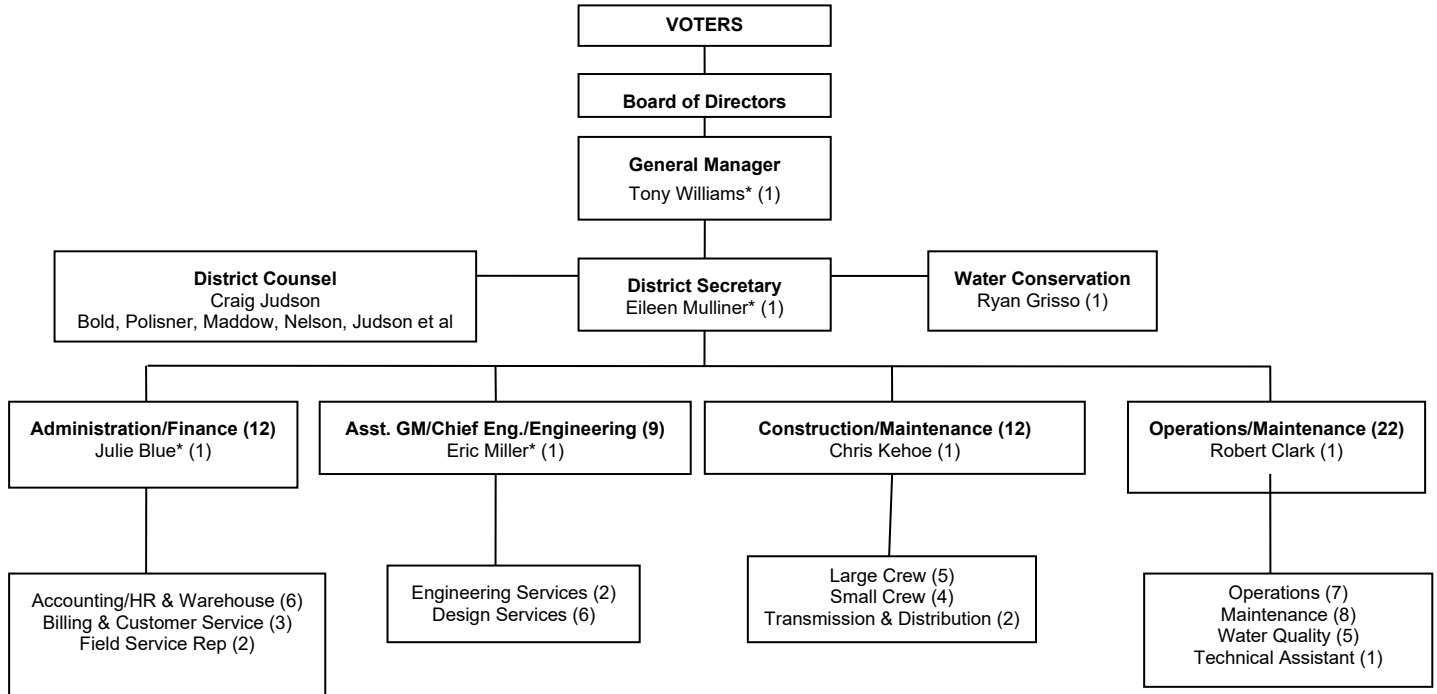
Anthony Williams, General Manager



Julie Blue, Auditor-Controller

North Marin Water District Organizational Chart As of June 30, 2024

Budgeted Full Time Employees (FTE): 58



*Also serves as District officer





Government Finance Officers Association

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

Presented to

**North Marin Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

Financial Section



C.J. Brown & Company CPAs

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Independent Auditor's Report, continued

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 61 through 63 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 8, the supplementary information of combining schedules on pages 64 through 67, and the statistical section on pages 68 through 82 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 3, 2024, 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 83 and 84.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
December 3, 2024

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

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, 2024 and 2023. 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 2024, the District's net position increased 3.0% or \$3,822,375 to \$130,043,353 due to net revenue from ongoing operations of \$1,682,701, which includes offsets of \$620,382 and \$107,271 in current year GASB 68 pension and GABS 75 other post-employment benefit adjustments, respectively, and capital contributions of \$2,139,674. 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, of which \$3,438,780 sources from current year GASB 68 pension adjustments, and capital contributions of \$1,761,295.
- In fiscal year 2024, the District's total revenues increased 13.4% of \$3,452,043 to \$29,279,984. In fiscal year 2023, the District's total revenues increased 7.8% or \$1,869,256 to \$25,827,941.
- In fiscal year 2024, the District's operating revenues increased 11.2% or \$2,718,416 to \$26,963,127. In fiscal year 2023, the District's operating revenues increased 2.8% or \$656,930 to \$24,244,711.
- In fiscal year 2024, the District's non-operating revenues increased by 46.3% or \$733,627 to \$2,316,857. 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 2024, the District's total expenses including depreciation and amortization increased 27.6% or \$5,972,448 to \$27,597,283. 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 2024, the District's operating expenses, before depreciation and amortization, increased 40.4% or \$6,410,659 to \$22,278,718. In fiscal year 2023, the District's operating expenses, before depreciation and amortization, decreased 26.8% or \$5,795,283 to \$15,868,059.
- In fiscal year 2024, the District's non-operating expenses decreased by 4.3% or \$53,587 to \$1,179,283. In fiscal year 2023, the District's non-operating expenses decreased by 20.0% or \$307,608 to \$1,232,870.
- In fiscal year 2024, the District's capital contributions increased by 21.5% or \$378,379 to \$2,139,674. In fiscal year 2023, the District's capital contributions decreased by 3.5% or \$64,208 to \$1,761,295.

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.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

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 60.

Statements of Net Position

Below is a summary of the statements of net position, and presents a comparison between June 30, 2024, 2023, and 2022.

Condensed Statements of Net Position					
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Assets:					
Current assets	\$ 35,736,171	39,992,888	(4,256,717)	47,718,488	(7,725,600)
Non-current assets	4,728,756	6,896,968	(2,168,212)	6,391,431	505,537
Capital assets, net	155,093,702	147,063,309	8,030,393	140,803,815	6,259,494
Total assets	<u>195,558,629</u>	<u>193,953,165</u>	<u>1,605,464</u>	<u>194,913,734</u>	<u>(960,569)</u>
Deferred outflows of resources	<u>7,014,861</u>	<u>6,917,788</u>	<u>97,073</u>	<u>2,797,995</u>	<u>4,119,793</u>
Liabilities:					
Current liabilities	9,227,239	9,255,352	(28,113)	8,893,968	361,384
Non-current liabilities	62,186,447	63,356,094	(1,169,647)	59,331,484	4,024,610
Total liabilities	<u>71,413,686</u>	<u>72,611,446</u>	<u>(1,197,760)</u>	<u>68,225,452</u>	<u>4,385,994</u>
Deferred inflows of resources	<u>1,116,451</u>	<u>2,038,529</u>	<u>(922,078)</u>	<u>9,229,700</u>	<u>(7,191,171)</u>
Net position:					
Net investment in capital assets	116,599,712	112,410,898	4,188,814	110,111,018	2,299,880
Restricted	8,146,966	7,432,578	714,388	4,560,392	2,872,186
Unrestricted	5,296,675	6,377,502	(1,080,827)	5,585,167	792,335
Total net position	<u>\$ 130,043,353</u>	<u>126,220,978</u>	<u>3,822,375</u>	<u>120,256,577</u>	<u>5,964,401</u>

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

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 \$130,043,353 and \$126,220,978 as of June 30, 2024 and 2023, respectively.

By far the largest portion of the District's net position (90% and 89% as of June 30, 2024 and 2023, 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 2024 and 2023, the District showed a positive balance in its unrestricted net position of \$5,296,675 and \$6,377,502, 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, 2024 and 2023.

Condensed Statements of Revenues, Expenses, and Changes in Net Position					
	2024	2023	Change	2022	Change
Revenue:					
Operating revenue	\$ 26,963,127	24,244,711	2,718,416	23,587,781	656,930
Non-operating revenue	2,316,857	1,583,230	733,627	370,904	1,212,326
Total revenue	29,279,984	25,827,941	3,452,043	23,958,685	1,869,256
Expense:					
Operating expense	22,278,718	15,868,059	6,410,659	21,663,342	(5,795,283)
Depreciation and amortization	4,139,282	4,523,906	(384,624)	4,023,236	500,670
Non-operating expense	1,179,283	1,232,870	(53,587)	1,540,478	(307,608)
Total expense	27,597,283	21,624,835	5,972,448	27,227,056	(5,602,221)
Net income(expense) before capital contributions	1,682,701	4,203,106	(2,520,405)	(3,268,371)	7,471,477
Capital contributions	2,139,674	1,761,295	378,379	1,825,503	(64,208)
Changes in net position	3,822,375	5,964,401	(2,142,026)	(1,442,868)	7,407,269
Net position, beginning of year	126,220,978	120,256,577	5,964,401	121,699,445	(1,442,868)
Net position, end of year	\$ 130,043,353	126,220,978	3,822,375	120,256,577	5,964,401

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 3.0% or \$3,822,375 to \$130,043,353 due to net revenue from ongoing operations of \$1,682,701, which was offset by \$620,382 and \$107,271 in current year GASB 68 pension and GABS 75 other post-employment benefit adjustments, respectively, and capital contributions of \$2,139,674. 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, of which \$3,438,780 sources from current year GASB 68 pension adjustments, and capital contributions of \$1,761,295.

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

In 2024, the District's operating revenues increased 11.2% or \$2,718,416 to \$26,963,127 due primarily to increases in water consumption sales of \$1,978,200 and bi-monthly meter service charges of \$696,117, related to increases in rates and water sales volume as compared to the prior year. In 2023, the District's operating revenues increased 2.8% or \$656,930 to \$24,244,711 due primarily to a increases in bi-monthly meter service charges of \$499,854 and in water consumption sales of \$132,809.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

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

In 2024, the District's non-operating revenues increased by 46.3% or \$733,627 to \$2,316,857 due primarily to an increases in net investment earnings of \$528,035 and Regulation 15 forfeitures of \$180,890 sourcing from new development deposits forfeited to the District to be used for water conservation programs. In 2023, the District's non-operating revenues increased by 326.9% or \$1,212,326 to \$1,583,230 due primarily to an increase in net investment earnings of \$1,256,847.

In 2024, the District's capital contributions increased by 21.5% or \$378,379 to \$2,139,674 due primarily to increases in connection fees of \$676,490 and state and local capital grants of \$96,718, offset by a decrease from developer contributions of \$394,829. In 2023, the District's capital contributions decreased by 3.5% or \$64,208 to \$1,761,295 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 2024, the District's operating expenses increased 40.4% or \$6,410,659 to \$22,278,718 due primarily to increases in transmission and distribution of \$1,378,755 due primarily to an increase of \$1,335,921 in GASB 68 related pension; general and administrative of \$1,809,754 primarily due to increases of \$1,165,444 in GASB 68 related pension; source of supply of \$1,725,308 due primarily to a; 12.5% increase in rates from Sonoma County Water Agency, and an 8% increase in consumption; water facilities operations of \$641,320 primarily due to increases of \$484,355 in GASB 68 related pension, \$87,479 in labor costs, and \$60,939 in maintenance costs; pumping of \$180,724 primarily due to increases in utility rates; water conservation of \$149,508 primarily due to increases of \$28,800 marketing and outreach and \$28,353 in GASB 68 related pension; water treatment of \$320,908 primarily due to increases of \$865,705 in GASB 68 related pension amounts, offset by decreases in purification chemicals of \$474,930 and maintenance of \$78,239; customer service of \$147,193, primarily due to \$113,894 in GASB 68 related pension and \$37,090 in billing and credit processing fees.

In 2023, the District's operating expenses decreased 26.8% or \$5,795,283 to \$15,868,059 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 amounts, water facilities operations of \$706,694 which includes \$716,070 in GASB 68 related pension amounts, water conservation of \$242,691 which includes \$191,276 in GASB 68 related pension amounts; and customer service of \$114,672 which includes \$165,786 in GASB 68 related pension amounts.

In 2024, the District's non-operating expenses decreased by 4.3% or \$53,587 to \$1,179,283 due primarily to a decrease in interest expense on long-term debt of \$42,829. In 2023, the District's non-operating expenses decreased by 20.0% or \$307,608 to \$1,232,870 due primarily to \$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 2024 the District's depreciation and amortization increased by 8.5% or \$384,624 to \$4,139,282 due primarily to the maturation of existing capital assets and equipment leases. In 2023, the District's depreciation and amortization increased by 12.4% or \$500,670 to \$4,523,906 due primarily to the capitalization of additions to the distribution system, treatment plant, other plant and equipment, and equipment leases.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

Total District Revenues

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operating revenues:					
Water consumption sales	\$ 18,516,024	16,537,824	1,978,200	16,405,015	132,809
Monthly meter service charge	7,713,543	7,017,426	696,117	6,517,572	499,854
Sewer service charge	324,264	304,560	19,704	290,460	14,100
Other charges and services	409,296	384,901	24,395	374,734	10,167
Total operating revenues	<u>26,963,127</u>	<u>24,244,711</u>	<u>2,718,416</u>	<u>23,587,781</u>	<u>656,930</u>
Non-operating revenues:					
Property tax revenue	145,929	143,332	2,597	132,649	10,683
Investment earnings, net	1,784,882	1,256,847	528,035	-	1,256,847
Interest earnings from note receivable – BPGL	10,416	9,009	1,407	11,177	(2,168)
Interest earnings from loan receivable – MMWD	73,271	79,845	(6,574)	56,418	23,427
Interest earnings from leases	11,930	12,782	(852)	14,054	(1,272)
Rental revenue	78,577	69,876	8,701	94,843	(24,967)
Gain on sale of capital assets	2,940	-	2,940	34,135	(34,135)
Regulation 15 forfeiture	180,890	-	180,890	-	-
Other non-operating revenues	28,022	11,539	16,483	27,628	(16,089)
Total non-operating revenues	<u>2,316,857</u>	<u>1,583,230</u>	<u>733,627</u>	<u>370,904</u>	<u>1,212,326</u>
Total revenues	<u>\$ 29,279,984</u>	<u>25,827,941</u>	<u>3,452,043</u>	<u>23,958,685</u>	<u>1,869,256</u>

In 2024, total revenues increased \$3,452,043. In 2023, total revenues increased \$1,869,256.

Total District Expenses

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operating expenses including depreciation expense:					
Source of supply	\$ 6,727,290	5,001,982	1,725,308	6,450,873	(1,448,891)
Pumping	673,751	493,027	180,724	522,717	(29,690)
Water facilities operations	1,319,893	678,573	641,320	1,385,267	(706,694)
Water treatment	2,674,372	2,353,464	320,908	2,588,135	(234,671)
Transmission and distribution	4,292,602	2,913,847	1,378,755	4,557,127	(1,643,280)
Sewage collection and treatment	277,564	220,375	57,189	217,921	2,454
Customer service	533,526	386,333	147,193	501,005	(114,672)
General and administrative	5,309,615	3,499,861	1,809,754	4,877,009	(1,377,148)
Water conservation	470,105	320,597	149,508	563,288	(242,691)
Depreciation and amortization	4,139,282	4,523,906	(384,624)	4,023,236	500,670
Total operating expenses including depreciation expenses	<u>26,418,000</u>	<u>20,391,965</u>	<u>6,026,035</u>	<u>25,686,578</u>	<u>(5,294,613)</u>
Non-operating expenses:					
Unrealized loss, net of investment inc.	-	-	-	497,513	(497,513)
Interest expense – long-term debt	1,176,988	1,219,819	(42,831)	789,056	430,763
Capital contribution to agency	-	-	-	124,000	(124,000)
Loss on disposition of capital assets	-	10,885	(10,885)	-	10,885
Other non-operating expenses	2,295	2,166	129	129,909	(127,743)
Total non-operating expenses	<u>1,179,283</u>	<u>1,232,870</u>	<u>(53,587)</u>	<u>1,540,478</u>	<u>(307,608)</u>
Total expenses	<u>\$ 27,597,283</u>	<u>21,624,835</u>	<u>5,972,448</u>	<u>27,227,056</u>	<u>(5,602,221)</u>

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

Total District Expenses, continued

In 2024, total expenses increased \$5,972,448. In 2023, total expenses decreased \$5,602,221.

Capital Asset Administration

Changes in capital asset amounts for 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2024</u>
Capital assets:				
Non-depreciable assets	\$ 18,381,029	12,042,022	(1,594,020)	28,829,031
Depreciable and amortizable assets	205,067,640	1,721,673	(617,934)	206,171,379
Accumulated depreciation and amortization	<u>(76,385,360)</u>	<u>(4,139,282)</u>	<u>617,934</u>	<u>(79,906,708)</u>
Total capital assets, net	<u>\$ 147,063,309</u>	<u>9,624,413</u>	<u>(1,594,020)</u>	<u>155,093,702</u>

Changes in capital asset amounts for 2023 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2023</u>
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	<u>(72,041,998)</u>	<u>(4,523,906)</u>	<u>180,544</u>	<u>(76,385,360)</u>
Total capital assets, net	<u>\$ 140,803,815</u>	<u>8,642,676</u>	<u>(2,383,182)</u>	<u>147,063,309</u>

At the end of fiscal years 2024 and 2023, the District's investment in capital assets (net of accumulated depreciation) totaled \$155,093,702 and \$147,063,309, 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 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>
Long-term debt:				
Leases payable	\$ 464,421	146,993	(211,318)	400,096
Loans payable	<u>44,668,971</u>	<u>-</u>	<u>(3,327,341)</u>	<u>41,341,630</u>
Total long-term debt	<u>\$ 45,133,392</u>	<u>146,993</u>	<u>(3,538,659)</u>	<u>41,741,726</u>

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

Debt Administration, continued

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

	<u>Balance 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2023</u>
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	<u>\$ 48,858,290</u>	<u>215,258</u>	<u>(3,940,156)</u>	<u>45,133,392</u>

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, 2024 and 2023**

	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	\$ 4,796,991	7,081,362
Restricted – cash and cash equivalents (note 2)	8,593,084	15,152,734
Restricted – investments (note 2)	14,169,770	11,448,459
Accrued interest receivable	226,668	213,124
Accounts receivable – water and sewer sales and services	5,573,111	4,177,746
Accounts receivable – governmental agencies	617,700	288,404
Accounts receivable – other	11,647	39,413
Leases receivable (note 3)	32,218	30,016
Note receivable (note 4)	38,791	38,406
Loan receivable (note 4)	161,355	157,092
Materials and supplies inventory	1,007,639	940,172
Prepaid expenses and deposits	507,197	425,960
	35,736,171	39,992,888
Non-current assets:		
Restricted – investments (note 2)	1,709,884	3,646,592
Leases receivable (note 3)	326,431	357,790
Note receivable (note 4)	983,592	1,022,382
Loan receivable (note 4)	1,458,849	1,620,204
Notes receivable – employee housing assistance loans, net (note 5)	250,000	250,000
Capital assets, not being depreciated (note 8)	28,829,031	18,381,029
Depreciable capital assets, net (note 8)	126,264,671	128,682,280
	159,822,458	153,960,277
	195,558,629	193,953,165
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 11)	236,289	22,539
Deferred pension outflows (note 12)	6,778,572	6,895,249
	7,014,861	6,917,788

Continued on next page

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Net Position, continued
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,062,711	2,659,579
Accrued wages and related payables	335,477	309,098
Accrued claims payable	29,437	20,125
Customer advances and deposits	1,932,799	1,973,477
Accrued interest payable – long-term debt	335,004	355,078
Long-term liabilities – due within one year:		
Compensated absences (note 9)	199,782	173,828
Leases payable (note 10)	134,871	199,124
Loans payable (note 10)	2,948,111	3,338,229
Other post-employment benefits liability (note 11)	249,047	226,814
Total current liabilities	<u>9,227,239</u>	<u>9,255,352</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 9)	599,347	521,487
Leases payable (note 10)	265,225	265,297
Loans payable (note 10)	38,393,519	41,330,742
Other post-employment benefits liability (note 11)	4,620,571	4,060,408
Net pension liability (note 12)	18,307,785	17,178,160
Total non-current liabilities	<u>62,186,447</u>	<u>63,356,094</u>
Total liabilities	<u>71,413,686</u>	<u>72,611,446</u>
Deferred inflows of resources:		
Deferred lease inflows (note 3)	325,129	359,912
Deferred other post-employment benefits inflows (note 11)	63,082	324,457
Deferred pension inflows (note 12)	728,240	1,354,160
Total deferred inflows of resources	<u>1,116,451</u>	<u>2,038,529</u>
Net position: (note 13)		
Net investment in capital assets	116,599,712	112,410,898
Restricted:		
SRF loan fund – Stafford Treatment Plant	1,067,432	1,063,737
SRF reserve fund – Recycled Water System	1,105,072	1,105,072
Interagency capital replacement and expansion fund	5,974,462	5,263,769
Unrestricted	5,296,675	6,377,502
Total net position	<u>\$ 130,043,353</u>	<u>126,220,978</u>

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water consumption sales	\$ 18,516,024	16,537,824
Bi-monthly meter service charge	7,713,543	7,017,426
Sewer service charges	324,264	304,560
Other charges and services	409,296	384,901
Total operating revenues	26,963,127	24,244,711
Operating expenses:		
Source of supply	6,727,290	5,001,982
Pumping	673,751	493,027
Water facilities operations	1,319,893	678,573
Water treatment	2,674,372	2,353,464
Transmission and distribution	4,292,602	2,913,847
Sewage collection and treatment	277,564	220,375
Customer service	533,526	386,333
General and administrative	5,309,615	3,499,861
Water conservation	470,105	320,597
Total operating expenses	22,278,718	15,868,059
Operating income before depreciation	4,684,409	8,376,652
Depreciation and amortization expense – capital recovery	(4,139,282)	(4,523,906)
Operating income	545,127	3,852,746
Non-operating revenues(expenses):		
Property tax revenue	145,929	143,332
Investment (market value unrealized loss) earnings, net	1,784,882	1,256,847
Interest earnings from note receivable – BPGL	10,416	9,009
Interest earnings from loan receivable – MMWD	73,271	79,845
Interest earnings from leases receivable	11,930	12,782
Rental revenue	78,577	69,876
Interest expense – long-term debt	(1,176,988)	(1,219,819)
Gain (loss) on sale of capital assets	2,940	(10,885)
Regulation 15 forfeiture	180,890	-
Other non-operating revenues	28,022	11,539
Other non-operating expenses	(2,295)	(2,166)
Total non-operating revenue(expenses), net	1,137,574	350,360
Net income before capital contributions	1,682,701	4,203,106
Capital contributions:		
Developers and others	551,213	946,042
Connection fees	1,114,170	437,680
Capital grants – state and local	474,291	377,573
Total capital contributions	2,139,674	1,761,295
Change in net position	3,822,375	5,964,401
Net position, beginning of year	126,220,978	120,256,577
Net position, end of year	\$ 130,043,353	126,220,978

See accompanying notes to the basic financial statements.

**North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023**

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 25,763,762	24,314,591
Cash paid to employees for salaries and wages	(7,324,836)	(6,680,654)
Cash paid to vendors and suppliers for materials and services	(13,869,374)	(12,763,770)
Net cash provided by operating activities	4,569,552	4,870,167
Cash flows from non-capital financing activities:		
Property tax revenue	145,929	143,332
Net cash provided by non-capital financing activities	145,929	143,332
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(12,169,675)	(10,783,400)
Proceeds from the sale of capital assets	2,940	(10,885)
Proceeds from capital contributions and connection fees	1,810,378	1,782,302
Proceeds from capital leases	146,993	215,258
Principal paid on long-term debt	(3,538,659)	(3,940,156)
Interest paid on long-term debt	(1,197,062)	(1,108,555)
Net cash used in capital and related financing activities	(14,945,085)	(13,845,436)
Cash flows from investing activities:		
Proceeds from sale of investments	11,424,397	2,643,925
Purchases of investments	(12,209,000)	(14,839,000)
Principal received on notes receivable	38,405	38,024
Principal received on loans receivable	186,249	196,029
Investment earnings, net of fair value	1,945,532	1,268,843
Net cash provided by (used in) investing activities	1,385,583	(10,692,179)
Net decrease in cash and cash equivalents	(8,844,021)	(19,524,116)
Cash and cash equivalents, beginning of year	22,234,096	41,758,212
Cash and cash equivalents, end of year	\$ 13,390,075	22,234,096
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 4,796,991	7,081,362
Restricted assets – cash and cash equivalents	8,593,084	15,152,734
Total cash and cash equivalents	\$ 13,390,075	22,234,096

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, 2024 and 2023

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 545,127	3,852,746
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	4,139,282	4,523,906
Regulation 15 forfeiture	180,890	-
Other non-operating revenue	28,022	11,539
Other non-operating expenses	(2,295)	(2,166)
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	(1,395,365)	(82,100)
Accounts receivable – other	27,766	28,219
Materials and supplies inventory	(67,467)	(87,898)
Prepaid expenses and other deposits	(81,237)	(62,743)
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related	(213,750)	5,946
Pension related	116,677	(4,125,739)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	403,132	81,134
Accrued wages and related payables	26,379	(3,317)
Accrued claims payable	9,312	(3,315)
Customer advances and deposits	(40,678)	112,222
Compensated absences	103,814	(41,844)
Other post-employment benefit liability	582,396	(56,378)
Net pension liability	1,129,625	7,911,126
Increase(Decrease) in deferred inflows of resources:		
Lease related	(34,783)	(42,325)
Other post-employment benefits related	(261,375)	75,323
Pension related	(625,920)	(7,224,169)
Total adjustments	4,024,425	1,017,421
Net cash provided by operating activities	\$ 4,569,552	4,870,167
Non-cash investing, capital, and financing transactions:		
Change in fair value of investments	\$ (361,065)	(384,953)

See accompanying notes to the basic financial statements.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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:

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosures of contingent assets 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.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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

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:

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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

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, 2022 and 2021
- Measurement Date: June 30, 2023 and 2022
- Measurement Period: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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

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:

	2024	2023
Cash and cash equivalents	\$ 4,796,991	7,081,362
Restricted – cash and cash equivalents	8,593,084	15,152,734
Total cash and cash equivalents	13,390,075	22,234,096
Restricted – investments	14,169,770	11,448,459
Restricted – investments non-current	1,709,884	3,646,592
Total restricted investments	15,879,654	15,095,051
Total cash and investments	\$ 29,269,729	37,329,147

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(2) Cash and Investments, continued

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

	2024	2023
Cash on hand	\$ 350	350
Deposits with financial institutions	1,058,657	1,221,972
Deposits with County of Marin Treasury	1,068,438	1,064,608
California Local Agency Investment Fund	11,262,630	19,947,166
Investments	15,879,654	15,095,051
Total cash and investments	\$ 29,269,729	37,329,147

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

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

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

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

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

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). 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, 2024 and 2023, 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.

As of June 30, 2024, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 months or less	13 to 24 months	25-60 months	More than 60 months
Certificates-of-deposit	\$ 5,404,420	3,694,536	1,709,884	-	-
U.S. Treasury bill	10,475,234	10,475,234	-	-	-
Total	\$ 15,879,654	14,169,770	1,709,884	-	-

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(2) Cash and Investments, continued

Interest Rate Risk, continued

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 months or less	13 to 24 months	25-60 months	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	-	-

Credit ratings as of June 30, 2024, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AA+ to AA-
Certificates-of-deposit	\$ 5,404,420	N/A	5,404,420	-
U.S. Treasury bill	10,475,234	N/A	-	10,475,234
Total	\$ 15,879,654		5,404,420	10,475,234

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

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2024, are as follows:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates-of-deposit	\$ 5,404,420	-	5,404,420	-
U.S. Treasury bill	10,475,234	10,475,234	-	-
Total investments measured at fair value	\$ 15,879,654	10,475,234	5,404,420	-

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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, 2023, are as follows:

Investment Type	Total	Fair Value Measurements Using		
		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 \$	<u>15,095,051</u>	<u>8,036,725</u>	<u>7,058,326</u>	<u>-</u>

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 2024 were as follows:

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
<i>Novato Water</i>							
Indian Valley Golf Course	\$ 95,112	-	(10,261)	84,851	11,895	72,956	(82,238)
Tower development	275,341	-	(13,465)	261,876	14,544	247,332	(232,321)
Subtotal leases Novato	<u>370,453</u>	<u>-</u>	<u>(23,726)</u>	<u>346,727</u>	<u>26,439</u>	<u>320,288</u>	<u>(314,559)</u>
<i>West Marin Water</i>							
Horizon Cable TV Inc.	17,353	-	(5,431)	11,922	5,779	6,143	(10,570)
Total leases receivable \$	<u>387,806</u>	<u>-</u>	<u>(29,157)</u>	<u>358,649</u>	<u>32,218</u>	<u>326,431</u>	<u>(325,129)</u>

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:							
<i>Novato Water</i>							
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	<u>408,441</u>	<u>-</u>	<u>(37,988)</u>	<u>370,453</u>	<u>24,585</u>	<u>345,868</u>	<u>(344,057)</u>
<i>West Marin Water</i>							
Horizon Cable TV Inc.	22,452	-	(5,099)	17,353	5,431	11,922	(15,855)
Total leases receivable \$	<u>430,893</u>	<u>-</u>	<u>(43,087)</u>	<u>387,806</u>	<u>30,016</u>	<u>357,790</u>	<u>(359,912)</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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, 2024 and 2023, deferred inflows were reported at \$82,238 and \$92,377, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2025	\$ 11,895	2,470	14,365	(13,706)
2026	12,737	2,088	14,825	(13,706)
2027	13,620	1,680	15,300	(13,706)
2028	14,546	1,243	15,789	(13,707)
2029	15,517	777	16,294	(13,706)
2030	16,536	280	16,816	(13,707)
Total	84,851	8,538	93,389	(82,238)
Current	(11,895)			
Non-current	\$ 72,956			

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, 2024 and 2023, deferred inflows were reported at \$232,321 and \$251,680, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(3) Leases Receivable, continued

Tower Development, continued

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2025	\$ 14,544	8,144	22,688	(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	19,420	6,117	25,537	(19,360)
2030-2034	119,003	20,640	139,643	(96,800)
2035-2038	58,253	2,731	60,984	(38,721)
Total	261,876	<u>59,208</u>	<u>321,084</u>	<u>(232,321)</u>
Current	<u>(14,544)</u>			
Non-current	\$ <u>247,332</u>			

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, 2024 and 2023, deferred inflows were reported at \$10,570 and \$15,855, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2025	\$ 5,779	371	6,150	(5,285)
2026	6,143	191	6,334	(5,285)
Total	11,922	<u>562</u>	<u>12,484</u>	<u>(10,570)</u>
Current	<u>(5,779)</u>			
Non-current	\$ <u>6,143</u>			

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(4) Note and Loan Receivable

Changes in note and loan receivable for 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Note receivable:						
Marin Country Club	\$ 1,060,788	-	(38,405)	1,022,383	38,791	983,592
Total notes receivable	<u>1,060,788</u>	<u>-</u>	<u>(38,405)</u>	<u>1,022,383</u>	<u>38,791</u>	<u>983,592</u>
Loan receivable:						
Marin Municipal Water District	1,777,296	-	(157,092)	1,620,204	161,355	1,458,849
Total loans receivable	<u>1,777,296</u>	<u>-</u>	<u>(157,092)</u>	<u>1,620,204</u>	<u>161,355</u>	<u>1,458,849</u>
Total notes and loans receivable \$	<u>2,838,084</u>	<u>-</u>	<u>(195,497)</u>	<u>2,642,587</u>	<u>200,146</u>	<u>2,442,441</u>

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

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

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, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	40,373	8,481	48,854
2030-2034	208,028	36,241	244,269
2035-2039	218,685	25,584	244,269
2040-2044	229,887	14,381	244,268
2045-2048	167,892	3,095	170,987
Total	<u>1,022,383</u>	<u>125,680</u>	<u>1,148,063</u>
Current	<u>(38,791)</u>		
Non-current	<u>\$ 983,592</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	179,595	25,725	205,320
2030-2033	<u>768,439</u>	<u>52,841</u>	<u>821,280</u>
Total	1,620,204	<u>227,676</u>	<u>1,847,880</u>
Current	<u>(161,355)</u>		
Non-current	<u>\$ 1,458,849</u>		

(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, 2024 and 2023:

<u>Origination</u>	<u>2024</u>	<u>2023</u>
March 2015	<u>\$ 250,000</u>	<u>250,000</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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 64.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	101,058	14,663	115,721
2030-2033	<u>432,761</u>	<u>30,120</u>	<u>462,881</u>
Total	911,747	<u>129,736</u>	<u>1,041,483</u>
Current	<u>(90,677)</u>		
Non-current	<u>\$ 821,070</u>		

(7) Transfer

In 2024, the Novato Water system transferred \$693,686 to the Novato Recycled system to assist the Novato Recycled system's operations.

In 2023, the Novato Water system transferred \$614,299 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:

	<u>2024</u>	<u>2023</u>
Developer construction – Novato Water	\$ 1,885,830	1,334,617
Other construction – Novato Water	22,226,275	13,219,450
Other construction – Novato Recycled	303,024	661
Other construction – West Marin Water	2,345,352	2,080,970
Other construction – Oceana Marin Sewer	<u>575,459</u>	<u>252,240</u>
Total construction-in-progress	<u>\$ 27,335,940</u>	<u>16,887,938</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(8) Capital Assets, continued

The change in capital assets for 2024 are as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land and land rights	\$ 1,493,091	-	-	1,493,091
Construction-in-progress	16,887,938	12,042,022	(1,594,020)	27,335,940
Total non-depreciable assets	<u>18,381,029</u>	<u>12,042,022</u>	<u>(1,594,020)</u>	<u>28,829,031</u>
Depreciable and amortizable assets:				
Distribution system	111,659,086	361,855	-	112,020,941
Treatment plant	23,263,267	223,463	-	23,486,730
Storage facilities	26,198,518	231,714	-	26,430,232
Transmission system	29,503,127	-	-	29,503,127
Source facilities	5,675,845	-	-	5,675,845
Sewer facilities	1,218,650	-	-	1,218,650
Structures and improvements	2,119,365	383,632	-	2,502,997
Other plant and equipment	4,172,155	373,846	(30,243)	4,515,758
Leased structures	587,691	-	(587,691)	-
Leased equipment	669,936	147,163	-	817,099
Total depreciable and amortizable assets	<u>205,067,640</u>	<u>1,721,673</u>	<u>(617,934)</u>	<u>206,171,379</u>
Accumulated depreciation and amortization:				
Distribution system	(39,931,989)	(2,019,717)	-	(41,951,706)
Treatment plant	(12,557,720)	(745,834)	-	(13,303,554)
Storage facilities	(9,474,615)	(526,531)	-	(10,001,146)
Transmission system	(5,243,574)	(235,104)	-	(5,478,678)
Source facilities	(2,725,437)	(107,410)	-	(2,832,847)
Sewer facilities	(719,065)	(33,706)	-	(752,771)
Structures and improvements	(1,545,085)	(52,378)	-	(1,597,463)
Other plant and equipment	(3,403,347)	(206,981)	30,243	(3,580,085)
Leased structures	(523,638)	(64,053)	587,691	-
Leased equipment	(260,890)	(147,568)	-	(408,458)
Total accumulated depreciation and amortization	<u>(76,385,360)</u>	<u>(4,139,282)</u>	<u>617,934</u>	<u>(79,906,708)</u>
Total depreciable assets, net	<u>128,682,280</u>	<u>(2,417,609)</u>	<u>-</u>	<u>126,264,671</u>
Total capital assets, net	<u>\$ 147,063,309</u>	<u>9,624,413</u>	<u>(1,594,020)</u>	<u>155,093,702</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(8) Capital Assets, continued

The change in capital assets for 2023 are as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
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	<u>10,013,663</u>	<u>10,717,500</u>	<u>(2,350,134)</u>	<u>18,381,029</u>
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
Lease asset structures	587,691	-	-	587,691
Lease asset equipment	454,200	215,736	-	669,936
Total depreciable and amortizable assets	<u>202,832,150</u>	<u>2,449,082</u>	<u>(213,592)</u>	<u>205,067,640</u>
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)
Lease asset structures	(81,669)	(441,969)	-	(523,638)
Lease asset equipment	(149,614)	(111,276)	-	(260,890)
Total accumulated depreciation and amortization	<u>(72,041,998)</u>	<u>(4,523,906)</u>	<u>180,544</u>	<u>(76,385,360)</u>
Total depreciable assets, net	<u>130,790,152</u>	<u>(2,074,824)</u>	<u>(33,048)</u>	<u>128,682,280</u>
Total capital assets, net	<u>\$ 140,803,815</u>	<u>8,642,676</u>	<u>(2,383,182)</u>	<u>147,063,309</u>

(9) Compensated Absences

The change in compensated absences for 2024 was as follows:

	<u>Balance 2023</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>695,315</u>	<u>968,730</u>	<u>(864,916)</u>	<u>799,129</u>	<u>199,782</u>	<u>599,347</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(9) Compensated Absences, continued

The change in compensated absences for 2023 was as follows:

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

(10) Long-term Debt

The change in long-term debt for 2024 was as follows:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>2024</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Long-term debt:						
Leases payable:						
Enterprise vehicle lease	\$ 397,580	146,993	(144,477)	400,096	134,871	265,225
100 Wood Hollow structure lease	43,972	-	(43,972)	-	-	-
Buck Institute structure lease	22,869	-	(22,869)	-	-	-
Total leases payable	464,421	146,993	(211,318)	400,096	134,871	265,225
Loans payable:						
<i>Novato Water</i>						
2005 DWR loan	5,806,044	-	(911,122)	4,894,922	463,743	4,431,179
2011 B of M loan	3,490,933	-	(368,180)	3,122,753	381,264	2,741,489
2018 JP Morgan Chase Loan	3,275,000	-	(290,000)	2,985,000	300,000	2,685,000
2022 Webster Bank loan	19,120,331	-	(753,254)	18,367,077	776,681	17,590,396
<i>Novato Recycled</i>						
2005 SWRCB loan	1,030,881	-	(248,627)	782,254	254,593	527,661
2011-2012 SWRCB loans	5,359,962	-	(487,075)	4,872,887	498,676	4,374,211
2016 SWRCB Loan	6,073,389	-	(215,039)	5,858,350	217,189	5,641,161
<i>West Marin Water</i>						
2011 B of M loan	512,431	-	(54,044)	458,387	55,965	402,422
Total loans payable	44,668,971	-	(3,327,341)	41,341,630	2,948,111	38,393,519
Total long-term debt	\$ 45,133,392	146,993	(3,538,659)	41,741,726	3,082,982	38,658,744

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

	<u>Balance</u> <u>2022</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
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:						
<i>Novato Water</i>						
2005 DWR loan	6,695,774	-	(889,730)	5,806,044	922,010	4,884,034
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
<i>Novato Recycled</i>						
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
<i>West Marin Water</i>						
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	3,338,229	41,330,742
Total long-term debt	\$ 48,858,290	215,258	(3,940,156)	45,133,392	3,537,353	41,596,039

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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, 2024, the District maintains leases for 25 vehicles with delivery dates from June 2019 through February 2024. Each vehicle has a term of 60 months with principal and interest due monthly through 2029.

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 0.43%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	134,871	10,765	145,636
2026		109,233	7,826	117,059
2027		83,248	4,871	88,119
2028		55,436	1,985	57,421
2029		17,308	311	17,619
Total		<u>400,096</u>	<u>25,758</u>	<u>425,854</u>
Current		<u>(134,871)</u>		
Non-current	\$	<u>265,225</u>		

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.

In 2024, the District revised the lease terms to month-to-month in the anticipation of the close of construction on the District's headquarters building in Novato.

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.

In 2024, the District revised the lease terms to month-to-month in the anticipation of the close of construction on the District's headquarters building in Novato.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(10) Long-term Debt, continued

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 463,743	58,494	522,237
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	1,013,930	30,544	1,044,474
2030	516,070	6,168	522,238
Total	4,894,922	327,450	5,222,372
Current	(463,743)		
Non-current	\$ 4,431,179		

2005 SWRCB Loan – Novato Recycled Water segment

In 2005, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount of \$4,302,560 with an interest rate of 2.40% per annum. The proceeds from the loan were used to construct the Deer Island Recycled Water Facility. Principal and interest are payable annually on June 19th 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 254,593	18,774	273,367
2026	260,703	12,664	273,367
2027	266,958	6,407	273,365
Total	782,254	37,845	820,099
Current	(254,593)		
Non-current	\$ 527,661		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(10) Long-term Debt, continued

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	547,932	66,367	614,299
2030-2034	<u>2,257,826</u>	<u>133,838</u>	2,391,664
Total	4,872,887	<u>590,272</u>	<u>5,463,159</u>
Current	<u>(498,676)</u>		
Non-current	\$ <u>4,374,211</u>		

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

In October 2011, 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	501,159	51,641	552,800
2030-2032	<u>1,238,065</u>	<u>51,802</u>	1,289,867
Total	3,581,140	<u>472,727</u>	<u>4,053,867</u>
Current	<u>(437,229)</u>		
Non-current	\$ <u>3,143,911</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(10) Long-term Debt, continued

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	226,008	49,765	275,773
2030-2034	1,164,397	214,467	1,378,864
2035-2039	1,223,793	155,071	1,378,864
2040-2044	1,286,219	92,645	1,378,864
2045-2048	1,076,058	27,035	1,103,093
Total	5,858,350	<u>760,199</u>	<u>6,618,549</u>
Current	<u>(217,189)</u>		
Non-current	\$ <u>5,641,161</u>		

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	330,000	46,941	376,941
2030-2033	1,415,000	96,302	1,511,302
Total	2,985,000	<u>415,338</u>	<u>3,400,338</u>
Current	<u>(300,000)</u>		
Non-current	\$ <u>2,685,000</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(10) Long-term Debt, continued

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	877,901	469,996	1,347,897
2030-2034	4,816,430	1,923,054	6,739,484
2035-2039	5,613,441	1,126,042	6,739,483
2040-2043	3,804,626	239,063	4,043,689
Total	18,367,077	<u>5,895,062</u>	<u>24,262,139</u>
Current	<u>(776,681)</u>		
Non-current	\$ <u>17,590,396</u>		

(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*.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

(3) Retiring before June 1, 2005:

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

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

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

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	39	38
Inactive employees entitled to but not receiving benefit payments	-	-
Active employees	55	53
	94	91

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 \$4,869,618 and \$4,287,222 was measured as of June 30, 2024 and 2023, respectively, and was determined by an actuarial valuation as of July 1, 2022, to June 30, 2023, and July 1, 2020, to June 30, 2021, respectively.

Actuarial assumptions and other inputs – The total OPEB liability measured based on the July 1, 2023 and July 1, 2021, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2024 - 2.50 percent 2023 - 2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2024 - 3.97 percent 2023 - 3.86 percent
Healthcare cost trend rates	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2024-2029 and 4.00 percent for 2030 and later years.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

As of and for the years ended June 30, 2024 and 2023, the discount rates were based on the Fidelity GO AA 20-Years Municipal Index of 3.97% and 3.86%, respectively.

As of and for the year ended June 30, 2024, pre-retirement mortality rates were based on the CalPERS Experience Study (2000-2019).

As of and for the year ended June 30, 2023, 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, 2023 and 2021 valuations were based on a review of plan experience during the periods July 1, 2022 to June 30, 2023 and July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability 2024	Total OPEB Liability 2023
Balance at beginning of year	\$ 4,287,222	4,343,600
Changes for the year:		
Service cost	196,490	133,569
Interest	188,823	160,146
Difference between expected and actual experience	228,085	-
Changes in assumptions or other inputs	277,919	(73,234)
Benefit payments	(308,921)	(276,859)
Net change	582,396	(56,378)
Balance at end of year	\$ 4,869,618	4,287,222

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024.

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, 2024, 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% (2.97%)	Current Discount Rate (3.97%)	Discount Rate + 1% (4.97%)
District's total OPEB liability	\$ 5,401,725	4,869,618	4,404,730

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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 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

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, 2024, 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 (4.50%) increasing to 5.50%)	Healthcare Cost Trend Rates (5.50%) increasing to 6.50%)	1% Increase (6.50%) increasing to 7.50%)
District's total OPEB liability	\$ 4,472,902	4,869,618	4,404,730

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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

For the year ended June 30, 2024 and 2023, the District recognized OPEB expense of \$107,271 and \$24,891, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

<u>Description</u>	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	(63,082)	-	(324,457)
Differences between actual and expected experience	236,289	-	22,539	-
Total	<u>\$ 236,289</u>	<u>(63,082)</u>	<u>22,539</u>	<u>(324,457)</u>

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

As of June 30, 2024, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year June 30:</u>	<u>Net Changes in Assumptions</u>	<u>Net Differences between Expected and Actual Experience and Actual Outflows/(Inflows) of Resources</u>	
		<u>and Actual Experience</u>	<u>Outflows/(Inflows) of Resources</u>
2025	\$ (17,085)	16,582	(503)
2026	(90,314)	50,030	(40,284)
2027	(96,494)	47,680	(48,814)
2028	24,472	26,522	50,994
2029	116,339	95,475	211,814
Total	<u>\$ (63,082)</u>	<u>236,289</u>	<u>173,207</u>

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:

<u>Fiscal Year June 30:</u>	<u>Net Changes in Assumptions</u>	<u>Net Differences between Expected and Actual Experience and Actual Outflows/(Inflows) of Resources</u>	
		<u>and Actual Experience</u>	<u>Outflows/(Inflows) of Resources</u>
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	<u>\$ (324,457)</u>	<u>22,539</u>	<u>(301,918)</u>

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

See page 61 for the Required Supplementary Schedule.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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.

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:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55	57 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	2024: 7.96%	2024: 7.75%
	2023: 7.96%	2023: 6.75%
Required employer contribution rates	2024: 14.06%	2024: 7.68%
	2023: 12.21%	2023: 7.47%

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(12) Defined Benefit Pension Plan, continued

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	
	2024	2023
Contributions – employer	\$ 1,918,876	1,847,485

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:

	2024	2023
Proportionate share of net pension liability	\$ 18,307,785	17,178,160

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, 2024 and 2023, the net pension liability of the Plan is measured as of June 30, 2023 and 2022 (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, 2022 and 2021 (valuation dates), rolled forward to June 30, 2023 and 2022, 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, 2024 and 2023, were as follows:

	Proportionate Share
Proportion at Measurement Date – June 30, 2022	0.17135 %
Change in proportion	(0.02263)
Proportion at Measurement Date – June 30, 2023	0.14872
Change is proportion	(0.00197)
Proportion at Measurement Date – June 30, 2024	0.14675 %

Deferred Pension Outflows (Inflows) of Resources

For the years ended June 30, 2024 and 2023, the District recognized pension expense and income of \$620,382 and \$1,564,295, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date at June 30	\$ 1,918,876	-	1,874,485	-
Net difference between actual and expected experience	790,179		113,924	
Net change in assumptions	1,105,323	-	1,760,260	-
Net difference between projected and actual earnings on plan investments	2,964,194	-	3,146,580	-
Net difference between actual contribution and proportionate share of contribution	-	(225,035)	-	(558,545)
Net change due to differences in proportion of net pension liability	-	(503,205)	-	(795,615)
Total	\$ 6,778,572	(728,240)	6,895,249	(1,354,160)

As of June 30 2024 and 2023, the District reported \$1,918,876 and \$1,874,485, 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, 2024, will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Pension contributions subsequent to the measurement date for the year ended June 30, 2023, were recognized as a reduction of the net pension liability for the year ended June 30, 2024.

At June 30, 2024, 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
	2025	\$ 343,713	655,090	381,895	(169,009)	(315,616)
2026	202,018	451,782	191,071	(69,885)	(192,998)	581,988
2027	244,448	(1,549)	2,345,540	13,859	5,409	2,607,707
2028	-	-	45,688	-	-	45,688
Total	\$ 790,179	1,105,323	2,964,194	(225,035)	(503,205)	4,131,456

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(12) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

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

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, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2023 - 6.90% 2022 - 6.90%
Inflation	2023 - 2.30% 2022 - 2.30%
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	2022 and 2021 – 1997-2015
Post Retirement Benefit	2022 and 2021 – Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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, 2023 and 2022, for the PERF C was 6.90%, respectively. This discount rate is not adjusted for administrative expenses.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>
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
	<u>100.00 %</u>	

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

As June 30, 2024, 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:

	<u>Discount Rate - 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
District's net pension liability	\$ <u>26,580,129</u>	<u>18,307,785</u>	<u>11,498,935</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(12) Defined Benefit Pension Plan, continued

As of 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

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 62 and 63 for Required Supplementary Schedules.

(13) Net Position

Calculation of net position per fund as of June 30, 2024, was as follows:

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 25,466,389	303,024	2,482,837	576,781	28,829,031
Depreciable capital assets, net	90,411,037	28,775,191	6,163,179	915,264	126,264,671
Webster loan fund – administrative building	3,404,828	-	-	-	3,404,828
Current:					
Leases payable	(134,871)	-	-	-	(134,871)
Loans payable	(1,921,688)	(970,458)	(55,965)	-	(2,948,111)
Non-current:					
Leases payable	(265,225)	-	-	-	(265,225)
Loans payable	(27,448,064)	(10,543,033)	(402,422)	-	(38,393,519)
Total net investment in capital assets	<u>89,355,314</u>	<u>17,564,724</u>	<u>8,187,629</u>	<u>1,492,045</u>	<u>116,599,712</u>
Restricted net position:					
SRF loan fund – Stafford Treatment Plant	1,067,432	-	-	-	1,067,432
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	-	5,974,462	-	-	5,974,462
Total restricted net position	<u>1,067,432</u>	<u>7,079,534</u>	<u>-</u>	<u>-</u>	<u>8,146,966</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	1,007,639	-	-	-	1,007,639
Prepaid expenses and deposits	507,197	-	-	-	507,197
Non-current:					
Notes receivable	-	983,592	-	-	983,592
Notes receivable – employee housing loans	250,000	-	-	-	250,000
Total non-spendable net position	<u>1,764,836</u>	<u>983,592</u>	<u>-</u>	<u>-</u>	<u>2,748,428</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,287,222	-	-	-	4,287,222
Operating reserve (deficit)	(2,288,716)	406,540	(339,131)	482,332	(1,738,975)
Total spendable net position (deficit)	<u>1,998,506</u>	<u>406,540</u>	<u>(339,131)</u>	<u>482,332</u>	<u>2,548,247</u>
Total unrestricted net position	<u>3,763,342</u>	<u>1,390,132</u>	<u>(339,131)</u>	<u>482,332</u>	<u>5,296,675</u>
Total net position	<u>\$ 94,186,088</u>	<u>26,034,390</u>	<u>7,848,498</u>	<u>1,974,377</u>	<u>130,043,353</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(13) Net Position, continued

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

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
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	(2,333,444)	(950,741)	(54,044)	-	(3,338,229)
Non-current:					
Leases payable	(265,297)	-	-	-	(265,297)
Loans payable	(29,358,864)	(11,513,491)	(458,387)	-	(41,330,742)
Total net investment in capital assets	<u>86,145,723</u>	<u>17,100,131</u>	<u>7,944,397</u>	<u>1,220,647</u>	<u>112,410,898</u>
Restricted net position:					
SRF loan fund – Stafford Treatment Plant	1,063,737	-	-	-	1,063,737
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	<u>1,063,737</u>	<u>6,368,841</u>	<u>-</u>	<u>-</u>	<u>7,432,578</u>
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	<u>1,614,834</u>	<u>1,022,382</u>	<u>-</u>	<u>1,298</u>	<u>2,638,514</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,658,025	-	-	-	4,658,025
Operating reserve (deficit)	(1,844,400)	634,342	(182,224)	473,245	(919,037)
Total spendable net position (deficit)	<u>2,813,625</u>	<u>634,342</u>	<u>(182,224)</u>	<u>473,245</u>	<u>3,738,988</u>
Total unrestricted net position	<u>4,428,459</u>	<u>1,656,724</u>	<u>(182,224)</u>	<u>474,543</u>	<u>6,377,502</u>
Total net position	<u>\$ 91,637,919</u>	<u>25,125,696</u>	<u>7,762,173</u>	<u>1,695,190</u>	<u>126,220,978</u>

(14) 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, 2024 and 2023, the assets of the deferred compensation savings plan totaled \$9,760,911 and \$8,777,675, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(15) 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, 2024, 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 \$90,575,926 and coverage extension blanket up to \$2 million subject to a \$50,000 deductible; and mobile equipment coverage up to \$679,500 for scheduled, \$100,000 for unscheduled, and \$250,000 for borrowed, rented, or leased subject to a \$1,000 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, forgery or alteration of \$500,000, theft of money and securities of \$250,000, robbery and safe burglary of \$100,000, crime outside the premises of \$250,000, computer fraud and funds transfer fraud of \$500,000 and money orders and counterfeit money limit 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 \$10 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, 2024 and 2023.

(16) 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. 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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

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

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.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2024 and 2023

(17) 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 \$6,338,993 and \$7,246,436 in capital expenditures as of June 30, 2024 and 2023, 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, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of December 3, 2024, 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, 2024
Last Ten Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 196,490	133,569	189,098	166,020	140,410	137,480	145,989
Interest	188,823	160,146	101,213	115,047	135,765	150,690	132,454
Differences between expected and actual experience	228,085	-	138,698	-	(272,373)	163,205	-
Changes in assumptions or other inputs	277,919	(73,234)	(758,672)	256,981	363,781	195,564	(197,296)
Benefit payments	<u>(308,921)</u>	<u>(276,859)</u>	<u>(264,768)</u>	<u>(258,042)</u>	<u>(229,722)</u>	<u>(250,340)</u>	<u>(375,787)</u>
Net change in total OPEB liability	582,396	(56,378)	(594,431)	280,006	137,861	396,599	(294,640)
Total OPEB liability - beginning	<u>4,287,222</u>	<u>4,343,600</u>	<u>4,938,031</u>	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>	<u>4,418,205</u>
Total OPEB liability - ending	\$ <u>4,869,618</u>	<u>4,287,222</u>	<u>4,343,600</u>	<u>4,938,031</u>	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>
Covered-employee payroll	\$ 7,366,467	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	<u>66.11%</u>	<u>64.29%</u>	<u>70.90%</u>	<u>86.85%</u>	<u>81.73%</u>	<u>83.18%</u>	<u>73.17%</u>
Valuation date	<u>July 1, 2023</u>	<u>July 1, 2022</u>	<u>July 1, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Methods and assumptions used to determine contribution rates:							
Single and agent employers	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.50%	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%	3.00%
Mortality, retirement, turnover	(2)	(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 accumulated 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, 2024
Last Ten Years

<u>Description</u>	<u>Measurement Dates</u>									
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.14675%	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 \$	18,307,785	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 \$	5,387,870	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	339.80%	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	70.07%	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 administrative 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%

From fiscal year June 30, 2022 to June 30, 2023:

There were no changes in assumptions.

**North Marin Water District
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years**

Description	Fiscal Years									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 1,918,876	1,867,734	1,674,677	1,490,360	1,370,702	1,155,358	1,017,325	926,448	828,792	669,066
Contributions in relation to the actuarially determined contribution	(1,918,876)	(1,867,734)	(1,674,677)	(1,490,360)	(1,370,702)	(1,155,358)	(1,017,325)	(926,448)	(828,792)	(669,066)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 6,012,964	5,387,870	5,228,970	5,013,891	4,877,510	4,878,849	4,953,247	4,600,500	4,542,666	4,305,518
Contribution's as a percentage of covered payroll	31.91%	34.67%	32.03%	29.72%	28.10%	23.68%	20.54%	20.14%	18.24%	15.54%
Notes to schedule:										
Valuation date	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	June 30, 2013
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	Entry Age	Entry Age
Amortization method	(1)	(1)	(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	Market Value	15 year Smoothed Market
Inflation	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level of percentage payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of 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.

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Supplemental Information

Combining Schedules

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2024

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	\$ 380,724	3,612,759	492,145	311,363	4,796,991
Restricted – cash and cash equivalents	5,045,811	3,547,273	-	-	8,593,084
Restricted – investments	14,169,770	-	-	-	14,169,770
Accrued interest receivable	226,668	-	-	-	226,668
Accounts receivable – water and sewer sales	4,873,986	417,966	276,556	4,603	5,573,111
Accounts receivable – governmental agencies	291,900	-	132,939	192,861	617,700
Accounts receivable – other	-	11,647	-	-	11,647
Leases receivable	26,439	-	5,779	-	32,218
Note receivable	-	38,791	-	-	38,791
Loan receivable	161,355	-	-	-	161,355
Interfund loan – West Marin (note 6)	90,677	-	-	-	90,677
Materials and supplies inventory	1,007,639	-	-	-	1,007,639
Prepaid expenses and deposits	507,197	-	-	-	507,197
Total current assets	26,782,166	7,628,436	907,419	508,827	35,826,848
Non-current assets:					
Restricted – investments	1,709,884	-	-	-	1,709,884
Leases receivable	320,288	-	6,143	-	326,431
Notes receivable	-	983,592	-	-	983,592
Loan receivable	1,458,849	-	-	-	1,458,849
Interfund loan – West Marin (note 6)	821,070	-	-	-	821,070
Note receivable – employee housing loans, net	250,000	-	-	-	250,000
Capital assets, not being depreciated	25,466,389	303,024	2,482,837	576,781	28,829,031
Depreciable capital assets, net	90,411,037	28,775,191	6,163,179	915,264	126,264,671
Total non-current assets	120,437,517	30,061,807	8,652,159	1,492,045	160,643,528
Total assets	147,219,683	37,690,243	9,559,578	2,000,872	196,470,376
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	236,289	-	-	-	236,289
Deferred pension outflows	6,778,572	-	-	-	6,778,572
Total deferred outflows of resources	7,014,861	-	-	-	7,014,861
Current liabilities:					
Accounts payable and accrued expenses	3,045,517	10,005	-	7,189	3,062,711
Accrued wages and related payables	235,348	38,643	47,931	13,555	335,477
Accrued claims payable	27,971	534	666	266	29,437
Customer advances and deposits	1,670,188	390	256,736	5,485	1,932,799
Accrued interest payable – long-term debt	217,171	92,790	25,043	-	335,004
Long-term liabilities – due within one year:					
Compensated absences	199,782	-	-	-	199,782
Interfund loan – West Marin (note 6)	-	-	90,677	-	90,677
Leases payable	134,871	-	-	-	134,871
Loans payable	1,921,688	970,458	55,965	-	2,948,111
Other post-employment benefits liability	249,047	-	-	-	249,047
Total current liabilities	7,701,583	1,112,820	477,018	26,495	9,317,916
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	599,347	-	-	-	599,347
Interfund loan – West Marin (note 6)	-	-	821,070	-	821,070
Leases payable	265,225	-	-	-	265,225
Loans payable	27,448,064	10,543,033	402,422	-	38,393,519
Other post-employment benefits liability	4,620,571	-	-	-	4,620,571
Net pension liability	18,307,785	-	-	-	18,307,785
Total non-current liabilities	51,240,992	10,543,033	1,223,492	-	63,007,517
Total liabilities	58,942,575	11,655,853	1,700,510	26,495	72,325,433
Deferred inflows of resources:					
Deferred lease inflows	314,559	-	10,570	-	325,129
Deferred other post-employment benefits inflows	63,082	-	-	-	63,082
Deferred pension inflows	728,240	-	-	-	728,240
Total deferred inflows of resources	1,105,881	-	10,570	-	1,116,451
Net position:					
Net investment in capital assets	89,355,314	17,564,724	8,187,629	1,492,045	116,599,712
Restricted:					
SRF loan fund – Stafford Treatment Plant	1,067,432	-	-	-	1,067,432
SRF reserve fund – Recycled Water System	-	1,105,072	-	-	1,105,072
Interagency capital replacement and expansion fund	-	5,974,462	-	-	5,974,462
Unrestricted (deficit)	3,763,342	1,390,132	(339,131)	482,332	5,296,675
Total net position	\$ 94,186,088	26,034,390	7,848,498	1,974,377	130,043,353

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	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
Note 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
Notes 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	2,333,444	950,741	54,044	-	3,338,229
Other post-employment benefits liability	226,814	-	-	-	226,814
Total current liabilities	7,894,899	1,089,589	344,013	15,104	9,343,605
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	29,358,864	11,513,491	458,387	-	41,330,742
Other post-employment benefits liability	4,060,408	-	-	-	4,060,408
Net pension liability	17,178,160	-	-	-	17,178,160
Total non-current liabilities	51,384,216	11,513,491	1,370,134	-	64,267,841
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:					
SRF loan fund – Stafford Treatment Plant	1,063,737	-	-	-	1,063,737
SRF reserve fund – Recycled Water System	-	1,105,072	-	-	1,105,072
Interagency capital replacement and expansion fund	-	5,263,769	-	-	5,263,769
Unrestricted	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 Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	\$ 16,441,186	1,352,663	722,175	-	18,516,024
Bi-monthly meter service charge	7,301,145	140,808	271,590	-	7,713,543
Sewer service charges	-	-	-	324,264	324,264
Other charges and services	397,912	25	10,159	1,200	409,296
Total operating revenues	24,140,243	1,493,496	1,003,924	325,464	26,963,127
Operating expenses:					
Source of supply	6,436,226	270,502	20,562	-	6,727,290
Pumping	577,094	11,240	85,417	-	673,751
Water facilities operations	1,098,933	143,799	77,161	-	1,319,893
Water treatment	2,361,656	10,776	301,940	-	2,674,372
Transmission and distribution	4,075,563	39,722	177,317	-	4,292,602
Sewage collection and treatment	-	-	-	277,564	277,564
Customer service	497,270	1,823	31,057	3,376	533,526
General and administrative	4,919,943	118,552	215,236	55,884	5,309,615
Water conservation projects	455,091	-	15,014	-	470,105
Total operating expenses	20,421,776	596,414	923,704	336,824	22,278,718
Operating income before depreciation	3,718,467	897,082	80,220	(11,360)	4,684,409
Depreciation	(3,057,406)	(788,512)	(241,030)	(52,334)	(4,139,282)
Operating income(loss)	661,061	108,570	(160,810)	(63,694)	545,127
Non-operating revenues(expenses):					
Property tax revenue	145,929	-	-	-	145,929
Investment earnings	1,426,315	301,479	34,289	22,799	1,784,882
Interest earnings from note receivable – BPGL	-	10,416	-	-	10,416
Interest earnings from loan receivable – MMWD	73,271	-	-	-	73,271
Interest earnings from leases	11,390	-	540	-	11,930
Rental revenue	73,042	-	5,285	250	78,577
Interest expense – long-term debt	(929,775)	(205,457)	(41,756)	-	(1,176,988)
Gain on sale of capital assets	2,940	-	-	-	2,940
Regulation 15 forfeiture	151,815	-	29,075	-	180,890
Other non-operating revenues	25,022	-	-	3,000	28,022
Other non-operating expenses	(2,295)	-	-	-	(2,295)
Total non-operating revenues(expense), net	977,654	106,438	27,433	26,049	1,137,574
Net income(loss) before capital contributions	1,638,715	215,008	(133,377)	(37,645)	1,682,701
Capital contributions:					
Developers and others	536,625	-	14,073	515	551,213
Connection fees	970,610	-	68,560	75,000	1,114,170
Capital grants – state and local	95,905	-	137,069	241,317	474,291
Total capital contributions	1,603,140	-	219,702	316,832	2,139,674
Transfer in(out)	(693,686)	693,686	-	-	-
Change in net position	2,548,169	908,694	86,325	279,187	3,822,375
Net position, beginning of year	91,637,919	25,125,696	7,762,173	1,695,190	126,220,978
Net position, end of year	\$ 94,186,088	26,034,390	7,848,498	1,974,377	130,043,353

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	<u>21,521,589</u>	<u>1,517,211</u>	<u>901,351</u>	<u>304,560</u>	<u>24,244,711</u>
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	<u>14,209,766</u>	<u>681,343</u>	<u>679,813</u>	<u>297,137</u>	<u>15,868,059</u>
Operating income before depreciation	7,311,823	835,868	221,538	7,423	8,376,652
Depreciation	<u>(3,455,892)</u>	<u>(788,511)</u>	<u>(233,218)</u>	<u>(46,285)</u>	<u>(4,523,906)</u>
Operating income	<u>3,855,931</u>	<u>47,357</u>	<u>(11,680)</u>	<u>(38,862)</u>	<u>3,852,746</u>
Non-operating revenues(expenses):					
Property tax revenue	143,332	-	-	-	143,332
Investment earnings, net	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	<u>(2,158)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(2,166)</u>
Total non-operating revenues(expense), net	<u>550,711</u>	<u>(141,528)</u>	<u>(34,408)</u>	<u>(24,415)</u>	<u>350,360</u>
Net income before capital contributions	<u>4,406,642</u>	<u>(94,171)</u>	<u>(46,088)</u>	<u>(63,277)</u>	<u>4,203,106</u>
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	<u>1,335,071</u>	<u>-</u>	<u>408,541</u>	<u>17,683</u>	<u>1,761,295</u>
Transfers in(out)	<u>(614,299)</u>	<u>614,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	5,127,414	520,128	362,453	(45,594)	5,964,401
Net position, beginning of year	<u>86,510,505</u>	<u>24,605,568</u>	<u>7,399,720</u>	<u>1,740,784</u>	<u>120,256,577</u>
Net position, end of year	<u>\$ 91,637,919</u>	<u>25,125,696</u>	<u>7,762,173</u>	<u>1,695,190</u>	<u>126,220,978</u>

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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.

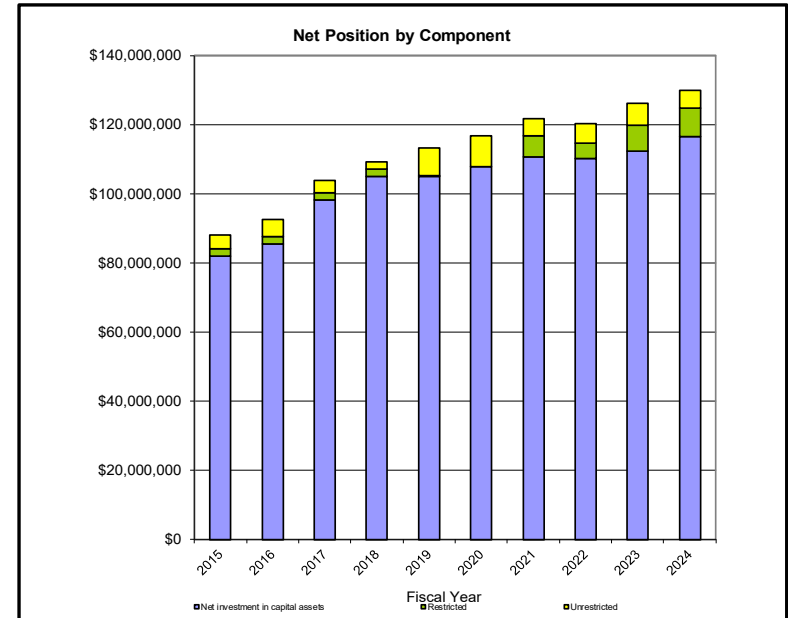
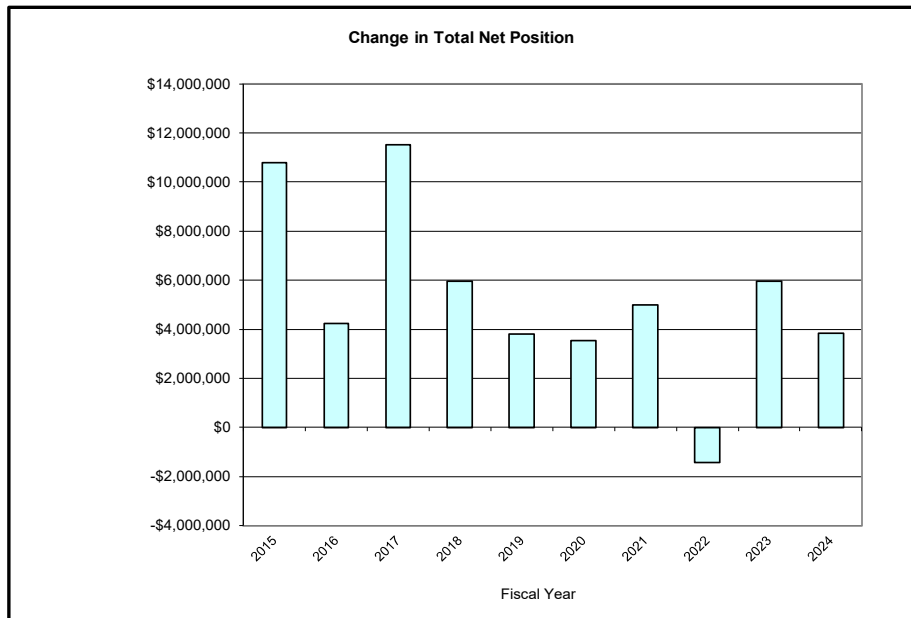
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Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	73-76
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	77-78
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	79-80
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	81-82

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

Schedule 1

	Fiscal Year									
	2015	2016	2017	Restated 2018	Restated 2019	2020	Restated 2021	2022	2023	2024
Change in net position:										
Operating revenues (see schedule 2)	\$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	\$26,963,127
Operating expenses (see schedule 3)	(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)	(22,278,718)
Depreciation and amortization	(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)	(4,139,282)
Operating income(loss)	\$1,569,459	\$420,453	\$187,378	\$2,198,995	\$1,949,599	\$1,025,926	\$754,366	(\$2,098,797)	\$3,852,745	\$545,127
Net non-op revenue(expense) (see schedule 4)	(488,661)	(328,734)	(304,830)	(253,110)	(59,467)	(239,641)	(356,774)	(1,169,574)	350,361	1,137,574
Net income(loss) before capital contributions	\$1,080,798	\$91,719	(\$117,452)	\$1,945,885	\$1,890,132	\$786,285	\$397,592	(\$3,268,371)	\$4,203,106	\$1,682,701
Capital contributions	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	2,139,674
Change in net position	\$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	\$3,822,375
Net position by component:										
Net investment in capital assets	\$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	\$116,599,712
Restricted	2,170,429	2,122,980	2,140,681	2,186,164	71,715	-	6,166,090	4,560,392	7,432,578	8,146,966
Unrestricted	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	5,296,675
Total net position	\$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	\$130,043,353

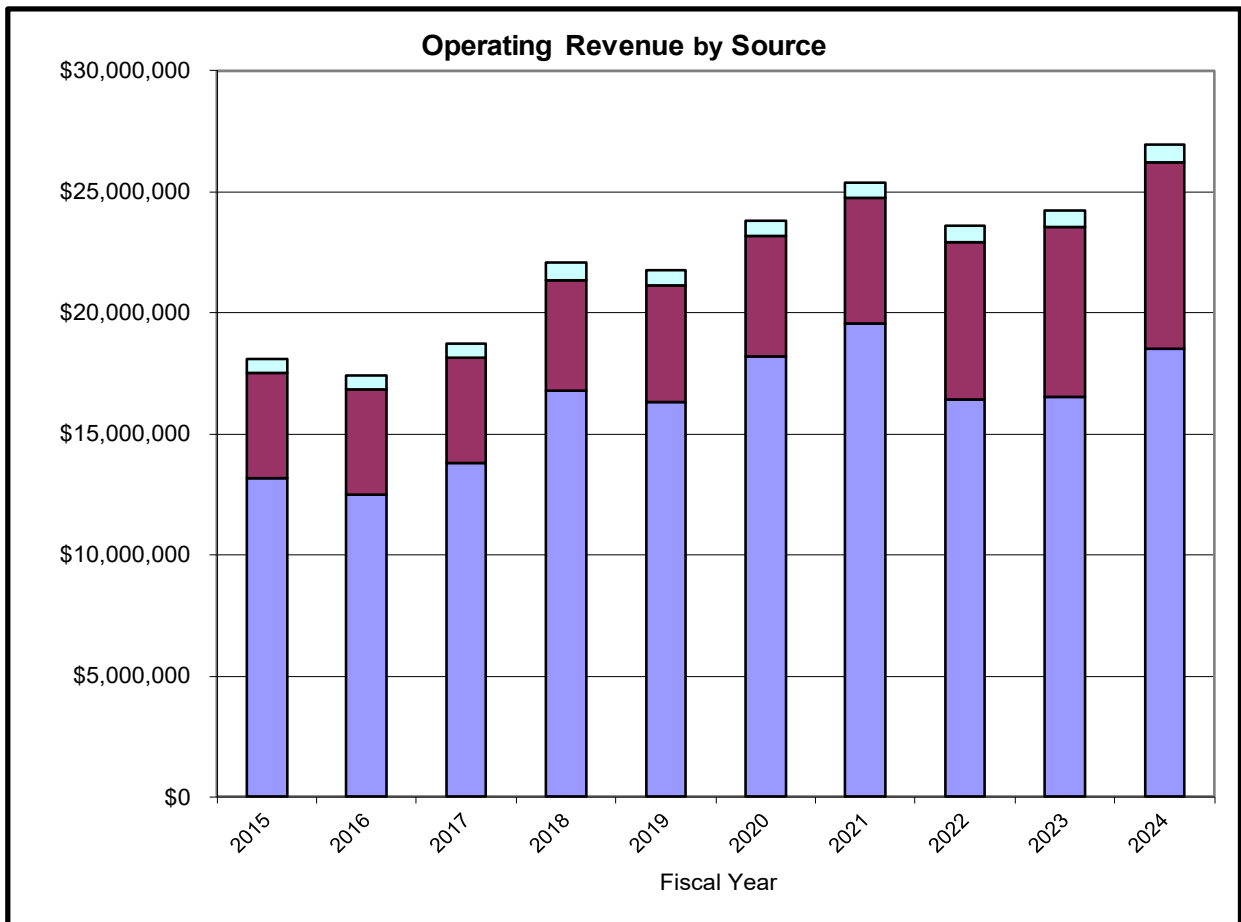


Source: North Marin Water District Audited Financial Statements

**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
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
2024	18,516,024	7,713,543	733,560	26,963,127

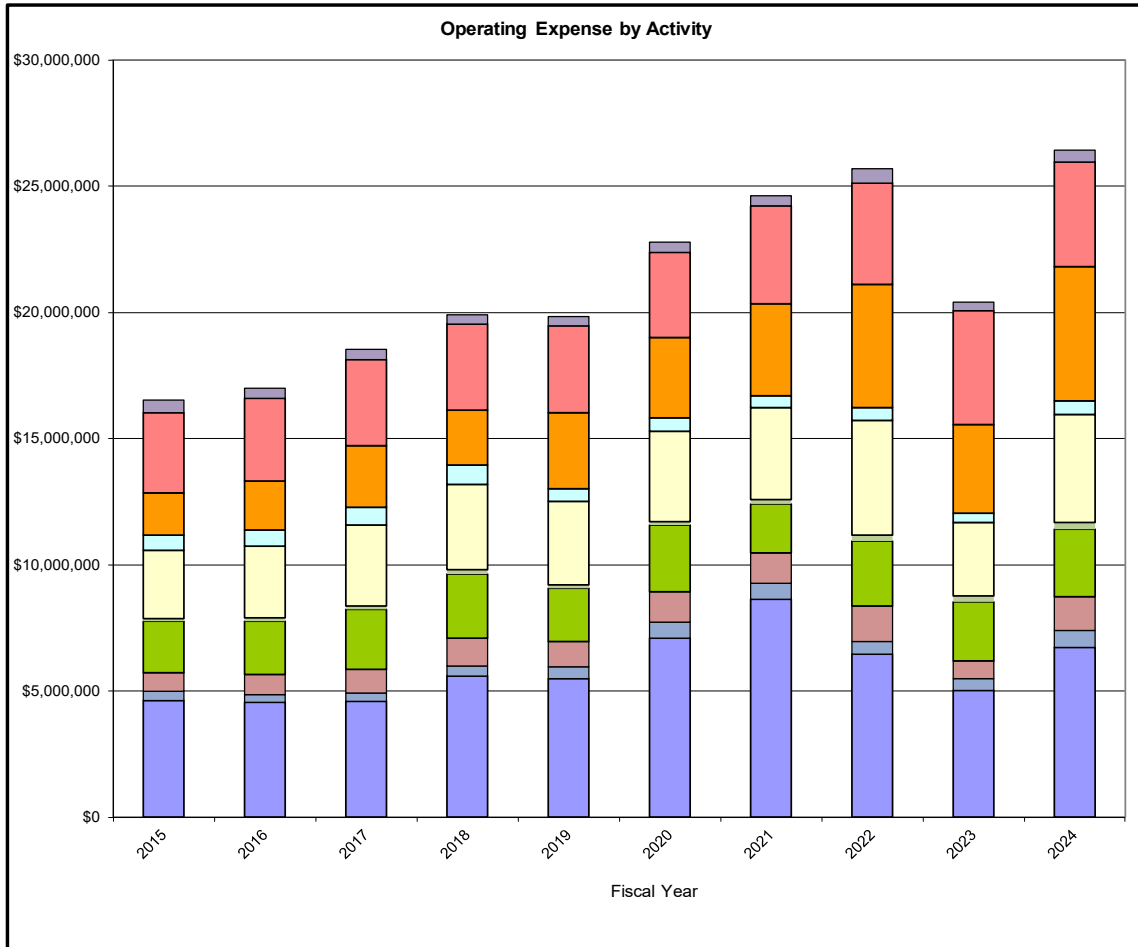


Source: North Marin Water District Audited Financial Statements

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
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	217,921	4,557,127	501,005	4,877,009	563,288	4,023,236	25,686,578
2023	5,001,982	493,027	678,573	2,353,464	220,375	2,913,847	386,333	3,499,861	320,597	4,523,906	20,391,965
2024	6,727,290	673,751	1,319,893	2,674,372	277,564	4,292,602	533,526	5,309,615	470,105	4,139,282	26,418,000

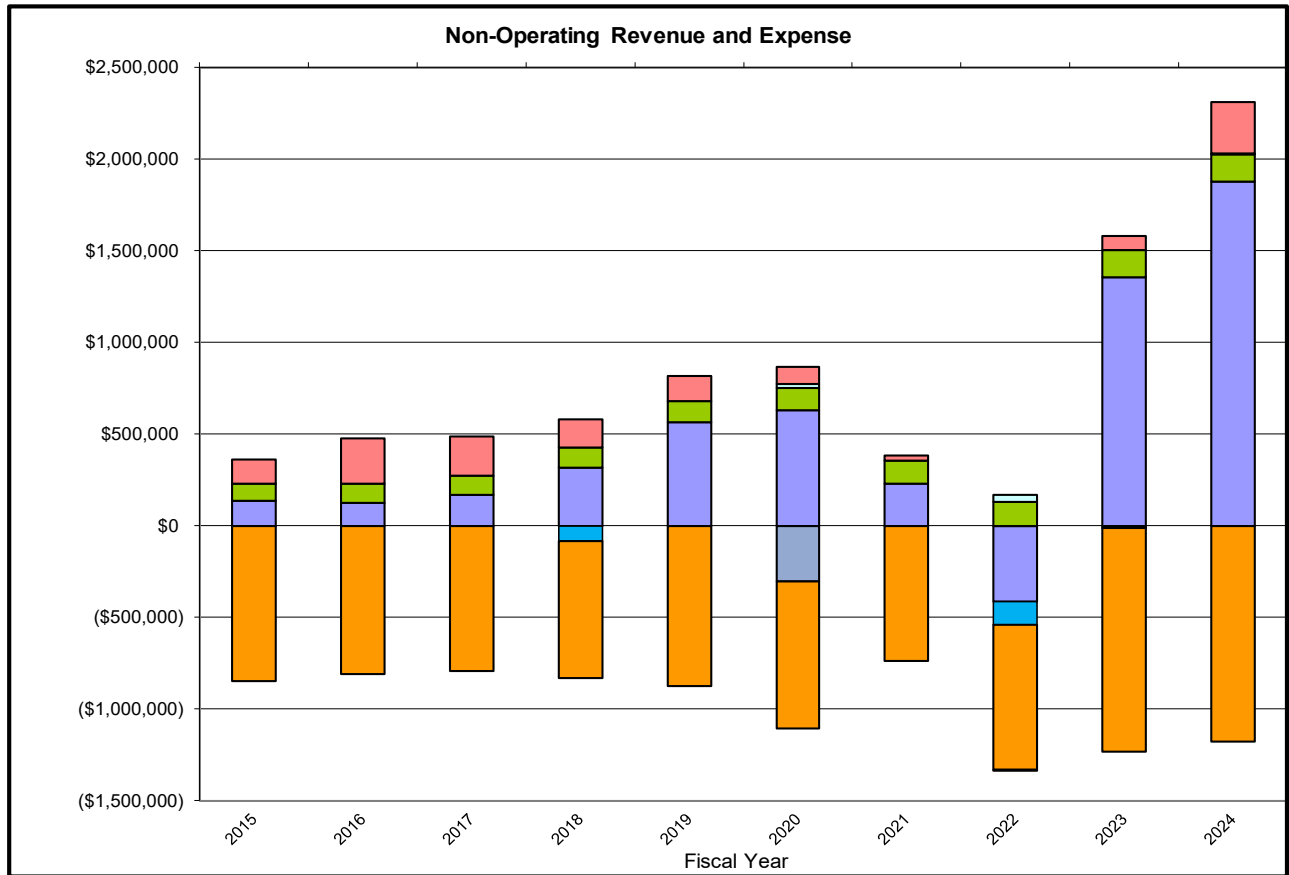


Source: North Marin Water District Audited Financial Statements

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)
2015	\$ 135,307	94,391	-	-	-	(847,950)	129,591 ⁽²⁾	(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)	79,249	350,360
2024	1,880,499	145,929	2,940	-	-	(1,176,990)	285,193	1,137,571



Notes:

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

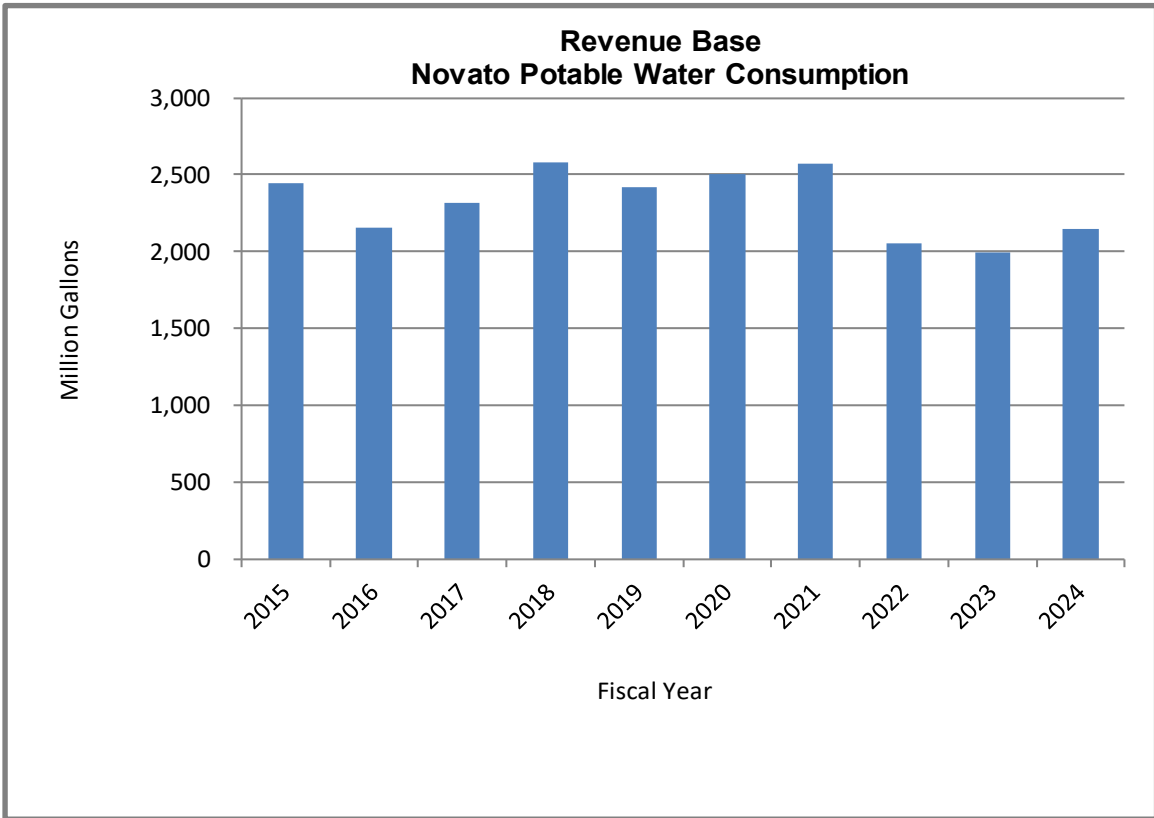
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

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)
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
2024	2,150



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

Source: Novato Water District Billing System

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

Schedule 6

Fiscal Year	Customer Type					West Marin Water	Oceana Marin Sewer	Total
	Novato Potable & Recycled							
	Single-Family Residential	Multi-Family Residential	Commerical/Business	Government	Recycled			
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
2024	18,719	699	1,240	217	101	797	237	22,010

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	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
5/8" & 3/4"	\$ 30.00	\$ 30.00	\$ 31.50	\$ 33.00	\$ 34.15	\$ 34.15	\$ 41.46	\$ 43.95	\$ 46.58	\$ 51.01
1"	60.00	60.00	63.00	66.00	68.30	68.30	74.06	78.50	83.21	91.11
1 1/2"	73.00	73.00	77.00	80.50	83.30	83.30	128.38	136.08	144.25	157.95
2"	114.00	114.00	120.00	125.50	129.90	129.90	193.57	205.18	217.50	238.16
3"	227.00	227.00	238.00	248.50	257.20	257.20	367.41	389.45	412.82	452.04
4"	364.00	364.00	382.00	399.00	413.00	413.00	562.98	596.76	632.56	692.65
6"	761.00	761.00	799.00	835.00	864.00	864.00	1,106.23	1,172.60	1,242.96	1,361.04
8"	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	1,762.07

Water Use Rate (per 1,000 Gallons)										
User Type	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/21	6/30/22	6/30/23	6/30/23	6/30/24
<u>Residential Zone A</u>										
Base Rate ⁽¹⁾	\$ 4.46	\$ 4.77	\$ 5.01	\$ 5.24	\$ 5.42	\$ 5.42	\$ 5.50	\$ 5.83	\$ 6.18	\$ 6.77
Tier 1 ⁽²⁾	7.11	7.61	7.99	8.35	8.64	8.64	6.23	6.60	7.00	7.67
Tier 2 ⁽²⁾	12.38	13.25	13.91	14.54	15.05	15.05	7.57	8.13	8.62	9.44
<u>Non-Residential Zone A</u>										
Base Rate ⁽¹⁾	4.92	5.26	5.52	5.77	5.97	5.97	5.50	5.83	6.18	6.77
Seasonal Rate	5.28	5.65	5.93	6.20	6.42	6.42	7.67	8.13	8.62	9.44

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

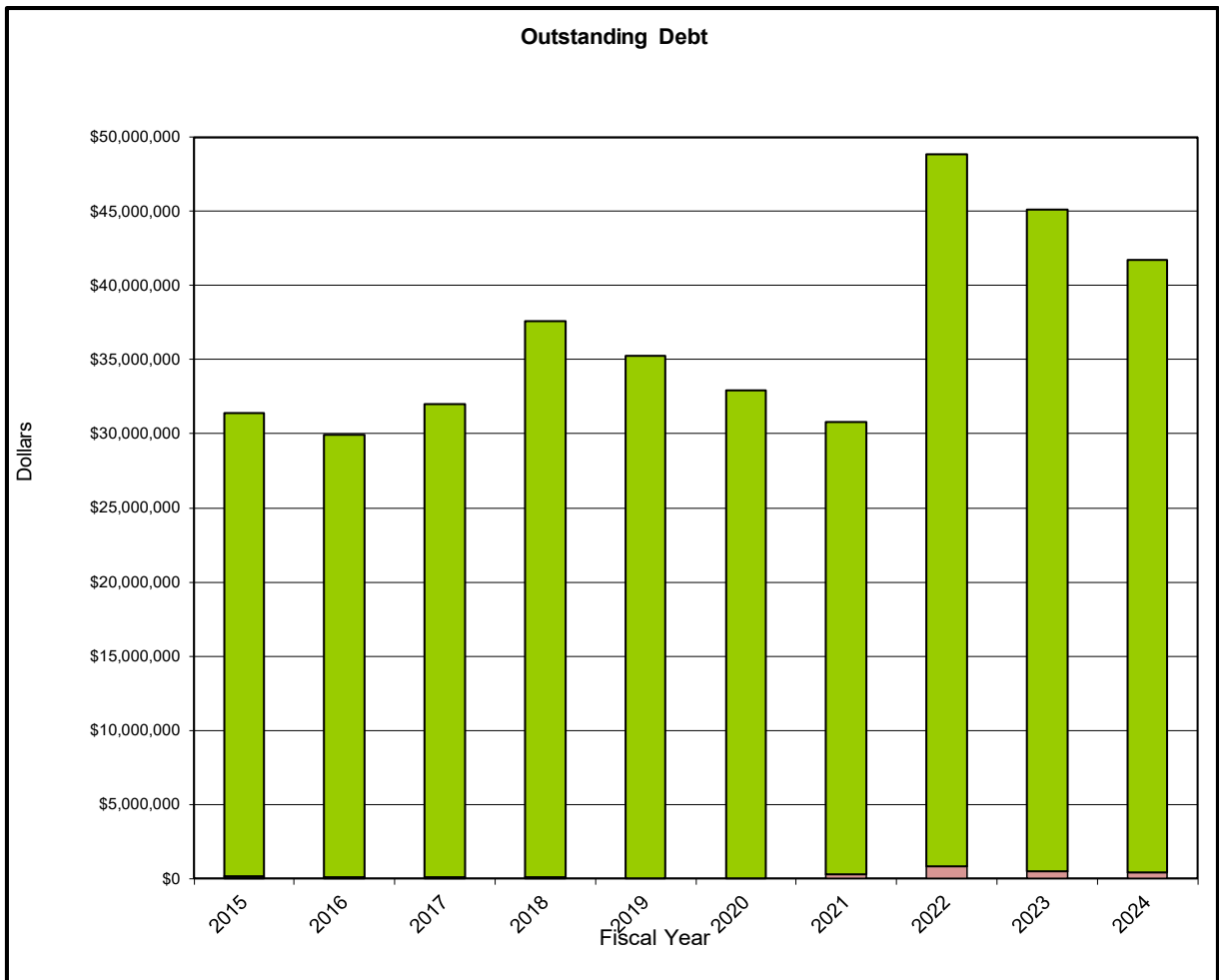
FY 2023/24		% of Total	FY 2014/15		% of Total
1	Bay Club Stonetree	2.0%	City of Novato		2.3%
2	City of Novato	1.7%	Bay Club Stonetree		1.9%
3	Novato Unified School District	1.6%	Novato Unified School District		1.6%
4	Biomarin Pharmaceutical	1.5%	Fireman's Fund		0.9%
5	NCP Multifamily LLC	0.7%	BioMarin Pharmaceutical		0.7%
6	Avanath Bay Vista LP	0.7%	Indian Valley Golf Course		0.7%
7	Marin Country Club	0.7%	Meadow Park HOA		0.6%
8	Marion Park Apts	0.6%	Bay Vista Apartments		0.6%
9	Indian Valley Golf Course	0.5%	Marion Park Apts		0.5%
10	Meadow Park HOA	0.5%	Western Oaks Village		0.4%
		10.5%			10.2%
	Total Water Service Revenue	\$26,230,000	Total Water Service Revenue		\$17,492,000

Source: NMWD CORE billing system (t:\finance\audit\audit24\acfr fy24\top revenue 2015_2024.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	Per Capita	As a Share of Personal Income ⁽¹⁾
2015	136,000	-	31,237,390	31,373,390	511.44	0.24%
2016	116,000	-	29,823,693	29,939,693	487.81	0.44%
2017	94,000	-	31,922,939	32,016,939	521.04	0.39%
2018	72,000	-	37,513,463	37,585,463	611.28	0.39%
2019	-	-	35,236,198	35,236,198	571.67	0.43%
2020	-	-	32,903,399	32,903,399	533.65	0.40%
2021	-	268,052	30,509,356	30,777,408	498.98	0.32%
2022	-	800,066	48,058,224	48,858,290	791.95	0.29%
2023	-	464,421	44,668,971	45,133,392	731.64	0.46%
2024	-	400,096	41,341,630	41,741,726	676.66	0.43%



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		Debt Service			Coverage
			Revenue		Principal	Interest	Total	Ratio
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	2.36
2019	22,496,702	(16,395,767)	6,100,935		2,349,265	875,354	3,224,619	1.88
2020	26,057,340	(19,411,083)	6,646,257		2,332,799	740,004	3,072,803	2.16
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
2024	30,064,395	(21,553,360)	8,511,035		3,082,982	1,029,324	4,112,306	2.07

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.

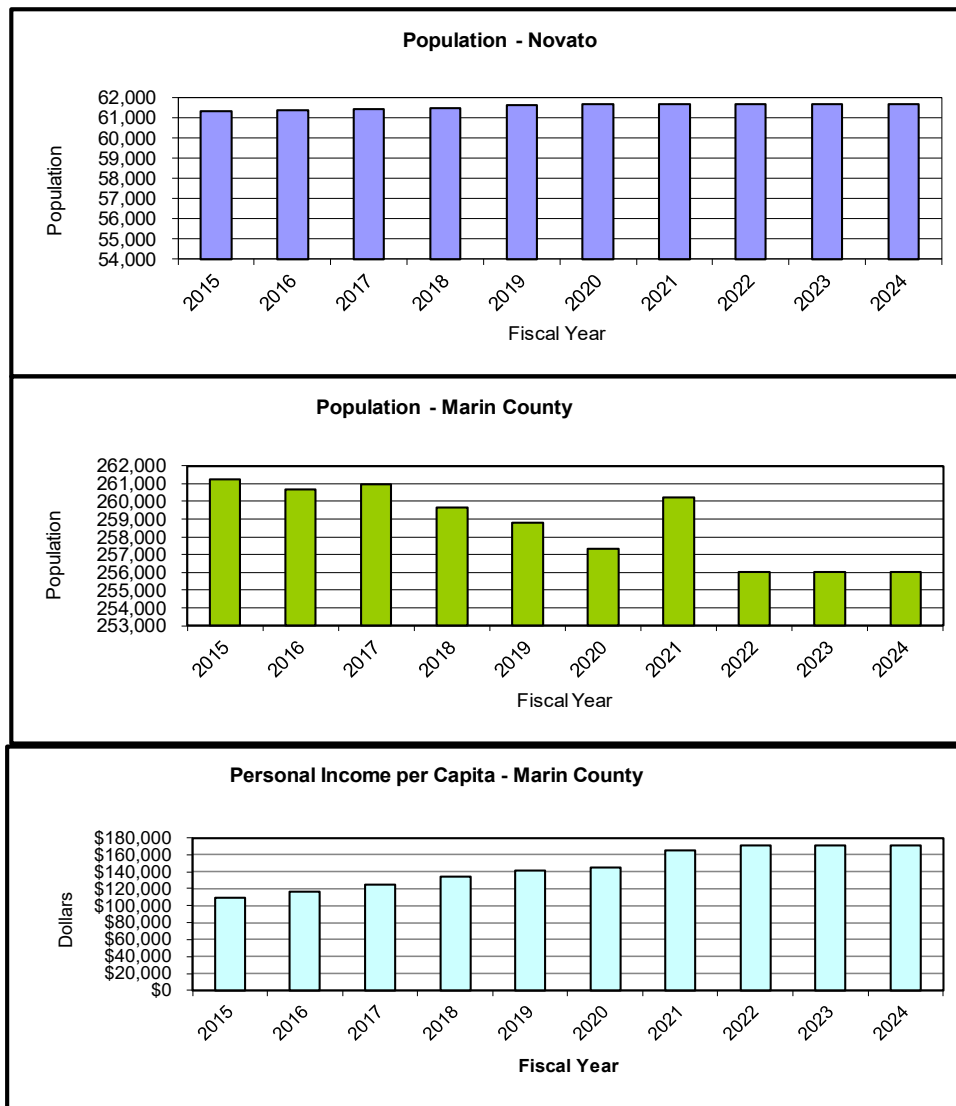
Source: North Marin Water District Audited Financial Statements

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

Schedule 11

Year	Novato Service Area ⁽¹⁾		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2015	61,343	3.5%	261,221	\$ 28,492,942	\$ 109,076
2016	61,376	3.5%	260,651	30,223,005	115,952
2017	61,448	3.1%	260,955	32,502,467	124,552
2018	61,486	2.6%	259,666	34,866,652	134,275
2019	61,637	2.5%	258,826	36,684,703	141,735
2020	61,658	7.4%	257,332	37,225,132	144,658
2021	61,681	4.5%	260,206	43,109,109	165,673
2022	61,693	2.5%	256,018	43,824,393	171,177
2023	61,688	3.1%	256,018	43,824,393	171,177
2024	61,688	3.9%	256,018	43,824,393	171,177



Sources:

Novato population estimates based on District's occupancy estimates per Active Dwelling Unit (Active DU x 2.56)
https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato_marinsub.xls
 Population for County of Marin for 2023 & 2024 was unavailable, 2022 amount was used
 Personal Income per Capita for 2023 & 2024 was unavailable, 2022 amount was used www.bea.gov

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

Schedule 12

FY 2023/2024*			FY 2014/2015		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
1 BioMarin Pharmaceutical	3,082	2.43%	County of Marin	2,194	1.61%
2 County of Marin	2,436	1.92%	San Quentin Prsion	1,750	1.28%
3 San Quentin Prsion	1,857	1.46%	Kaiser Permanente	1,340	0.98%
4 Marin General Hospital	1,757	1.39%	Marin General Hospital	1,229	0.90%
5 San Rafael City Schools	1,241	0.98%	BioMarin Pharmaceutical	850	0.62%
6 Kaiser Permanente	902	0.71%	Novato Unified School District	800	0.59%
7 Novato Unified School District	800	0.63%	Autodesk, Inc.	748	0.55%
8 Glassdoor Inc.	706	0.56%	Fireman's Fund Insurance Co.	721	0.53%
9 Marin Community Clinics	550	0.43%	San Rafael City School	650	0.48%
10 Marin County Office of Education	504	0.40%	Dominican University	422	0.31%
	13,835	10.91%		10,704	7.85%

Source: County of Marin

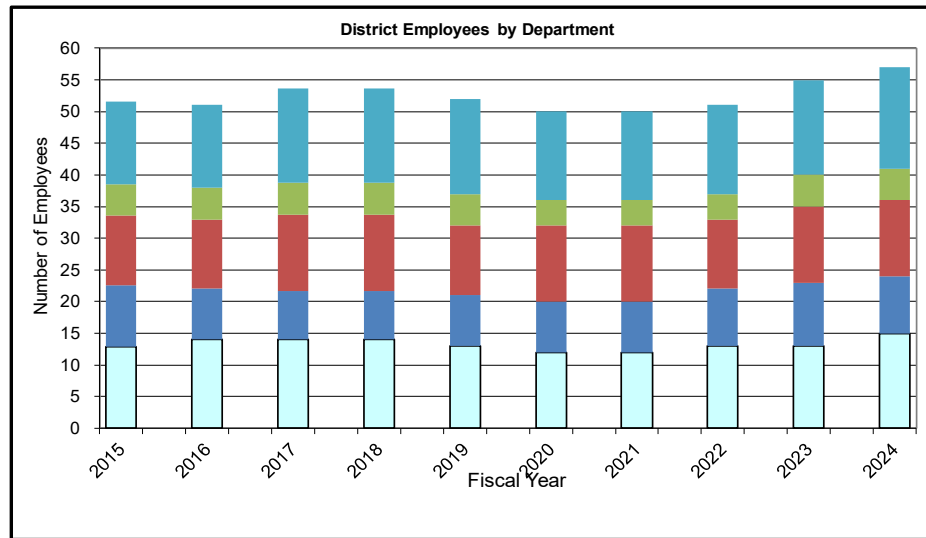
<https://www.marincounty.org/depts/df/annual-comprehensive-financial-reports-acfr>

* 2023/2024 Largest Employers was not available. The last available year available was FY 2022/2023.

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

Schedule 13

Department	Fiscal Year End									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administrative Services	13	14	14	14	13	12	12	13	13	15
Engineering Services	10	8	8	8	8	8	8	9	10	9
Construction / Maintenance	11	11	12	12	11	12	12	11	12	12
Water Quality	5	5	5	5	5	4	4	4	5	5
Operations / Maintenance	13	13	15	15	15	14	14	14	15	16
	52	51	54	54	52	50	50	51	55	57



Source: North Marin Water District Overhead 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)
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
2024	100	384*	2,901	40

Source: North Marin Water District - Engineering Department

* Miles of Pipeline increased by approximately 16 miles due to the conversion to new GIS Software and pipeline length conversion that affected a small percentage of pipes.

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Report on Internal Controls and Compliance



C.J. Brown & Company CPAs

An Accountancy Corporation

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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, 2024, 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 3, 2024.

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

C.J. Brown & Company, CPAs

Cypress, California

December 3, 2024