



Annual Comprehensive Financial Report

Novato, California
For the fiscal years ended
June 30, 2025 and 2024



**NORTH MARIN
WATER DISTRICT**



**NORTH MARIN
WATER DISTRICT**

Name	Title	Elected/ Appointed	Current Term
Michael Joly	President	Elected	12/24 – 12/28
Ken Eichstaedt	Vice-President	Elected	12/24 – 12/26
Jack Baker	Director	Elected	12/24 – 12/28
Rick Fraites	Director	Elected	12/22 – 12/26
Stephen Petterle	Director	Elected	12/24 – 12/28

Anthony Williams, General Manager
North Marin Water District
999 Rush Creek Place
Novato, California 94945
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North Marin Water District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024

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, 2025 and 2024

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Introductory Section



**NORTH MARIN
WATER DISTRICT**

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December 16, 2025

To: Members of the Board of Directors and Customers of the North Marin Water District

The Annual Comprehensive Financial Report (ACFR) for the North Marin Water District (District) for the fiscal years ended June 30, 2025 and 2024 is hereby submitted. This report has been prepared in accordance with guidelines established by the Governmental Accounting Standards Board (GASB). District staff prepared the data incorporated in this financial report and are responsible for its accuracy, completeness, and fairness of presentation, including all disclosures. We believe the information presented is accurate in all material respects and is designed to provide a clear understanding of the District's financial position and activities, consistent with GASB standards.

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). This transmittal letter is intended 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, operating under the authority of Division 12 of the California Water Code. Since 1948, the District has provided water service to its customers. The District is governed by a five-member Board of Directors, each elected from one of five geographical areas from within the District's service area. The General Manager oversees day-to-day operations in accordance with policies and procedures established by the Board of Directors. As of June 30, 2025, the District employed 57 regular employees, with additional temporary and seasonal employees hired as needed. The District had 58 budgeted full-time positions, including 26 office and 32 field positions. The 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.

District Services, continued

The District provides water service to over 61,000 residents in the greater Novato area through 20,882 potable water service connections and 104 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 802 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 241 service connections.

Residential customers comprise approximately 90% of the District's customer base and consume approximately 80% of the water produced annually. On average, the District purchases approximately 80% of its Novato water supply from the Sonoma County Water Agency (SCWA) with the balance made up from the District's Stafford Lake Reservoir and recycled water. The District purchased approximately 2.1 billion gallons of water in fiscal year 2025 and 1.7 billion gallons of water in fiscal year 2024 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 who 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 2025 totaled 25.5" which was about 97% of the historical average annual rainfall.

North Marin's Stafford Lake water treatment plant produced 309 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 265 million gallons of highly treated recycled wastewater to large landscape irrigation customers and commercial car washes in Novato.

An 8.5% rate increase for customers in the Novato service area was authorized by the Board of Directors effective July 1, 2024. The typical Novato detached single-family home uses 78,000 gallons of water a year and costs the customer about \$897 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. 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 2024-25 based on the initiatives listed above:

- Completed the West Marin Water Rate Study and secured Board approval for a five-year schedule of rate increases through the Proposition 218 process. These increases will fund the District's Capital Improvement Plan, supporting essential infrastructure upgrades, system reliability, and long-term financial sustainability;
- Completed the Administration and Laboratory Upgrade Project. Administrative and lab staff returned to the District Headquarters during the fiscal year, and the upgraded laboratory was successfully certified;
- Completed construction of the Crest Pump Station on Bahia Drive, replacing the aging facility at School Road and Sunset Trail to improve service in Northeast Novato;
- Rebuilt the retaining wall at the Cherry Hill Pump Station on Robinhood Drive in Novato;
- Improved access to an underground pressure tank near Hayden Avenue in Novato, enabling faster maintenance and outage response;
- Received \$1.19 million in grant funding reimbursement for the Oceana Marin Treatment Pond Rehabilitation Project.

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 2025 and 2024, 948 AF (309 MG) and 1,255 AF (409 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 45,184 acre-feet in fiscal year 2025. 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 through which the water must pass before reaching the intake pipes provides a highly efficient, natural filtration process which, with chlorination treatment, produces clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

District Water Supply, continued

During the fiscal years 2025 and 2024, the District received 6,323 AF (2,060 MG) and 5,134 AF (1,673 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 2008 Biological Opinion (BiOp) for the Russian River watershed, which outlined requirements to preserve, protect, and restore fisheries while maintaining existing water supplies, expired in September 2023. In response, Sonoma Water, the U.S. Army Corps of Engineers, and the Mendocino County Russian River Flood Control District submitted a new biological assessment to the National Marine Fisheries Service (NMFS). In April 2025, NMFS issued the updated BiOp and Essential Fish Habitat Response. The District continues to support efforts to protect fisheries and ensure a reliable water supply for the region.

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 adopts an operating and capital budget annually, prior to the start of each fiscal year. This budget serves as the foundation for financial reporting, operational oversight, and accountability across the District's enterprise functions and capital projects. Budgeting and financial reporting follow the accrual basis of accounting, consistent with the District's financial statements.

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, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, US Treasury notes, time certificates of deposit and the US Bank Global Money Market Fund.

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); while, 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.

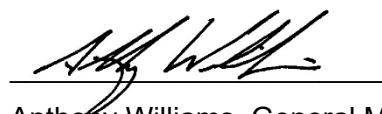
Awards and Acknowledgements

For the sixteenth 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 2024 and 2023 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 2025.

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,



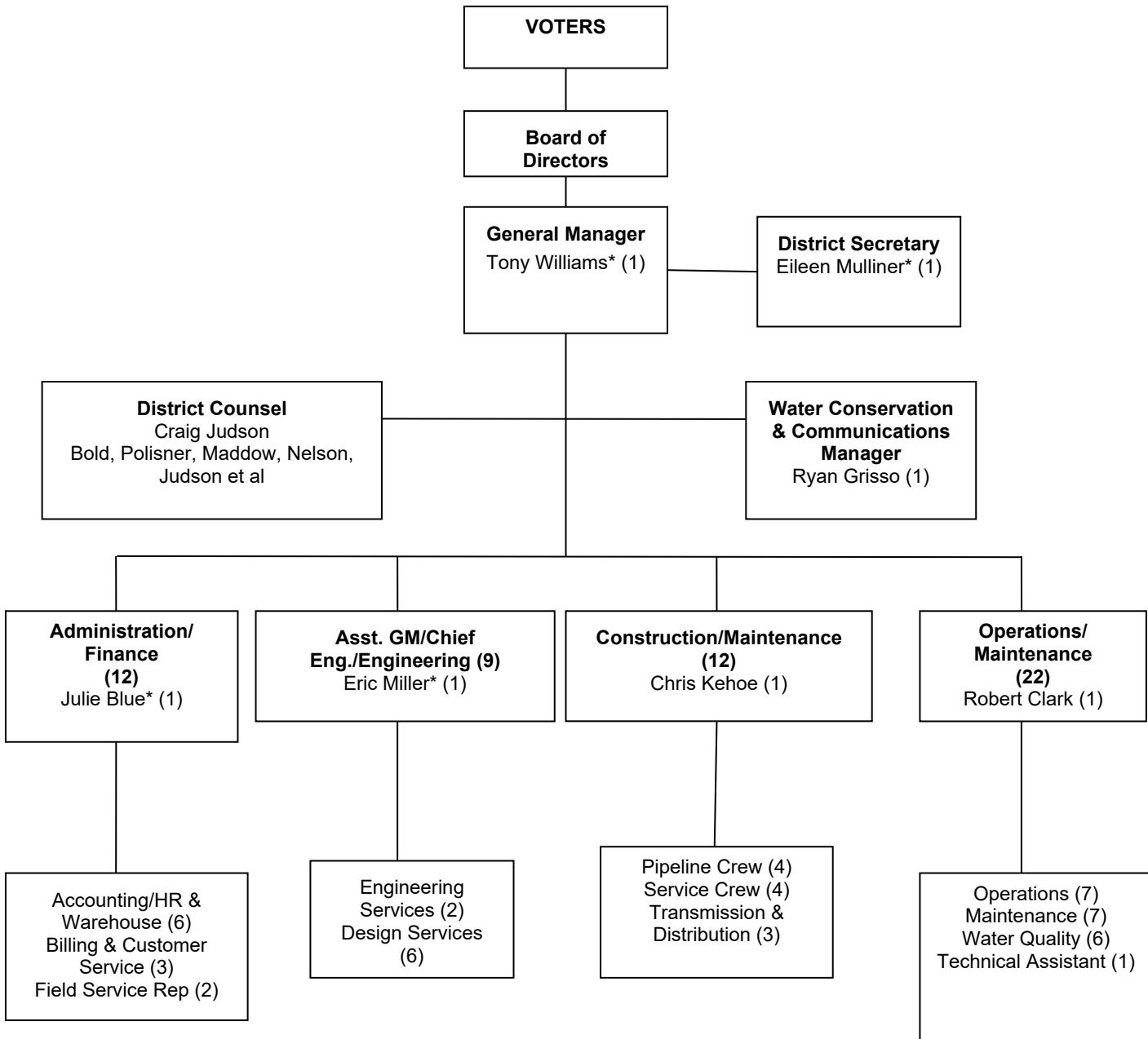
Anthony Williams, General Manager



Julie Blue, Auditor-Controller

North Marin Water District
Organizational Chart
As of June 30, 2025

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, 2024

Christopher P. Monill

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, 2025 and 2024, 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, 2025 and 2024, 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.

Emphasis of Matter

As part of our audit of the June 30, 2025, financial statements, we audited the adjustments described in Note 14.

As discussed in Note 1.C to the financial statements, on June 30, 2025, the District adopted new accounting guidance *Governmental Accounting Standards Board Statement No. 101 – Compensated Absences*. As a result the District has recorded prior period adjustments to restate net position as of July 1, 2022 and July 1, 2023, respectively. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 18 and the required supplementary information on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 67 through 70, and the statistical section on pages 71 through 85 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information of combining schedules is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 86 and 87.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

December 16, 2025

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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 2025, the District's net position increased 1.9% or \$2,481,838 to \$132,347,707 due to capital contributions of \$2,534,408, offset by a net loss from ongoing operations of \$52,570, which included offsets of \$3,207,433 in current year GASB 68 pension adjustments. In fiscal year 2024, the District's net position increased 3.0% or \$3,760,131 to \$129,865,869 due to net revenue from ongoing operations of \$1,620,457, which includes offsets of \$620,382 and \$107,271 in current year GASB 68 pension and GASB 75 other post-employment benefit adjustments, respectively, and capital contributions of \$2,139,674.
- In fiscal year 2025, the District's total revenues increased 10.3% or \$3,001,464 to \$32,281,448. In fiscal year 2024, the District's total revenues increased 13.4% or \$3,452,043 to \$29,279,984.
- In fiscal year 2025, the District's operating revenues increased 13.7% or \$3,699,845 to \$30,662,972. In fiscal year 2024, the District's operating revenues increased 11.2% or \$2,718,416 to \$26,963,127.
- In fiscal year 2025, the District's non-operating revenues decreased by 30.1% or \$698,381 to \$1,618,476. In fiscal year 2024, the District's non-operating revenues increased by 46.3% or \$733,627 to \$2,316,857.
- In fiscal year 2025, the District's total expenses including depreciation and amortization increased 16.9% or \$4,674,491 to \$32,334,018. In fiscal year 2024, the District's total expenses including depreciation and amortization increased 27.2% or \$5,919,452 to \$27,659,527.
- In fiscal year 2025, the District's operating expenses, before depreciation and amortization, increased 21.5% or \$4,812,743 to \$27,153,707. In fiscal year 2024, the District's operating expenses, before depreciation and amortization, increased 39.8% or \$6,357,665 to \$22,340,964.
- In fiscal year 2025, the District's non-operating expenses decreased by 6.7% or \$78,593 to \$1,100,688. In fiscal year 2024, the District's non-operating expenses decreased by 4.3% or \$53,589 to \$1,179,281.
- In fiscal year 2025, the District's capital contributions increased by 18.4% or \$394,734 to \$2,534,408. In fiscal year 2024, the District's capital contributions increased by 21.5% or \$378,379 to \$2,139,674.

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, 2025 and 2024

Required Financial Statements, continued

The Statement of Cash Flows reports cash receipts, cash payments, and the net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 24 through 63.

Statements of Net Position

Below is a summary of the statements of net position, and presents a comparison between June 30, 2025, 2024, and 2023.

Condensed Statements of Net Position

	2025	As Restated 2024	Change	As Restated 2023	Change
Assets:					
Current assets	\$ 26,615,332	35,736,171	(9,120,839)	39,992,888	(4,256,717)
Non-current assets	6,582,169	4,728,756	1,853,413	6,896,968	(2,168,212)
Capital assets, net	161,220,388	155,093,702	6,126,686	147,063,309	8,030,393
Total assets	194,417,889	195,558,629	(1,140,740)	193,953,165	1,605,464
Deferred outflows of resources	5,547,450	7,014,861	(1,467,411)	6,917,788	97,073
Liabilities:					
Current liabilities	8,517,846	9,404,723	(886,877)	9,370,592	34,131
Non-current liabilities	57,891,789	62,186,447	(4,294,658)	63,356,094	(1,169,647)
Total liabilities	66,409,635	71,591,170	(5,181,535)	72,726,686	(1,135,516)
Deferred inflows of resources	1,207,997	1,116,451	91,546	2,038,529	(922,078)
Net position:					
Net investment in capital assets	122,635,433	116,599,712	6,035,721	112,410,898	4,188,814
Restricted	7,862,799	8,146,966	(284,167)	7,432,578	714,388
Unrestricted	1,849,475	5,119,191	(3,269,716)	6,262,262	(1,143,071)
Total net position	\$ 132,347,707	129,865,869	2,481,838	126,105,738	3,760,131

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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 \$132,347,707 and \$129,865,869 as of June 30, 2025 and 2024, respectively.

By far the largest portion of the District's net position (93% and 90% as of June 30, 2025 and 2024, 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 2025 and 2024, the District showed a positive balance in its unrestricted net position of \$1,849,475 and \$5,119,191, 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, 2025 and 2024.

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

	2025	As Restated 2024	Change	As Restated 2023	Change
Revenue:					
Operating revenue	\$ 30,662,972	26,963,127	3,699,845	24,244,711	2,718,416
Non-operating revenue	1,618,476	2,316,857	(698,381)	1,583,230	733,627
Total revenue	32,281,448	29,279,984	3,001,464	25,827,941	3,452,043
Expense:					
Operating expense	27,153,707	22,340,964	4,812,743	15,983,299	6,357,665
Depreciation and amortization	4,079,623	4,139,282	(59,659)	4,523,906	(384,624)
Non-operating expense	1,100,688	1,179,281	(78,593)	1,232,870	(53,589)
Total expense	32,334,018	27,659,527	4,674,491	21,740,075	5,919,452
Net income (loss) before capital contributions	(52,570)	1,620,457	(1,673,027)	4,087,866	(2,467,409)
Capital contributions	2,534,408	2,139,674	394,734	1,761,295	378,379
Changes in net position	2,481,838	3,760,131	(1,278,293)	5,849,161	(2,089,030)
Net position, beginning of year as restated	129,865,869	126,105,738	3,760,131	120,256,577	5,849,161
Net position, end of year as restated	\$ 132,347,707	129,865,869	2,481,838	126,105,738	3,760,131

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 1.9% or \$2,481,838 to \$132,347,707 due to capital contributions of \$2,534,408, offset by a net loss from ongoing operations of \$52,570, which included offsets of \$3,207,433 in current year GASB 68 pension adjustments. In fiscal year 2024, the District's net position increased 3.0% or \$3,760,131 to \$129,865,869 due to net revenue from ongoing operations of \$1,620,457, 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.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

In 2025, the District's operating revenues increased 13.7% or \$3,699,845 to \$30,662,972 due primarily to increases in water consumption sales of \$2,495,979 and bi-monthly meter service charges of \$1,218,631, related to increases in rates and water sales volume as compared to the prior year. In 2024, the District's operating revenues increased 11.2% or \$2,718,416 to \$26,963,127 due principally 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 2025, the District's non-operating revenues decreased by 30.1% or \$698,381 to \$1,618,476 due largely to decreases in net investment earnings of \$573,720 and Regulation 15 forfeitures of \$122,500 sourcing from new development deposits forfeited to the District to be used for water conservation programs. In 2024, the District's non-operating revenues increased by 46.3% or \$733,627 to \$2,316,857 due mainly because of 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 2025, the District's capital contributions increased by 18.4% or \$394,734 to \$2,534,408 due to increases in state and local capital grants of \$763,037, developer contributions of \$530,357, offset by a decrease in connection fees of \$898,660. In 2024, the District's capital contributions increased by 21.5% or \$378,379 to \$2,139,674 due 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 2025, the District's operating expenses increased 21.5% or \$4,812,743 to \$27,153,707 due primarily to increases in source of supply of \$2,355,934 due principally to a 11.74% increase in rates from Sonoma County Water Agency, and a 7% increase in consumption; general and administrative of \$1,091,166 largely due to increases of \$625,130 in non-capitalizable office equipment costs, \$325,075 in GASB 68 related pension adjustments, and \$208,149 in consulting costs; water facilities operations of \$441,593 largely due to increases of \$335,761 in labor costs, \$90,223 in maintenance costs, and \$35,486 in GASB 68 related pension adjustments; transmission and distribution of \$333,664 due chiefly as a result of increases of \$239,836 in labor costs, \$87,168 in maintenance costs, and \$89,435 in GASB 68 related pension adjustments; water treatment of \$273,646 mainly due to increases of \$218,567 in laboratory labor and services, \$94,725 in water quality programs, \$77,980 in GASB 68 related pension amounts, and \$44,536 in purification expenses, offset by decreases of \$91,110 in maintenance expenses, and \$52,515 in electricity costs; pumping of \$219,378 primarily due to increases of \$149,854 in electricity costs due to an increase in utility rates and \$65,303 in maintenance expenses.

In 2024, the District's operating expenses increased 39.8% or \$6,357,665 to \$22,340,964 due primarily to increases in transmission and distribution of \$1,359,447 due principally to an increase of \$1,335,921 in GASB 68 related pension; general and administrative of \$1,809,683 mainly due to increases of \$1,165,444 in GASB 68 related pension; source of supply of \$1,725,308 due largely to a 12.5% increase in rates from Sonoma County Water Agency, and an 8% increase in consumption; water facilities operations of \$626,578 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 mainly because of increases in utility rates; water conservation of \$146,169 largely due to increases of \$28,800 marketing and outreach and \$28,353 in GASB 68 related pension; water treatment of \$305,374 mainly 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, principally due to \$113,894 in GASB 68 related pension and \$37,090 in billing and credit processing fees.

In 2025, the District's non-operating expenses decreased by 6.7% or \$78,593 to \$1,100,688 due primarily to a decrease in interest expense on long-term debt of \$89,148 offset by an increase of \$10,555 in other non-operating expenses. In 2024, the District's non-operating expenses decreased by 4.3% or \$53,589 to \$1,179,281 due principally to a decrease in interest expense on long-term debt of \$42,831.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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

In 2025 the District's depreciation and amortization decreased by 1.4% or \$59,659 to \$4,079,623 due primarily to the maturation of existing capital assets and right-to-use equipment leases. In 2024, the District's depreciation and amortization decreased by 8.5% or \$384,624 to \$4,139,282 due principally to the maturation of existing capital assets and right-to-use equipment leases.

Total District Revenues

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

	2025	As Restated 2024	Change	As Restated 2023	Change
Operating revenues:					
Water consumption sales	\$ 21,012,003	18,516,024	2,495,979	16,537,824	1,978,200
Monthly meter service charge	8,932,174	7,713,543	1,218,631	7,017,426	696,117
Sewer service charge	347,256	324,264	22,992	304,560	19,704
Other charges and services	371,539	409,296	(37,757)	384,901	24,395
Total operating revenues	30,662,972	26,963,127	3,699,845	24,244,711	2,718,416
Non-operating revenues:					
Property tax revenue	149,358	145,929	3,429	143,332	2,597
Investment earnings, net	1,211,162	1,784,882	(573,720)	1,256,847	528,035
Interest earnings from note receivable – BPGL	10,030	10,416	(386)	9,009	1,407
Interest earnings from loan receivable – MMWD	66,518	73,271	(6,753)	79,845	(6,574)
Interest earnings from leases	10,878	11,930	(1,052)	12,782	(852)
Rental revenue	78,008	78,577	(569)	69,876	8,701
Gain on sale of capital assets	7,352	2,940	4,412	-	2,940
Regulation 15 forfeiture	58,390	180,890	(122,500)	-	180,890
Other non-operating revenues	26,780	28,022	(1,242)	11,539	16,483
Total non-operating revenues	1,618,476	2,316,857	(698,381)	1,583,230	733,627
Total revenues	\$ 32,281,448	29,279,984	3,001,464	25,827,941	3,452,043

In 2025, total revenues increased \$3,001,464. In 2024, total revenues increased \$3,452,043.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Total District Expenses

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

	2025	As Restated 2024	Change	As Restated 2023	Change
Operating expenses including depreciation expense:					
Source of supply	\$ 9,083,224	6,727,290	2,355,934	5,001,982	1,725,308
Pumping	893,129	673,751	219,378	493,027	180,724
Water facilities operations	1,780,879	1,339,286	441,593	712,708	626,578
Water treatment	2,954,272	2,680,626	273,646	2,375,252	305,374
Transmission and distribution	4,643,209	4,309,545	333,664	2,950,098	1,359,447
Sewage collection and treatment	275,886	277,564	(1,678)	220,375	57,189
Customer service	593,847	533,526	60,321	386,333	147,193
General and administrative	6,417,239	5,326,073	1,091,166	3,516,390	1,809,683
Water conservation	512,022	473,303	38,719	327,134	146,169
Depreciation and amortization	4,079,623	4,139,282	(59,659)	4,523,906	(384,624)
Total operating expenses including depreciation expense	31,233,330	26,480,246	4,753,084	20,507,205	5,973,041
Non-operating expenses:					
Interest expense – long-term debt	1,087,840	1,176,988	(89,148)	1,219,819	(42,831)
Loss on disposition of capital assets	-	-	-	10,885	(10,885)
Other non-operating expenses	12,848	2,293	10,555	2,166	127
Total non-operating expenses	1,100,688	1,179,281	(78,593)	1,232,870	(53,589)
Total expenses	\$ 32,334,018	27,659,527	4,674,491	21,740,075	5,919,452

In 2025, total expenses increased \$4,674,491. In 2024, total expenses increased \$5,919,452.

Capital Asset Administration

Changes in capital asset amounts for 2025 were as follows:

	Balance 2024	Additions	Transfers/ Deletions	Balance 2025
Capital assets:				
Non-depreciable assets	\$ 28,829,031	9,994,197	(25,088,353)	13,734,875
Depreciable and amortizable assets	206,171,379	25,400,839	(1,558,441)	230,013,777
Accumulated depreciation and amortization	(79,906,708)	(4,079,623)	1,458,067	(82,528,264)
Total capital assets, net	\$ 155,093,702	31,315,413	(25,188,727)	161,220,388

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Capital Asset Administration, continued

Changes in capital asset amounts for 2024 were as follows:

	Balance 2023	Additions	Transfers/ Deletions	Balance 2024
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>

At the end of fiscal years 2025 and 2024, the District's investment in capital assets (net of accumulated depreciation) totaled \$161,220,388 and \$155,093,702, 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 2025 were as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025
Long-term debt:				
Leases payable	\$ 400,096	86,250	(144,073)	342,273
Loans payable	<u>41,341,630</u>	-	<u>(3,417,395)</u>	<u>37,924,235</u>
Total long-term debt	<u>\$ 41,741,726</u>	<u>86,250</u>	<u>(3,561,468)</u>	<u>38,266,508</u>

Changes in long-term debt amounts for 2024 were as follows:

	Balance 2023	Additions	Principal Payments	Balance 2024
Long-term debt:				
Leases payable	\$ 464,421	146,993	(211,318)	400,096
Loans payable	<u>44,668,971</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>

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, 2025 and 2024

	As Restated	2025	2024
Current assets:			
Cash and cash equivalents (note 2)	\$ 11,994,506	4,796,991	
Restricted – cash and cash equivalents (note 2)	4,755,409	8,593,084	
Restricted – investments (note 2)	1,725,194	14,169,770	
Accrued interest receivable	210,536	226,668	
Accounts receivable – water and sewer sales and services	5,885,443	5,573,111	
Accounts receivable – governmental agencies	147,860	617,700	
Accounts receivable – other	258,354	11,647	
Leases receivable (note 3)	34,419	32,218	
Note receivable (note 4)	39,181	38,791	
Loan receivable (note 4)	165,734	161,355	
Materials and supplies inventory	943,437	1,007,639	
Prepaid expenses and deposits	455,259	507,197	
Total current assets	26,615,332	35,736,171	
Non-current assets:			
Restricted – investments (note 2)	3,206,164	1,709,884	
Leases receivable (note 3)	288,479	326,431	
Note receivable (note 4)	944,411	983,592	
Loan receivable (note 4)	1,293,115	1,458,849	
Notes receivable – employee housing assistance loans, net (note 5)	850,000	250,000	
Capital assets, not being depreciated (note 8)	13,734,875	28,829,031	
Depreciable capital assets, net (note 8)	147,485,513	126,264,671	
Total non-current assets	167,802,557	159,822,458	
Total assets	194,417,889	195,558,629	
Deferred outflows of resources:			
Deferred other post-employment benefits outflows (note 11)	219,707	236,289	
Deferred pension outflows (note 12)	5,327,743	6,778,572	
Total deferred outflows of resources	\$ 5,547,450	7,014,861	

Continued on next page

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Net Position, continued
June 30, 2025 and 2024

	2025	As Restated 2024
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,576,819	3,062,711
Accrued wages and related payables	360,469	335,477
Accrued claims payable	-	29,437
Customer advances and deposits	1,482,901	1,932,799
Accrued interest payable – long-term debt	314,374	335,004
Long-term liabilities – due within one year:		
Compensated absences (note 9)	374,927	377,266
Leases payable (note 10)	125,611	134,871
Loans payable (note 10)	3,023,753	2,948,111
Other post-employment benefits liability (note 11)	258,992	249,047
Total current liabilities	8,517,846	9,404,723
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 9)	502,764	599,347
Leases payable (note 10)	216,662	265,225
Loans payable (note 10)	34,900,482	38,393,519
Other post-employment benefits liability (note 11)	4,068,673	4,620,571
Net pension liability (note 12)	18,203,208	18,307,785
Total non-current liabilities	57,891,789	62,186,447
Total liabilities	66,409,635	71,591,170
Deferred inflows of resources:		
Deferred lease inflows (note 3)	286,100	325,129
Deferred other post-employment benefits inflows (note 11)	558,953	63,082
Deferred pension inflows (note 12)	362,944	728,240
Total deferred inflows of resources	1,207,997	1,116,451
Net position: (note 13)		
Net investment in capital assets	122,635,433	116,599,712
Restricted:		
SRF loan fund – Stafford Treatment Plant	1,070,027	1,067,432
SRF reserve fund – Recycled Water System	1,105,072	1,105,072
Interagency capital replacement and expansion fund	5,687,700	5,974,462
Unrestricted	1,849,475	5,119,191
Total net position	\$ 132,347,707	129,865,869

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, 2025 and 2024

	2025	As Restated 2024
Operating revenues:		
Water consumption sales	\$ 21,012,003	18,516,024
Bi-monthly meter service charge	8,932,174	7,713,543
Sewer service charges	347,256	324,264
Other charges and services	<u>371,539</u>	<u>409,296</u>
Total operating revenues	<u>30,662,972</u>	<u>26,963,127</u>
Operating expenses:		
Source of supply	9,083,224	6,727,290
Pumping	893,129	673,751
Water facilities operations	1,780,879	1,339,286
Water treatment	2,954,272	2,680,626
Transmission and distribution	4,643,209	4,309,545
Sewage collection and treatment	275,886	277,564
Customer service	593,847	533,526
General and administrative	6,417,239	5,326,073
Water conservation	<u>512,022</u>	<u>473,303</u>
Total operating expenses	<u>27,153,707</u>	<u>22,340,964</u>
Operating income before depreciation	3,509,265	4,622,163
Depreciation and amortization expense – capital recovery	<u>(4,079,623)</u>	<u>(4,139,282)</u>
Operating (loss) income	<u>(570,358)</u>	<u>482,881</u>
Non-operating revenues(expenses):		
Property tax revenue	149,358	145,929
Investment (market value unrealized loss) earnings, net	1,211,162	1,784,882
Interest earnings from note receivable – BPGL	10,030	10,416
Interest earnings from loan receivable – MMWD	66,518	73,271
Interest earnings from leases receivable	10,878	11,930
Rental revenue	78,008	78,577
Interest expense – long-term debt	<u>(1,087,840)</u>	<u>(1,176,988)</u>
Gain (loss) on sale of capital assets	7,352	2,940
Regulation 15 forfeiture	58,390	180,890
Other non-operating revenues	26,780	28,022
Other non-operating expenses	<u>(12,848)</u>	<u>(2,293)</u>
Total non-operating revenue(expenses), net	<u>517,788</u>	<u>1,137,576</u>
Net (loss) income before capital contributions	<u>(52,570)</u>	<u>1,620,457</u>
Capital contributions:		
Developers and others	1,081,570	551,213
Connection fees	215,510	1,114,170
Capital grants – state and local	<u>1,237,328</u>	<u>474,291</u>
Total capital contributions	<u>2,534,408</u>	<u>2,139,674</u>
Change in net position	<u>2,481,838</u>	<u>3,760,131</u>
Net position, beginning of year, as restated	<u>129,865,869</u>	<u>126,105,738</u>
Net position, end of year, as restated	<u>\$ 132,347,707</u>	<u>129,865,869</u>

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	As Restated	
	2025	2024
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 29,739,205	25,763,762
Cash paid to employees for salaries and wages	(7,232,689)	(7,324,836)
Cash paid to vendors and suppliers for materials and services	<u>(19,494,558)</u>	<u>(13,869,374)</u>
Net cash provided by operating activities	<u>3,011,958</u>	<u>4,569,552</u>
Cash flows from non-capital financing activities:		
Property tax revenue	<u>149,358</u>	<u>145,929</u>
Net cash provided by non-capital financing activities	<u>149,358</u>	<u>145,929</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(10,206,309)	(12,169,675)
Proceeds from the sale of capital assets	7,352	2,940
Proceeds from capital contributions and connection fees	3,004,248	1,810,378
Proceeds from right-to-use leases	86,250	146,993
Principal paid on long-term debt	(3,561,468)	(3,538,659)
Interest paid on long-term debt	<u>(1,108,470)</u>	<u>(1,197,062)</u>
Net cash used in capital and related financing activities	<u>(11,778,397)</u>	<u>(14,945,085)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	25,142,296	11,424,397
Purchases of investments	(14,194,000)	(12,209,000)
Principal received on notes receivable	38,791	38,405
Principal received on loans receivable	197,106	186,249
Investment earnings, net of fair value	<u>1,392,728</u>	<u>1,945,532</u>
Net cash provided by investing activities	<u>11,976,921</u>	<u>1,385,583</u>
Net increase (decrease) in cash and cash equivalents	<u>3,359,840</u>	<u>(8,844,021)</u>
Cash and cash equivalents, beginning of year	<u>13,390,075</u>	<u>22,234,096</u>
Cash and cash equivalents, end of year	<u>\$ 16,749,915</u>	<u>13,390,075</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 11,994,506	4,796,991
Restricted assets – cash and cash equivalents	<u>4,755,409</u>	<u>8,593,084</u>
Total cash and cash equivalents	<u>\$ 16,749,915</u>	<u>13,390,075</u>

Continued on next page

See accompanying notes to the basic financial statements.

North Marin Water District
Statements of Cash Flows, continued
For the Years Ended June 30, 2025 and 2024

	As Restated	
	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ (570,358)	482,881
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	4,079,623	4,139,282
Regulation 15 forfeiture	58,390	180,890
Other non-operating revenue	26,780	28,022
Other non-operating expenses	(12,848)	(2,293)
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	(312,332)	(1,395,365)
Accounts receivable – other	(246,707)	27,766
Materials and supplies inventory	64,202	(67,467)
Prepaid expenses and other deposits	51,938	(81,237)
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related	16,582	(213,750)
Pension related	1,450,829	116,677
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(485,892)	403,132
Accrued wages and related payables	24,992	26,379
Accrued claims payable	(29,437)	9,312
Customer advances and deposits	(449,898)	(40,678)
Compensated absences	(98,922)	166,058
Other post-employment benefit liability	(541,953)	582,396
Net pension liability	(104,577)	1,129,625
Increase(Decrease) in deferred inflows of resources:		
Lease related	(39,029)	(34,783)
Other post-employment benefits related	495,871	(261,375)
Pension related	(365,296)	(625,920)
Total adjustments	3,582,316	4,086,671
Net cash provided by operating activities	\$ 3,011,958	4,569,552
Non-cash investing, capital, and financing transactions:		
Change in fair value of investments	\$ (47,387)	(361,065)

See accompanying notes to the basic financial statements.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024

(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, 2025 and 2024

(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. 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.

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. See Note 1.D.12 and Note 5 for the impact of this note on the financial statements due to implementation in the current fiscal year.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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, 2025 and 2024

(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, 2025 and 2024

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

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

11. Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow 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.

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.

The District has adopted the provisions of GASB Statement No. 101. 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. The District has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

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, 2023 and 2022
- Measurement Date: June 30, 2024 and 2023
- Measurement Period: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

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

14. Deferred Inflows of Resources

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Pensions

- Deferred inflow as a result of the net change in proportions of the net pension liability which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

15. Water and Sewer Sales

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

16. Capital Contributions

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

17. Capital and Operating Grants

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

18. Budgetary Policies

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

19. Net Position

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

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(2) Cash and Investments

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

	2025	2024
Cash and cash equivalents	\$ 11,994,506	4,796,991
Restricted – cash and cash equivalents	<u>4,755,409</u>	<u>8,593,084</u>
Total cash and cash equivalents	<u>16,749,915</u>	<u>13,390,075</u>
Restricted – investments	1,725,194	14,169,770
Restricted – investments non-current	<u>3,206,164</u>	<u>1,709,884</u>
Total restricted investments	<u>4,931,358</u>	<u>15,879,654</u>
Total cash and investments	<u>\$ 21,681,273</u>	<u>29,269,729</u>

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

	2025	2024
Cash on hand	\$ 500	350
Deposits with financial institutions	1,364,579	1,058,657
Deposits with County of Marin Treasury	1,071,027	1,068,438
California Local Agency Investment Fund	14,313,809	11,262,630
Investments	<u>4,931,358</u>	<u>15,879,654</u>
Total cash and investments	<u>\$ 21,681,273</u>	<u>29,269,729</u>

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

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

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

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

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Custodial Credit Risk

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

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

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). In addition, the District's investment policy requires that no more than two-thirds of the District's deposits in a depository to be collateralized by mortgage-backed securities and the remainder to be collateralized by non-mortgage-backed securities. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of secured public deposits. As of June 30, 2025 and 2024, 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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Interest Rate Risk, continued

As of June 30, 2025, 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	\$ 4,931,358	1,725,194	3,206,164	-	-
Total	\$ 4,931,358	1,725,194	3,206,164	-	-

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	-	-

Credit ratings as of June 30, 2025, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings
				AA+ to AA-
Certificates-of-deposit	\$ 4,931,358	N/A	4,931,358	-
Total	\$ 4,931,358		4,931,358	-

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

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2025, 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	\$ 4,931,358	-	4,931,358	-
Total investments measured at fair value	\$ 4,931,358	-	4,931,358	-

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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, 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	-

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 2025 were as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
<i>Novato Water</i>							
Indian Valley Golf Course	\$ 84,851	-	(15,428)	69,423	12,599	56,824	(67,854)
Tower development	261,876	-	(14,544)	247,332	15,677	231,655	(212,961)
Subtotal leases Novato	346,727	-	(29,972)	316,755	28,276	288,479	(280,815)
<i>West Marin Water</i>							
Horizon Cable TV Inc.	11,922	-	(5,779)	6,143	6,143	-	(5,285)
Total leases receivable	\$ 358,649	-	(35,751)	322,898	34,419	288,479	(286,100)

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	370,453	-	(23,726)	346,727	26,439	320,288	(314,559)
<i>West Marin Water</i>							
Horizon Cable TV Inc.	17,353	-	(5,431)	11,922	5,779	6,143	(10,570)
Total leases receivable	\$ 387,806	-	(29,157)	358,649	32,218	326,431	(325,129)

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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, 2025 and 2024, deferred inflows were reported at \$67,854 and \$82,238, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	\$ 12,599	1,980	14,579	(13,571)
2027	13,218	1,580	14,798	(13,571)
2028	13,861	1,159	15,020	(13,571)
2029	14,526	719	15,245	(13,571)
2030	15,219	258	15,477	(13,570)
Total	69,423	5,696	75,119	(67,854)
Current	<u>(12,599)</u>			
Non-current	\$ <u>56,824</u>			

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, 2025 and 2024, deferred inflows were reported at \$212,961 and \$232,321, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(3) Leases Receivable, continued

Tower Development, continued

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
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	20,790	5,513	26,303	(19,360)
2031-2035	126,894	16,939	143,833	(96,800)
2036	29,572	920	30,492	(19,361)
Total	247,332	51,065	298,397	(212,961)
Current	(15,677)			
Non-current	\$ 231,655			

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, 2025 and 2024, deferred inflows were reported at \$5,285 and \$10,570, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	\$ 6,143	191	6,334	(5,285)
Total	6,143	191	6,334	(5,285)
Current	(6,143)			
Non-current	\$ -			

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(4) Note and Loan Receivable

Changes in note and loan receivable for 2025 were as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion
Note receivable:						
Marin Country Club	\$ 1,022,383	-	(38,791)	983,592	39,181	944,411
Total notes receivable	<u>1,022,383</u>	<u>-</u>	<u>(38,791)</u>	<u>983,592</u>	<u>39,181</u>	<u>944,411</u>
Loan receivable:						
Marin Municipal Water District	1,620,204	-	(161,355)	1,458,849	165,734	1,293,115
Total loans receivable	<u>1,620,204</u>	<u>-</u>	<u>(161,355)</u>	<u>1,458,849</u>	<u>165,734</u>	<u>1,293,115</u>
Total notes and loans receivable	<u>\$ 2,642,587</u>	<u>-</u>	<u>(200,146)</u>	<u>2,442,441</u>	<u>204,915</u>	<u>2,237,526</u>

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

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion
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>

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, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
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	40,778	8,075	48,853
2031-2035	210,117	34,152	244,269
2036-2040	220,881	23,388	244,269
2041-2045	232,196	12,073	244,269
2046-2048	120,520	1,613	122,133
Total	983,592	<u>115,617</u>	<u>1,099,209</u>
Current	(39,181)		
Non-current	\$ 944,411		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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 an average of 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, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
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	184,468	20,852	205,320
2031-2033	<u>583,971</u>	<u>31,989</u>	<u>615,960</u>
Total	1,458,849	<u>183,711</u>	<u>1,642,560</u>
Current	<u>(165,734)</u>		
Non-current	\$ 1,293,115		

(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, 2025 and 2024:

Origination	2025	2024
June 2025	\$ 300,000	-
November 2024	300,000	-
March 2015	<u>250,000</u>	<u>250,000</u>
Total	<u>850,000</u>	<u>250,000</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(6) Interfund Loans

Changes in interfund loans for 2025 were as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion
Interfund loans:						
West Marin Loan	\$ 911,747	-	(90,677)	821,070	93,168	727,902
Oceana Marin Loan	-	350,000	-	350,000	-	350,000
Total interfund loans	911,747	350,000	(90,677)	1,171,070	93,168	1,077,902

Changes in interfund loans for 2024 were as follows:

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion
Interfund loans:						
West Marin Loan	\$ 1,000,000	-	(88,253)	911,747	90,677	821,070
Total interfund loan	1,000,000	-	(88,253)	911,747	90,677	821,070

West Marin Loan

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

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
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	103,833	11,887	115,720
2031-2033	<u>328,928</u>	<u>18,233</u>	<u>347,161</u>
Total	821,070	104,693	925,763
Current	<u>(93,168)</u>		
Non-current	<u>\$ 727,902</u>		

Oceana Marin Loan

In 2025, the District entered into an interfund loan agreement between the Novato Water system and Oceana Marin Water system for \$350,000 with an interest rate of 2.99% 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, 2026 and maturing in 2036. See the Combining Schedule of Net Position on page 67.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(6) Interfund Loans, continued

Oceana Marin Loan, continued

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	-	-
2027	30,539	10,479	41,018
2028	31,453	9,565	41,018
2029	32,395	8,623	41,018
2030	33,365	7,653	41,018
2031-2035	182,422	22,669	205,091
2036	39,826	1,191	41,017
Total	350,000	60,180	410,180
Current	-		
Non-current	\$ 350,000		

(7) Transfer

In 2025, there were no reported transfers.

In 2024, the Novato Water system transferred \$693,686 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:

	2025	2024
Developer construction – Novato Water	\$ 1,706,100	1,885,830
Other construction – Novato Water	6,968,359	22,226,275
Other construction – Novato Recycled	233,861	303,024
Other construction – West Marin Water	1,143,929	2,345,352
Other construction – Oceana Marin Sewer	2,189,535	575,459
Total construction-in-progress	\$ 12,241,784	27,335,940

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(8) Capital Assets, continued

The change in capital assets for 2025 are as follows:

	Balance 2024	Additions/ Transfers	Deletions/ Transfers	Balance 2025
Non-depreciable assets:				
Land and land rights	\$ 1,493,091	-	-	1,493,091
Construction-in-progress	27,335,940	9,994,197	(25,088,353)	12,241,784
Total non-depreciable assets	28,829,031	9,994,197	(25,088,353)	13,734,875
Depreciable and amortizable assets:				
Distribution system	112,020,941	2,975,970	-	114,996,911
Treatment plant	23,486,730	-	-	23,486,730
Storage facilities	26,430,232	1,862,275	-	28,292,507
Transmission system	29,503,127	125,783	-	29,628,910
Source facilities	5,675,845	1,465,822	-	7,141,667
Sewer facilities	1,218,650	69,456	(9,489)	1,278,617
Structures and improvements	2,502,997	18,405,910	(684,239)	20,224,668
Other plant and equipment	4,515,758	248,874	(698,098)	4,066,534
Right-to-use structures	-	-	-	-
Right-to-use equipment	817,099	246,749	(166,615)	897,233
Total depreciable and amortizable assets	206,171,379	25,400,839	(1,558,441)	230,013,777
Accumulated depreciation and amortization:				
Distribution system	(41,951,706)	(2,033,880)	-	(43,985,586)
Treatment plant	(13,303,554)	(750,671)	-	(14,054,225)
Storage facilities	(10,001,146)	(480,832)	-	(10,481,978)
Transmission system	(5,478,678)	(224,819)	-	(5,703,497)
Source facilities	(2,832,847)	(115,060)	-	(2,947,907)
Sewer facilities	(752,771)	(37,167)	8,105	(781,833)
Structures and improvements	(1,597,463)	(60,801)	668,336	(989,928)
Other plant and equipment	(3,580,085)	(223,290)	615,146	(3,188,229)
Right-to-use structures	-	-	-	-
Right-to-use equipment	(408,458)	(153,103)	166,480	(395,081)
Total accumulated depreciation and amortization	(79,906,708)	(4,079,623)	1,458,067	(82,528,264)
Total depreciable assets, net	126,264,671	21,321,216	(100,374)	147,485,513
Total capital assets, net	\$ 155,093,702	31,315,413	(25,188,727)	161,220,388

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(8) Capital Assets, continued

The change in capital assets for 2024 are as follows:

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024
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	18,381,029	12,042,022	(1,594,020)	28,829,031
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
Right-to-use structures	587,691	-	(587,691)	-
Right-to-use equipment	669,936	147,163	-	817,099
Total depreciable and amortizable assets	205,067,640	1,721,673	(617,934)	206,171,379
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)
Right-to-use structures	(523,638)	(64,053)	587,691	-
Right-to-use equipment	(260,890)	(147,568)	-	(408,458)
Total accumulated depreciation and amortization	(76,385,360)	(4,139,282)	617,934	(79,906,708)
Total depreciable assets, net	128,682,280	(2,417,609)	-	126,264,671
Total capital assets, net	\$ 147,063,309	9,624,413	(1,594,020)	155,093,702

(9) Compensated Absences

The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences for governmental funds will generally be liquidated through the general fund. The balance in the proprietary fund will be liquidated through the Novato Water fund.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(9) Compensated Absences, continued

As of June 30 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not to be used or paid out. The liability is reported in the Statement of Net Position.

The net change in the compensated absence liability for the fiscal years ended June 30, 2025 and 2024, decreased and increased by \$98,922 and \$166,058, respectively.

The change in compensated absences for 2025 was as follows:

As Restated 2024	Earned	Taken	Balance 2025	Current Portion	Long-term Portion
\$ 976,613	-	(98,922) *	877,691	374,927	502,764

The change in compensated absences for 2024 was as follows:

As Restated 2023	Earned	Taken	As Restated 2024	Current Portion	Long-term Portion
\$ 810,555	166,058 *	-	976,613	377,266	599,347

*The changes in the compensated absence liabilities are presented as a net change.

(10) Long-term Debt

The changes in long-term debt for 2025 was as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion
Long-term debt:						
Leases payable:						
Enterprise vehicle leases	\$ 400,096	86,250	(144,073)	342,273	125,611	216,662
Total leases payable	400,096	86,250	(144,073)	342,273	125,611	216,662
Loans payable:						
Novato Water						
2005 DWR loan	4,894,922	-	(933,027)	3,961,895	474,893	3,487,002
2011 B of M loan	3,122,753	-	(381,264)	2,741,489	394,497	2,346,992
2018 JP Morgan Chase Loan	2,985,000	-	(300,000)	2,685,000	305,000	2,380,000
2022 Webster Bank loan	18,367,077	-	(776,681)	17,590,396	800,835	16,789,561
Novato Recycled						
2005 SWRCB loan	782,254	-	(254,593)	527,661	260,703	266,958
2011-2012 SWRCB loans	4,872,887	-	(498,676)	4,374,211	510,556	3,863,655
2016 SWRCB Loan	5,858,350	-	(217,189)	5,641,161	219,361	5,421,800
West Marin Water						
2011 B of M loan	458,387	-	(55,965)	402,422	57,908	344,514
Total loans payable	41,341,630	-	(3,417,395)	37,924,235	3,023,753	34,900,482
Total long-term debt	\$ 41,741,726	86,250	(3,561,468)	38,266,508	3,149,364	35,117,144

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(10) Long-term Debt, continued

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

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion
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:						
Novato Water						
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
Novato Recycled						
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
West Marin Water						
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

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, 2025, the District maintains leases for 24 vehicles with delivery dates from April 2020 through June 2025. 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:

Fiscal Year	Principal	Interest	Total
2026	\$ 125,611	10,765	136,376
2027	100,254	7,826	108,080
2028	73,095	4,871	77,966
2029	35,644	1,985	37,629
2030	7,669	311	7,980
Total	342,273	25,758	368,031
Current	(125,611)		
Non-current	\$ 216,662		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(10) Long-term Debt, continued

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. In 2025, the lease was terminated when the District administration moved into its remodeled headquarters building.

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. In 2025, the lease was terminated when the District administration moved into its remodeled headquarters building.

2005 DWR Loan – Novato Water segment

In 2005, the District entered into an agreement with the California Department of Water Resources (DWR) for a loan in an amount not-to-exceed \$16,528,850 with an interest rate of 2.39% per annum. The proceeds from the loan were used for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due semi-annually on January 1st and July 1st and matures in 2030.

Annual debt service requirements for the loan are as follows:

Fiscal Year		Principal	Interest	Total
2026	\$	474,893	47,344	522,237
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		3,961,895	216,003	4,177,898
Current		(474,893)		
Non-current	\$	<u>3,487,002</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(10) Long-term Debt, continued

2005 SWRCB Loan – Novato Recycled Water segment

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

Fiscal Year	Principal	Interest	Total
2026	\$ 260,703	12,664	273,367
2027	266,958	6,407	273,365
Total	527,661	19,071	546,732
Current	(260,703)		
Non-current	\$ 266,958		

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

In 2011, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$4,364,335 with an interest rate of 2.60% per annum. The proceeds from the loan were used to construct the Recycled Water Expansion project – North Service Area. As of June 30, 2013, the loan totaled \$4,375,605 consisting of eligible reimbursement cost of \$4,364,335 and capitalized interest charges of \$11,270. Principal and interest payments of \$281,892 are payable annually and matures in 2033.

In 2012, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$5,480,740 with an interest rate of 2.20% per annum. The proceeds from the loan were used to construct the Recycled Water Expansion project – South Service Area. Principal and interest payments of \$332,407 are payable annually and matures in 2034.

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
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	560,993	53,306	614,299
2031-2034	1,696,833	80,532	1,777,365
Total	4,374,211	474,649	4,848,860
Current	(510,556)		
Non-current	\$ 3,863,655		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(10) Long-term Debt, continued

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:

Fiscal Year	Principal	Interest	Total
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	518,553	34,247	552,800
2031-2032	<u>719,512</u>	<u>17,555</u>	<u>737,067</u>
Total	<u>3,143,911</u>	<u>357,156</u>	<u>3,501,067</u>
Current	<u>(452,405)</u>		
Non-current	<u>\$ 2,691,506</u>		

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

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

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

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
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	228,268	47,505	275,773
2031-2035	<u>1,176,041</u>	<u>202,823</u>	<u>1,378,864</u>
2036-2040	<u>1,236,031</u>	<u>142,833</u>	<u>1,378,864</u>
2041-2045	<u>1,299,081</u>	<u>79,783</u>	<u>1,378,864</u>
2046-2048	<u>811,046</u>	<u>16,275</u>	<u>827,321</u>
Total	<u>5,641,161</u>	<u>701,616</u>	<u>6,342,777</u>
Current	<u>(219,361)</u>		
Non-current	<u>\$ 5,421,800</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(10) Long-term Debt, continued

2018 JP Morgan Chase Loan

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

Annual debt service requirements for the loan are as follows:

Fiscal Year	Principal	Interest	Total
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	340,000	38,064	378,064
2031-2033	1,075,000	58,239	1,133,239
Total	2,685,000	335,042	3,020,042
Current	<u>(305,000)</u>		
Non-current	<u>\$ 2,380,000</u>		

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 2043.

Fiscal Year	Principal	Interest	Total
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	905,204	442,693	1,347,897
2031-2035	4,966,221	1,773,263	6,739,484
2036-2040	5,788,019	951,464	6,739,483
2041-2043	2,575,053	120,739	2,695,792
Total	17,590,396	5,323,846	22,914,242
Current	<u>(800,835)</u>		
Non-current	<u>\$ 16,789,561</u>		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

General Information about the OPEB Plan

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

Benefits provided – The District offers other post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits.

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

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

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

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

(3) Retiring before June 1, 2005:

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

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

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

	2025	2024
Inactive employees or beneficiaries currently receiving benefit payments	39	39
Inactive employees entitled to but not receiving benefit payments	-	-
Active employees	55	55
	<hr/> 94	<hr/> 94

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

General Information about the OPEB Plan, continued

Contributions – The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of *GASB Statement No. 75*.

Total OPEB Liability

The District's total OPEB liability of \$4,327,665 and \$4,869,618 was measured as of June 30, 2025 and 2024, respectively, and was determined by an actuarial valuation as of July 1, 2023 for measurement periods July 1, 2024 to June 30, 2025 and July 1, 2022, to June 30, 2023, respectively.

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

Inflation	2025 - 2.50 percent 2024 - 2.50 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2025 - 5.20 percent 2024 - 3.97 percent
Healthcare cost trend rates	2025 - 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2025-2029 and 4.00 percent for 2030 and later years.
Healthcare cost trend rates	2024 - 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.

As of and for the years ended June 30, 2025 and 2024, the discount rates were based on the Fidelity GO AA 20-Years Municipal Index of 5.20% and 3.97%, respectively.

As of and for the year ended June 30, 2025, pre-retirement mortality rates were based on the CalPERS Experience Study (2000-2019).

As of and for the year ended June 30, 2024, 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 valuation was based on a review of plan experience during the periods July 1, 2024 to June 30, 2025 and July 1, 2022 to June 30, 2023.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

Changes in the Total OPEB Liability

	Total OPEB Liability 2025	Total OPEB Liability 2024
Balance at beginning of year	\$ 4,869,618	4,287,222
Changes for the year:		
Service cost	197,591	196,490
Interest	194,240	188,823
Difference between expected and actual experience	-	228,085
Changes in assumptions or other inputs	(581,350)	277,919
Benefit payments	(352,434)	(308,921)
Net change	<u>(541,953)</u>	<u>582,396</u>
Balance at end of year	<u>\$ 4,327,665</u>	<u>4,869,618</u>

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.97% in 2024 to 5.20% in 2025.

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, 2025, 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% (4.20%)	Current Discount Rate (5.20%)	Discount Rate + 1% (6.20%)
District's total OPEB liability	<u>\$ 4,792,940</u>	<u>4,327,665</u>	<u>3,920,436</u>

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	<u>\$ 5,401,725</u>	<u>4,869,618</u>	<u>4,404,730</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

Changes in the Total OPEB Liability, continued

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District as of June 30, 2025, 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:

	Healthcare Cost Trend	
	1% Decrease	1% Increase
	Rates (4.25%)	Rates (6.25%)
	increasing to <u>5.25%)</u>	increasing to <u>6.25%)</u>
District's total OPEB liability	\$ <u>3,951,797</u>	\$ <u>4,327,665</u>
	increasing to <u>7.25%)</u>	increasing to <u>7.25%)</u>
	\$ <u>4,789,157</u>	\$ <u>4,789,157</u>

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:

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

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

For the year ended June 30, 2025 and 2024, the District recognized OPEB income and expense of \$29,500 and \$107,271, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

Description	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	(558,953)	-	(63,082)
Differences between actual and expected experience	<u>219,707</u>	-	<u>236,289</u>	-
Total	<u>\$ 219,707</u>	<u>(558,953)</u>	<u>236,289</u>	<u>(63,082)</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

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

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

As of June 30, 2025, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Actuarially Determined Deferred Outflows/(Inflows) - OPEB Plan

<u>Fiscal Year</u> <u>June 30:</u>	<u>Net Changes</u> <u>in Assumptions</u>	<u>Net Differences</u> <u>between Expected</u> <u>and Actual</u> <u>Experience</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2026	\$ (158,708)	50,030	(108,678)
2027	(164,888)	47,680	(117,208)
2028	(43,922)	26,522	(17,400)
2029	(36,078)	26,522	(9,556)
2030	<u>(155,357)</u>	<u>68,953</u>	<u>(86,404)</u>
Total	<u>\$ (558,953)</u>	<u>219,707</u>	<u>(339,246)</u>

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:

Actuarially Determined Deferred Outflows/(Inflows) - OPEB Plan

<u>Fiscal Year</u> <u>June 30:</u>	<u>Net Changes</u> <u>in Assumptions</u>	<u>Net Differences</u> <u>between Expected</u> <u>and Actual</u> <u>Experience</u>	<u>Net Deferred</u> <u>Outflows/(Inflows)</u> <u>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	<u>116,339</u>	<u>95,475</u>	<u>211,814</u>
Total	<u>\$ (63,082)</u>	<u>236,289</u>	<u>173,207</u>

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

See page 64 for the Required Supplementary Schedule.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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:

	Classic	PEPRA
	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	2025: 7.96% 2024: 7.96%	2025: 7.75% 2024: 7.75%
Required employer contribution rates	2025: 14.13% 2024: 14.06%	2025: 7.87% 2024: 7.68%

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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		
	2025	2024
Contributions – employer	\$ <u>2,226,481</u>	<u>1,918,876</u>

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:

	2025	2024
Proportionate share of net pension liability	\$ <u>18,203,208</u>	<u>18,307,785</u>

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, 2025 and 2024, the net pension liability of the Plan is measured as of June 30, 2024 and 2023 (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, 2023 and 2022 (valuation dates), rolled forward to June 30, 2024 and 2023, 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, 2025 and 2024, were as follows:

	Proportionate Share
Proportion at Measurement Date – June 30, 2023	0.14872 %
Change in proportion	<u>(0.00197)</u>
Proportion at Measurement Date – June 30, 2024	0.14675
Change in proportion	<u>0.00335</u>
Proportion at Measurement Date – June 30, 2025	<u>0.15010</u> %

Deferred Pension Outflows (Inflows) of Resources

For the years ended June 30, 2025 and 2024, the District recognized pension expense of \$3,207,433 and \$2,539,258, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(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	2025		2024	
	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	\$ 2,226,481	-	1,918,876	-
Net difference between actual and expected experience	1,512,423		790,179	
Net change in assumptions	467,860	-	1,105,323	-
Net difference between projected and actual earnings on plan investments	1,047,934	-	2,964,194	-
Net difference between actual contribution and proportionate share of contribution	73,045	-	-	(225,035)
Net change due to differences in proportion of net pension liability	-	(362,944)	-	(503,205)
Total	\$ 5,327,743	(362,944)	6,778,572	(728,240)

As of June 30 2025 and 2024, the District reported \$2,226,481 and \$1,918,876, 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, 2025, will be recognized as a reduction of the net pension liability for the year ended June 30, 2026. Pension contributions subsequent to the measurement date for the year ended June 30, 2024, were recognized as a reduction of the net pension liability for the year ended June 30, 2025.

At June 30, 2025, 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 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
	Actual Experience	Net Change in Assumptions				
2026	\$ 582,717	458,077	(192,519)	(23,789)	(255,625)	568,861
2027	625,147	4,746	1,961,950	59,955	(57,218)	2,594,580
2028	304,559	5,037	(337,906)	36,879	(50,101)	(41,532)
2029	-	-	(383,591)	-	-	(383,591)
Total	\$ 1,512,423	467,860	1,047,934	73,045	(362,944)	2,738,318

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(12) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

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)	896,073
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

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2023 and 2022
Measurement dates	June 30, 2024 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2024 - 6.90% 2023 - 6.90%
Inflation	2024 - 2.30% 2023 - 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	2024 and 2023 – 1997-2015
Post Retirement Benefit	2024 and 2023 – 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, 2024 and 2023, 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, 2025 and 2024

(12) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

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

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

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

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

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

As June 30, 2025, 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	\$ 26,823,990	18,203,208	11,107,036

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(12) Defined Benefit Pension Plan, continued

As of 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:

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 65 and 66 for Required Supplementary Schedules.

(13) Net Position

Calculation of net position per fund as of June 30, 2025, was as follows:

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 9,771,347	233,861	1,539,200	2,190,467	13,734,875
Depreciable capital assets, net	110,851,569	28,331,963	7,374,429	927,552	147,485,513
Webster loan fund – administrative building	-	-	-	-	-
Current:					
Leases payable	(125,611)	-	-	-	(125,611)
Loans payable	(1,975,225)	(990,620)	(57,908)	-	(3,023,753)
Non-current:					
Leases payable	(216,662)	-	-	-	(216,662)
Loans payable	(25,003,555)	(9,552,413)	(344,514)	-	(34,900,482)
Total net investment in capital assets	92,983,416	18,022,791	8,511,207	3,118,019	122,635,433
Restricted net position:					
SRF loan fund – Stafford Treatment Plant	1,070,027	-	-	-	1,070,027
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	-	5,687,700	-	-	5,687,700
Total restricted net position	1,070,027	6,792,772	-	-	7,862,799
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	943,437	-	-	-	943,437
Prepaid expenses and deposits	455,259	-	-	-	455,259
Non-current:					
Notes receivable	-	944,411	-	-	944,411
Notes receivable – employee housing loans	850,000	-	-	-	850,000
Total non-spendable net position	2,248,696	944,411	-	-	3,193,107
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,327,665	-	-	-	4,327,665
Operating reserve (deficit)	(5,800,158)	678,414	(551,186)	1,633	(5,671,297)
Total spendable net position (deficit)	(1,472,493)	678,414	(551,186)	1,633	(1,343,632)
Total unrestricted net position	776,203	1,622,825	(551,186)	1,633	1,849,475
Total net position	\$ 94,829,646	26,438,388	7,960,021	3,119,652	132,347,707

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(13) Net Position, continued

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

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
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	89,355,314	17,564,724	8,187,629	1,492,045	116,599,712
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	1,067,432	7,079,534	-	-	8,146,966
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	1,764,836	983,592	-	-	2,748,428
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,287,222	-	-	-	4,287,222
Operating reserve (deficit)	(2,466,200)	406,540	(339,131)	482,332	(1,916,459)
Total spendable net position (deficit)	1,821,022	406,540	(339,131)	482,332	2,370,763
Total unrestricted net position	3,585,858	1,390,132	(339,131)	482,332	5,119,191
Total net position	\$ 94,008,604	26,034,390	7,848,498	1,974,377	129,865,869

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(14) Adjustments to Net Position

In fiscal year 2025, the District implemented GASB Statement No. 101 – *Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. As a result of the implementation, the District recognized adjustments to its compensated absence liability and recorded prior period adjustments, decreases to net position, of \$115,240 at June 30, 2023 and \$177,484 at June 30, 2024.

The adjustments to net position are as follows:

Net position at July 1, 2022, as previously stated	\$ 120,256,577
Effect of adjustment to implement GASB 101 compensated absences	(115,240)
Change in net position at June 30, 2023, as previously stated	<u>5,964,401</u>
Subtotal adjustments	<u>5,849,161</u>
Net position at June 30, 2023, as restated	<u>\$ 126,105,738</u>
Effect of adjustment to reverse prior year GASB 101 adjustment	115,240
Effect of adjustment to implement GASB 101 compensated absences	(177,484)
Change in net position at June 30, 2024, as previously stated	<u>3,822,375</u>
Subtotal adjustments	<u>3,760,131</u>
Net position at June 30, 2024, as restated	<u>\$ 129,865,869</u>

(15) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. The District has implemented *GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position. As of June 30, 2025 and 2024, the assets of the deferred compensation savings plan totaled \$10,224,042 and \$9,760,911, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024

(16) Risk Management

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

At June 30, 2025, 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.
- Excess liability coverage limits of \$9 million each occurrence and aggregate.
- Property insurance coverage is as follows: 1) Real property and business personal property blanket coverage up to \$100,000,000 subject to a \$50,000 deductible; and \$100,000 for rented, or leased equipment subject to a \$50,000 deductible.
- Automobile insurance coverage as follows: 1) \$1,000,000 Combined single limit for bodily injury & property damage; \$1,000,000 each for hired auto, non-owned auto, and uninsured/underinsured motorist; \$100,000 for hired physical damage; and \$5,000 for medical payments. Liability coverages are subject to a \$100,000 deductible and physical damage coverages are subject to a \$5,000.
- Crime coverage includes employee theft of \$1 million, 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.
- Environmental coverage up to \$4 million aggregate, \$2 million Each Pollution Condition. Each claim is subject to a deductible of \$25,000.
- Railroad Protective Liability \$10 million aggregate, \$5 million per occurrence
- Cyber coverage up to \$1 million aggregate; each incident; each Claim, each loss \$10,000 deductible

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, 2025 and 2024.

**North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024**

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

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

Governmental Accounting Standards Board Statement No. 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.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

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

(18) Commitments and Contingencies

Solar Power Services, Facilities, and Site Agreement

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

Construction Contracts

The District has a variety of agreements with developers and private parties relating to the installation, improvement, or modification of buildings, transmission facilities, and distribution systems within its service area in addition to the acquisition of other assets. The financing of such improvements is provided primarily from advances for construction. The District also improves and modifies its existing infrastructure and finances such improvements from its reserves. The District has commitments of approximately \$1,820,584 and \$6,338,993 in capital expenditures as of June 30, 2025 and 2024, respectively.

**North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2025 and 2024**

(18) Commitments and Contingencies, continued

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, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of December 16, 2025, 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, 2025
Last Ten Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 197,591	196,490	133,569	189,098	166,020	140,410	137,480	145,989
Interest	194,240	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	(581,350)	277,919	(73,234)	(758,672)	256,981	363,781	195,564	(197,296)
Benefit payments	(352,434)	(308,921)	(276,859)	(264,768)	(258,042)	(229,722)	(250,340)	(375,787)
Net change in total OPEB liability	(541,953)	582,396	(56,378)	(594,431)	280,006	137,861	396,599	(294,640)
Total OPEB liability - beginning	4,869,618	4,287,222	4,343,600	4,938,031	4,658,025	4,520,164	4,123,565	4,418,205
Total OPEB liability - ending	\$ 4,327,665	4,869,618	4,287,222	4,343,600	4,938,031	4,658,025	4,520,164	4,123,565
Covered-employee payroll	\$ 8,191,290	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	52.83%	66.11%	64.29%	70.90%	86.85%	81.73%	83.18%	73.17%
Valuation date	July 1, 2023	July 1, 2023	July 1, 2022	July 1, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:								
Single and agent employers	Entry age	Entry age	Entry age	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.50%	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%	3.00%
Mortality, retirement, turnover	(2)	(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 accumultaed in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

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

North Marin Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2025
Last Ten Years

Description	Measurement Dates									
	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
District's proportion of the net pension liability	0.15010%	0.14675%	0.14872%	0.17135%	0.13536%	0.13324%	0.13034%	0.12881%	0.12759%	0.12558%
District's proportionate share of the net pension liability	\$ 18,203,208	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
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
District's proportionate share of the net pension liability as a percentage of its covered payroll	302.73%	339.80%	328.52%	184.83%	301.95%	279.84%	253.57%	277.68%	243.05%	200.20%
Plan's fiduciary net position as a percentage of the total pension liability	71.51%	70.07%	70.56%	83.29%	72.26%	73.56%	74.43%	72.80%	73.98%	78.63%

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.

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

North Marin Water District
Schedules of Pension Plan Contributions
As of June 30, 2025
Last Ten Years

Description	Fiscal Years									
	June 30, 2025	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
Actuarially determined contribution	\$ 2,115,582	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
Contributions in relation to the actuarially determined contribution	<u>(2,115,582)</u>	<u>(1,918,876)</u>	<u>(1,867,734)</u>	<u>(1,674,677)</u>	<u>(1,490,360)</u>	<u>(1,370,702)</u>	<u>(1,155,358)</u>	<u>(1,017,325)</u>	<u>(926,448)</u>	<u>(828,792)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 5,682,759	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
Contribution's as a percentage of covered payroll	37.23%	31.91%	34.67%	32.03%	29.72%	28.10%	23.68%	20.54%	20.14%	18.24%
Notes to schedule:										
Valuation date	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	June 30, 2014
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age (1) Market Value									
Amortization method										
Asset valuation method										
Inflation	2.30%	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	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)
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, 2025

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	\$ 7,261,198	4,116,394	396,463	220,451	11,994,506
Restricted – cash and cash equivalents	1,702,582	3,052,827	-	-	4,755,409
Restricted – investments	1,725,194	-	-	-	1,725,194
Accrued interest receivable	209,716	820	-	-	210,536
Accounts receivable – water and sewer sales	5,243,311	376,294	263,060	2,778	5,885,443
Accounts receivable – governmental agencies	-	-	-	147,860	147,860
Accounts receivable – other	258,354	-	-	-	258,354
Leases receivable	28,276	-	6,143	-	34,419
Note receivable	-	39,181	-	-	39,181
Loan receivable	165,734	-	-	-	165,734
Interfund loans	93,168	-	-	-	93,168
Materials and supplies inventory	943,437	-	-	-	943,437
Prepaid expenses and deposits	455,259	-	-	-	455,259
Total current assets	18,086,229	7,585,516	665,666	371,089	26,708,500
Non-current assets:					
Restricted – investments	3,206,164	-	-	-	3,206,164
Leases receivable	288,479	-	-	-	288,479
Notes receivable	-	944,411	-	-	944,411
Loan receivable	1,293,115	-	-	-	1,293,115
Interfund loans	1,077,902	-	-	-	1,077,902
Note receivable – employee housing loans, net	850,000	-	-	-	850,000
Capital assets, not being depreciated	9,771,347	233,861	1,539,200	2,190,467	13,734,875
Depreciable capital assets, net	110,851,569	28,331,963	7,374,429	927,552	147,485,513
Total non-current assets	127,338,576	29,510,235	8,913,629	3,118,019	168,880,459
Total assets	145,424,805	37,095,751	9,579,295	3,489,108	195,588,959
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	219,707	-	-	-	219,707
Deferred pension outflows	5,327,743	-	-	-	5,327,743
Total deferred outflows of resources	5,547,450	-	-	-	5,547,450
Current liabilities:					
Accounts payable and accrued expenses	2,576,819	-	-	-	2,576,819
Accrued wages and related payables	273,212	28,938	43,739	14,580	360,469
Customer advances and deposits	1,153,820	-	324,205	4,876	1,482,901
Accrued interest payable – long-term debt	206,429	85,392	22,553	-	314,374
Long-term liabilities – due within one year:					
Compensated absences	374,927	-	-	-	374,927
Interfund loan – West Marin (note 6)	-	-	93,168	-	93,168
Leases payable	125,611	-	-	-	125,611
Loans payable	1,975,225	990,620	57,908	-	3,023,753
Other post-employment benefits liability	258,992	-	-	-	258,992
Total current liabilities	6,945,035	1,104,950	541,573	19,456	8,611,014
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	502,764	-	-	-	502,764
Interfund loan – West Marin (note 6)	-	-	727,902	350,000	1,077,902
Leases payable	216,662	-	-	-	216,662
Loans payable	25,003,555	9,552,413	344,514	-	34,900,482
Other post-employment benefits liability	4,068,673	-	-	-	4,068,673
Net pension liability	18,203,208	-	-	-	18,203,208
Total non-current liabilities	47,994,862	9,552,413	1,072,416	350,000	58,969,691
Total liabilities	54,939,897	10,657,363	1,613,989	369,456	67,580,705
Deferred inflows of resources:					
Deferred lease inflows	280,815		5,285		286,100
Deferred other post-employment benefits inflows	558,953	-	-	-	558,953
Deferred pension inflows	362,944	-	-	-	362,944
Total deferred inflows of resources	1,202,712	-	5,285	-	1,207,997
Net position:					
Net investment in capital assets	92,983,416	18,022,791	8,511,207	3,118,019	122,635,433
Restricted:					
SRF loan fund – Stafford Treatment Plant	1,070,027	-	-	-	1,070,027
SRF reserve fund – Recycled Water System	-	1,105,072	-	-	1,105,072
Interagency capital replacement and expansion fund	-	5,687,700	-	-	5,687,700
Unrestricted (deficit)	776,203	1,622,825	(551,186)	1,633	1,849,475
Total net position	\$ 94,829,646	26,438,388	7,960,021	3,119,652	132,347,707

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	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	821,070	-	-	-	821,070
Notes 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	377,266	-	-	-	377,266
Interfund loan	-	-	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	7,879,067	1,112,820	477,018	26,495	9,495,400
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	599,347	-	-	-	599,347
Interfund loan	-	-	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	59,120,059	11,655,853	1,700,510	26,495	72,502,917
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	3,585,858	1,390,132	(339,131)	482,332	5,119,191
Total net position	\$ 94,008,604	26,034,390	7,848,498	1,974,377	129,865,869

North Marin Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	\$ 18,631,987	1,518,946	861,070	-	21,012,003
Bi-monthly meter service charge	8,331,654	300,371	300,149	-	8,932,174
Sewer service charges	-	-	-	347,256	347,256
Other charges and services	361,890	75	9,274	300	371,539
Total operating revenues	27,325,531	1,819,392	1,170,493	347,556	30,662,972
Operating expenses:					
Source of supply	8,696,736	370,452	16,036	-	9,083,224
Pumping	783,756	7,697	101,676	-	893,129
Water facilities operations	1,536,276	168,922	75,681	-	1,780,879
Water treatment	2,610,215	10,284	333,773	-	2,954,272
Transmission and distribution	4,378,442	65,443	199,324	-	4,643,209
Sewage collection and treatment	-	-	-	275,886	275,886
Customer service	549,960	2,128	37,619	4,140	593,847
General and administrative	5,927,539	110,948	303,287	75,465	6,417,239
Water conservation projects	492,237	-	19,785	-	512,022
Total operating expenses	24,975,161	735,874	1,087,181	355,491	27,153,707
Operating income before depreciation	2,350,370	1,083,518	83,312	(7,935)	3,509,265
Depreciation	(2,977,901)	(791,366)	(254,571)	(55,785)	(4,079,623)
Operating income(loss)	(627,531)	292,152	(171,259)	(63,720)	(570,358)
Non-operating revenues(expenses):					
Property tax revenue	149,358	-	-	-	149,358
Investment earnings	901,136	287,398	22,628	-	1,211,162
Interest earnings from note receivable – BPGL	-	10,030	-	-	10,030
Interest earnings from loan receivable – MMWD	66,518	-	-	-	66,518
Interest earnings from leases	10,507	-	371	-	10,878
Rental revenue	72,473	-	5,285	250	78,008
Interest expense – long-term debt	(864,912)	(185,582)	(37,346)	-	(1,087,840)
Gain (loss) on disposition of capital assets	8,736	-	-	(1,384)	7,352
Regulation 15 forfeiture	55,390	-	3,000	-	58,390
Other non-operating revenues	26,780	-	-	-	26,780
Other non-operating expenses	(1,661)	-	(1,188)	(9,999)	(12,848)
Total non-operating revenues(expense), net	424,325	111,846	(7,250)	(11,133)	517,788
Net income(loss) before capital contributions	(203,206)	403,998	(178,509)	(74,853)	(52,570)
Capital contributions:					
Developers and others	823,783	-	257,787	-	1,081,570
Connection fees	153,690	-	31,820	30,000	215,510
Capital grants – state and local	46,775	-	425	1,190,128	1,237,328
Total capital contributions	1,024,248	-	290,032	1,220,128	2,534,408
Change in net position	821,042	403,998	111,523	1,145,275	2,481,838
Net position, beginning of year	94,008,604	26,034,390	7,848,498	1,974,377	129,865,869
Net position, end of year	\$ 94,829,646	26,438,388	7,960,021	3,119,652	132,347,707

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	1,118,326	143,799	77,161	-	1,339,286
Water treatment	2,367,910	10,776	301,940	-	2,680,626
Transmission and distribution	4,092,506	39,722	177,317	-	4,309,545
Sewage collection and treatment	-	-	-	277,564	277,564
Customer service	497,270	1,823	31,057	3,376	533,526
General and administrative	4,936,401	118,552	215,236	55,884	5,326,073
Water conservation projects	458,289	-	15,014	-	473,303
Total operating expenses	20,484,022	596,414	923,704	336,824	22,340,964
Operating income before depreciation	3,656,221	897,082	80,220	(11,360)	4,622,163
Depreciation	(3,057,406)	(788,512)	(241,030)	(52,334)	(4,139,282)
Operating income	598,815	108,570	(160,810)	(63,694)	482,881
Non-operating revenues(expenses):					
Property tax revenue	145,929	-	-	-	145,929
Investment earnings, net	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	(2,293)	-	-	-	(2,293)
Total non-operating revenues(expense), net	977,656	106,438	27,433	26,049	1,137,576
Net income before capital contributions	1,576,471	215,008	(133,377)	(37,645)	1,620,457
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
Transfers in(out)	(693,686)	693,686	-	-	-
Change in net position	2,485,925	908,694	86,325	279,187	3,760,131
Net position, beginning of year	91,522,679	25,125,696	7,762,173	1,695,190	126,105,738
Net position, end of year	\$ 94,008,604	26,034,390	7,848,498	1,974,377	129,865,869

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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.

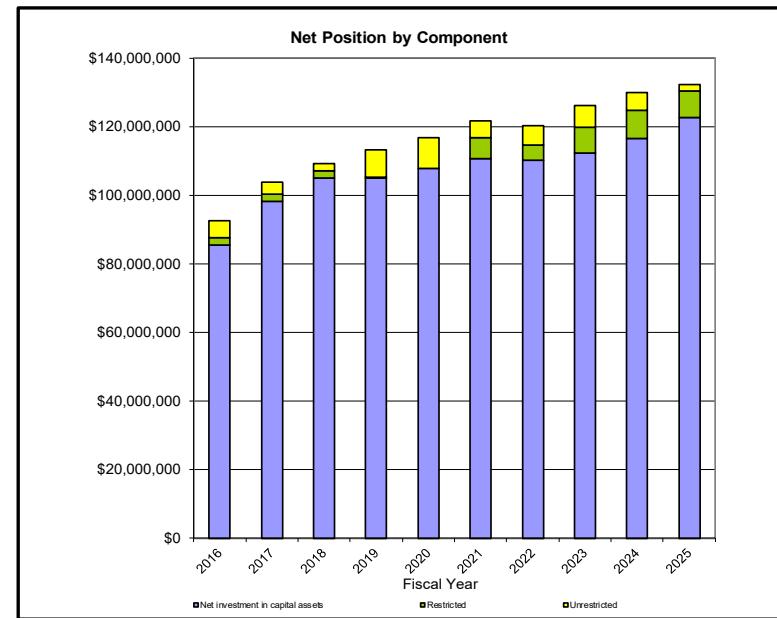
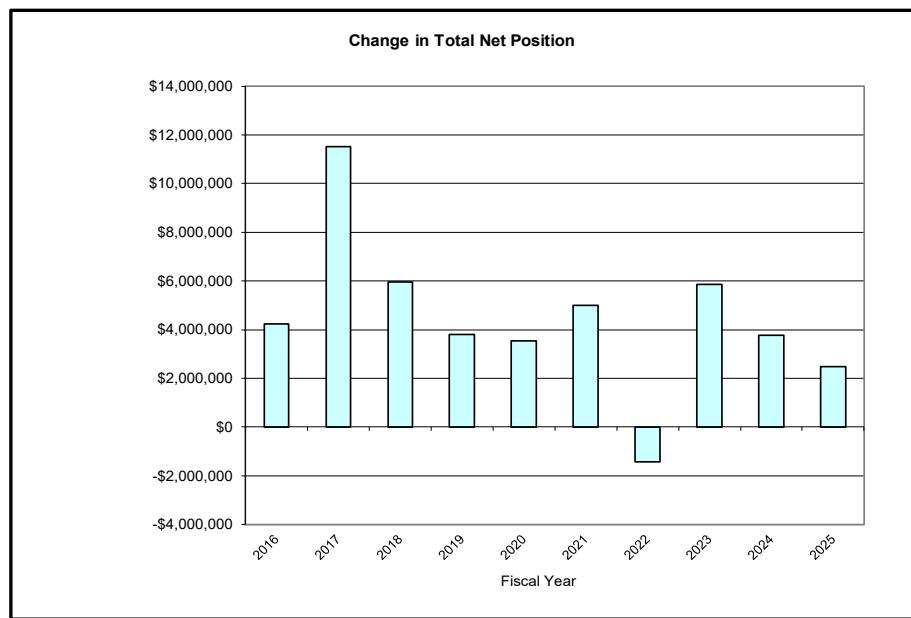
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Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	72-75
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	76-79
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.	80-81
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	82-83
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.	84-85

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

Schedule 1

	Fiscal Year									
	2016	2017	Restated 2018	Restated 2019	Restated 2020	Restated 2021	2022	Restated 2023	Restated 2024	2025
Change in net position:										
Operating revenues (see schedule 2)	\$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	\$30,662,972
Operating expenses (see schedule 3)	(13,704,737)	(15,099,687)	(16,461,030)	(16,371,492)	(19,404,779)	(20,737,073)	(21,663,342)	(15,983,299)	(22,340,964)	(27,153,707)
Depreciation and amortization	(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)	(4,079,623)
Operating income(loss)	\$420,453	\$187,378	\$2,198,995	\$1,949,599	\$1,025,926	\$754,366	(\$2,098,797)	\$3,737,506	\$482,881	(\$570,358)
Net non-op revenue(expense) (see schedule 4)	(328,734)	(304,830)	(253,110)	(59,467)	(239,641)	(356,774)	(1,169,574)	350,360	1,137,576	517,788
Net income(loss) before capital contributions	\$91,719	(\$117,452)	\$1,945,885	\$1,890,132	\$786,285	\$397,592	(\$3,268,371)	\$4,087,866	\$1,620,457	(\$52,570)
Capital contributions	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	2,534,408
Change in net position	\$4,230,766	\$11,525,936	\$5,965,926	\$3,811,841	\$3,549,268	\$4,985,680	(\$1,442,868)	\$5,849,161	\$3,760,131	\$2,481,838
Net position by component:										
Net investment in capital assets	\$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	\$122,635,433
Restricted	2,122,980	2,140,681	2,186,164	71,715	-	6,166,090	4,560,392	7,432,578	8,146,966	7,862,799
Unrestricted	5,007,769	3,639,717	2,244,629	8,000,505	8,767,142	4,889,691	5,585,167	6,262,262	5,119,191	1,849,475
Total net position	\$92,672,784	\$103,911,972	\$109,352,656	\$113,164,497	\$116,713,765	\$121,699,445	\$120,256,577	\$126,105,738	\$129,865,869	\$132,347,707

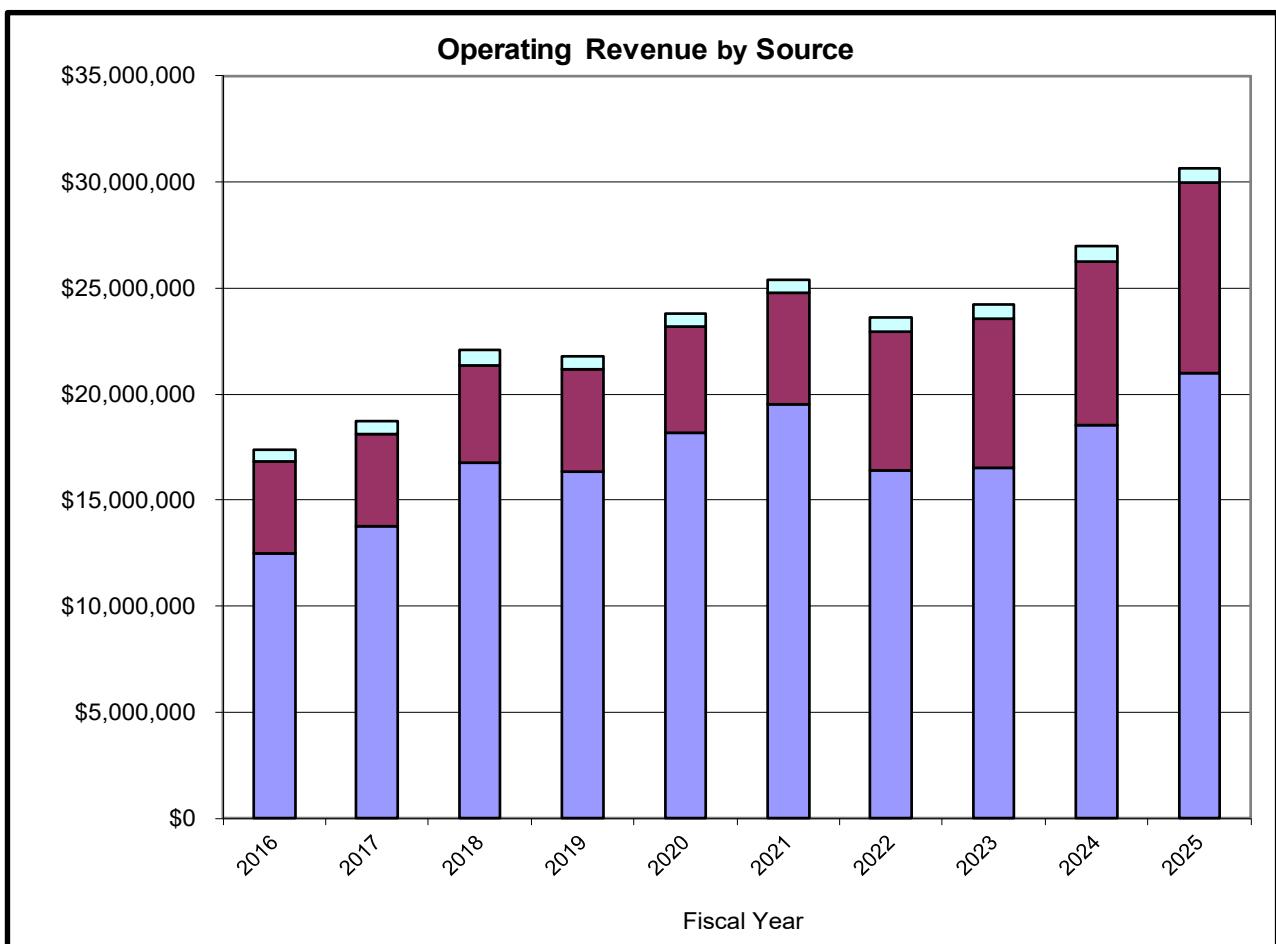


Source: North Marin Water District Audited Financial Statements

**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
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
2025	21,012,003	8,932,174	718,795	30,662,972

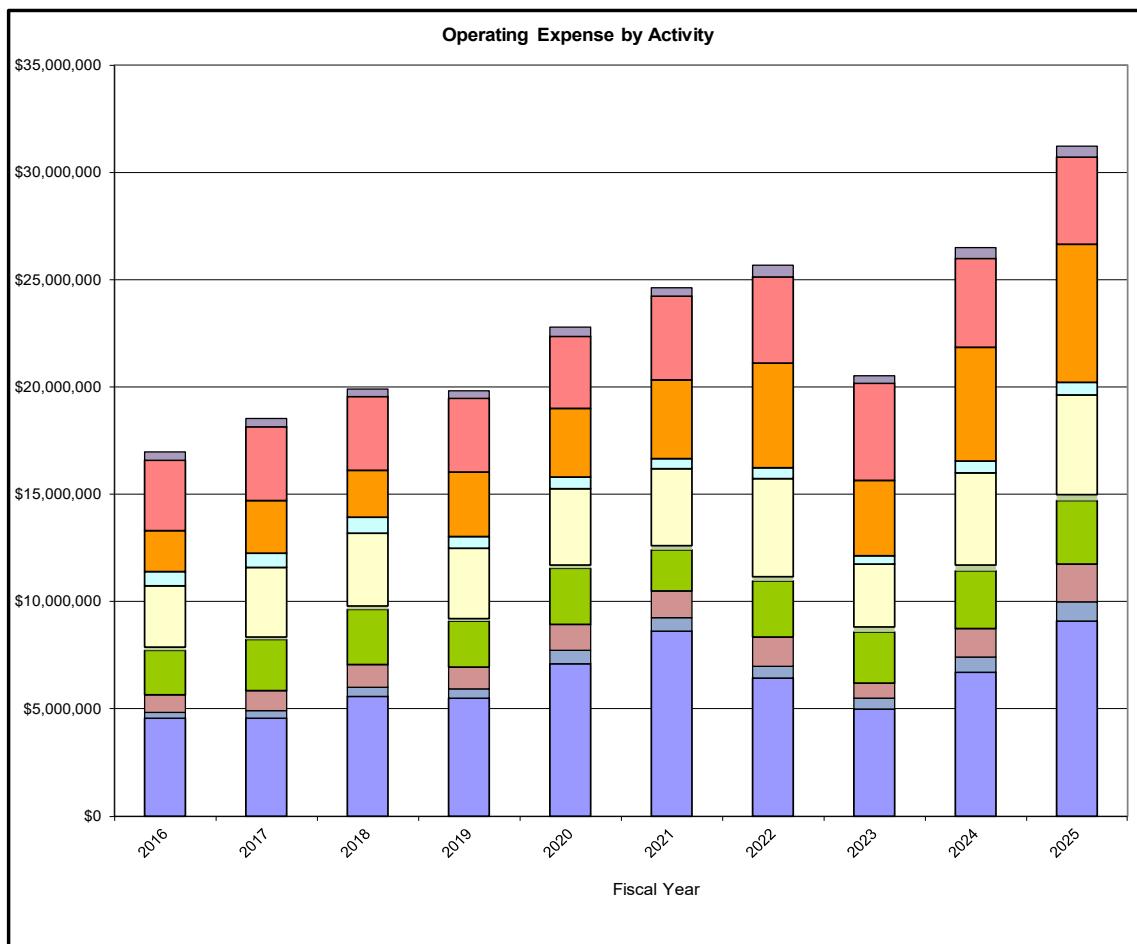


Source: North Marin Water District Audited Financial Statements

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

Schedule 3

Fiscal Year	Source of Supply	Pumping	Water Facility Operations	Water Treatment	Sewage Coll. & Treat.	Transmission & Distrib	Customer Service	General & Admin (2)	Water Conservation	Deprec and Amortization (1)	Total Op Expense
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	712,708	2,375,252	220,375	2,950,098	386,333	3,516,390	327,134	4,523,906	20,507,205
2024	6,727,290	673,751	1,339,286	2,680,626	277,564	4,309,545	533,526	5,326,073	473,303	4,139,282	26,480,246
2025	9,083,224	893,129	1,780,879	2,954,272	275,886	4,643,209	593,847	6,417,239	512,022	4,079,623	31,233,330

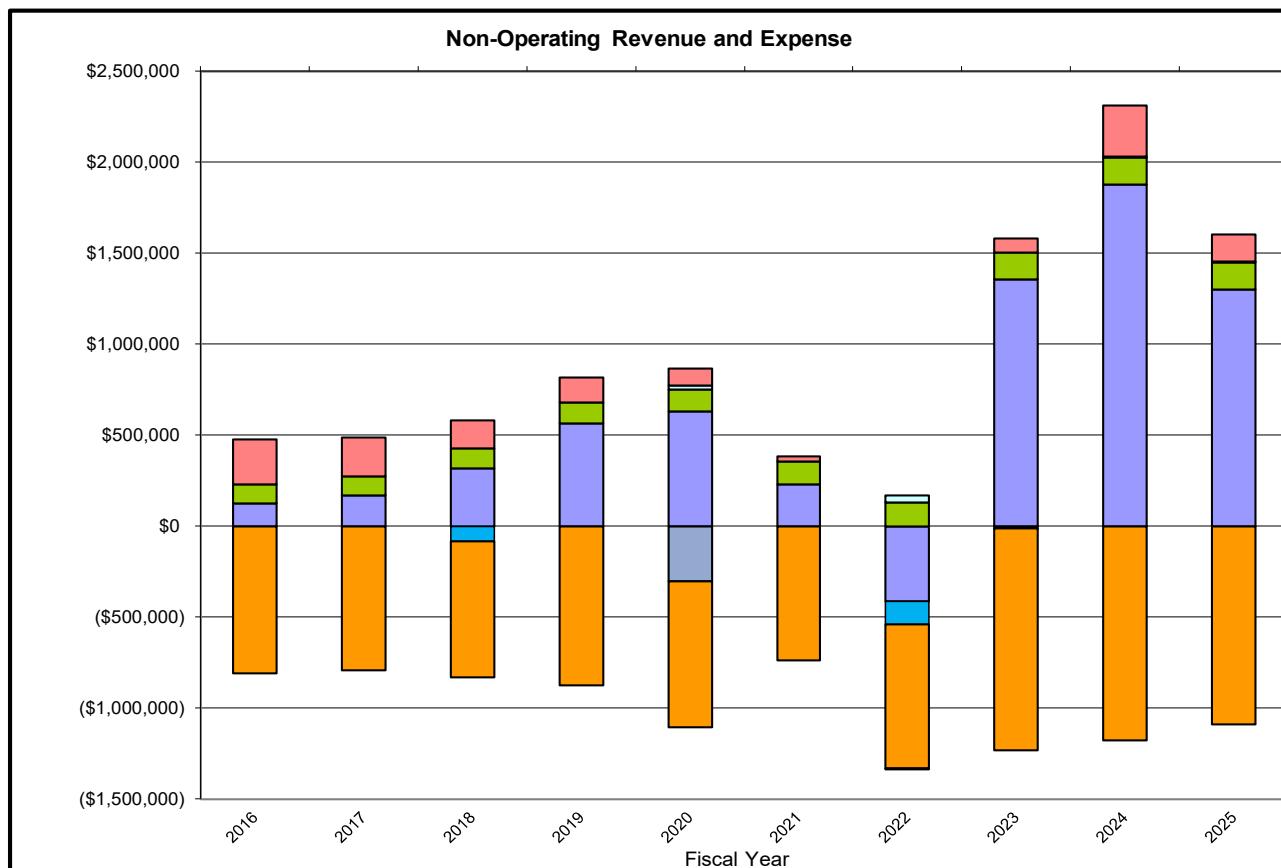


Source: North Marin Water District Audited Financial Statements

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)
2016	\$ 125,078	102,259	-	-	-	(807,035)	250,969 ⁽²⁾	(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)	285,196	1,137,574
2025	1,298,588	149,358	7,352	-	-	(1,087,840)	150,330	517,788



Notes:

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

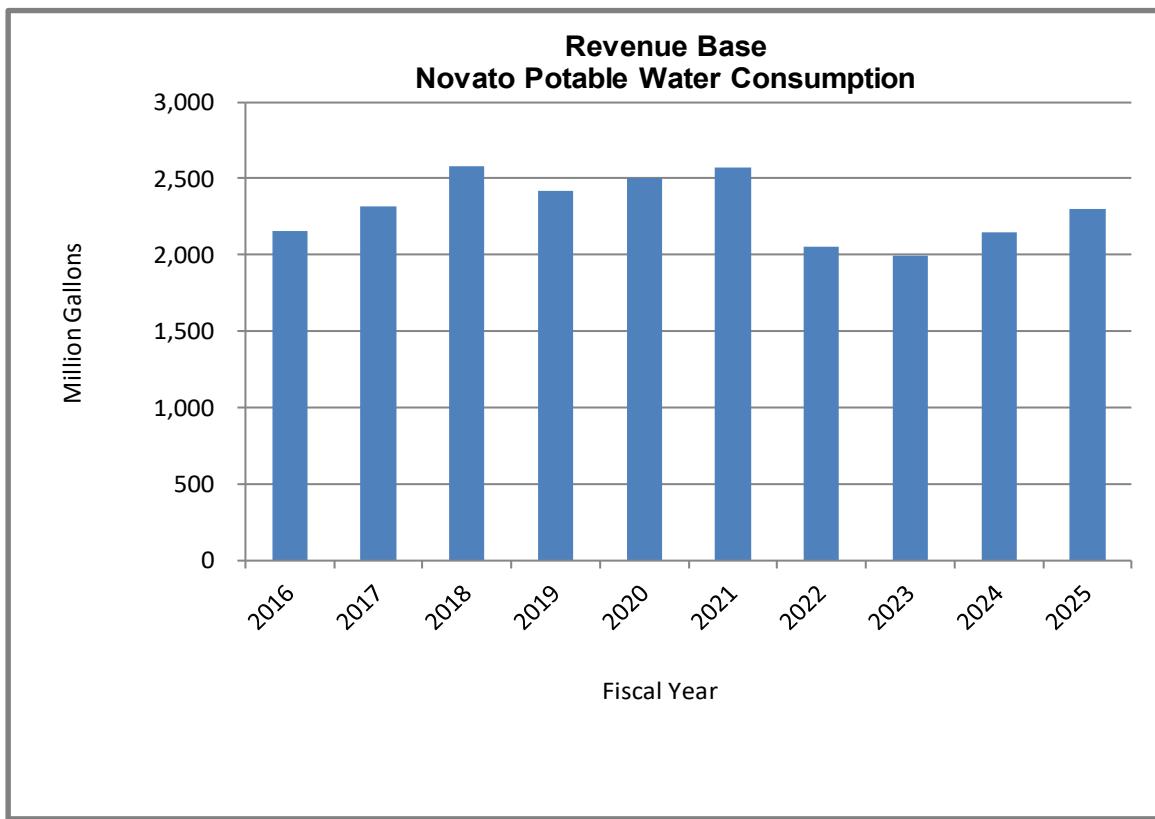
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

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)
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
2025	2,299



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

Source: Novato Water District Billing System

North Marin Water District
Customers by Type
Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type							Total	
	Novato Potable & Recycled					West Marin Water	Oceana Marin Sewer		
	Single-Family Residential	Multi-Family Residential	Commercial/Business	Government	Recycled				
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	
2025	18,731	699	1,234	218	104	802	241	22,029	

Source: NMWD CORE billing system (T:\FINANCE\Audit\Audit25\ACFR\Stats Section FY 24.25\StructureTypeCount FY 25.xlsx\FY25

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

Schedule 7

Bimonthly Service Charge												
Meter Size	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	6/30/25		
5/8" & 3/4"	\$ 30.00	\$ 31.50	\$ 33.00	\$ 34.15	\$ 34.15	\$ 41.46	\$ 43.95	\$ 46.58	\$ 51.01	\$ 58.39		
1"	60.00	63.00	66.00	68.30	68.30	74.06	78.50	83.21	91.11	105.73		
1 1/2"	73.00	77.00	80.50	83.30	83.30	128.38	136.08	144.25	157.95	184.63		
2"	114.00	120.00	125.50	129.90	129.90	193.57	205.18	217.50	238.16	279.31		
3"	227.00	238.00	248.50	257.20	257.20	367.41	389.45	412.82	452.04	531.79		
4"	364.00	382.00	399.00	413.00	413.00	562.98	596.76	632.56	692.65	815.83		
6"	761.00	799.00	835.00	864.00	864.00	1,106.23	1,172.60	1,242.96	1,361.04	1,604.83		
8"	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	2,078.23		

Water Use Rate (per 1,000 Gallons)												
User Type	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	6/30/25		
<u>Residential Zone A</u>												
Base Rate ⁽¹⁾	\$ 4.77	\$ 5.01	\$ 5.24	\$ 5.42	\$ 5.42	\$ 5.50	\$ 5.83	\$ 6.18	\$ 6.77	\$ 7.54		
Tier 1 ⁽²⁾	7.61	7.99	8.35	8.64	8.64	6.23	6.60	7.00	7.67	9.16		
Tier 2 ⁽²⁾	13.25	13.91	14.54	15.05	15.05	7.57	8.13	8.62	9.44	13.55		
<u>Non-Residential Zone A</u>												
Base Rate ⁽¹⁾	5.26	5.52	5.77	5.97	5.97	5.50	5.83	6.18	6.77	7.01		
Seasonal Rate	5.65	5.93	6.20	6.42	6.42	7.67	8.13	8.62	9.44	13.55		

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
(Includes: Novato Water, Recycled Water, Raw Water, & West Marin Water)
Current Fiscal Year and Ten Years Ago **Schedule 8**

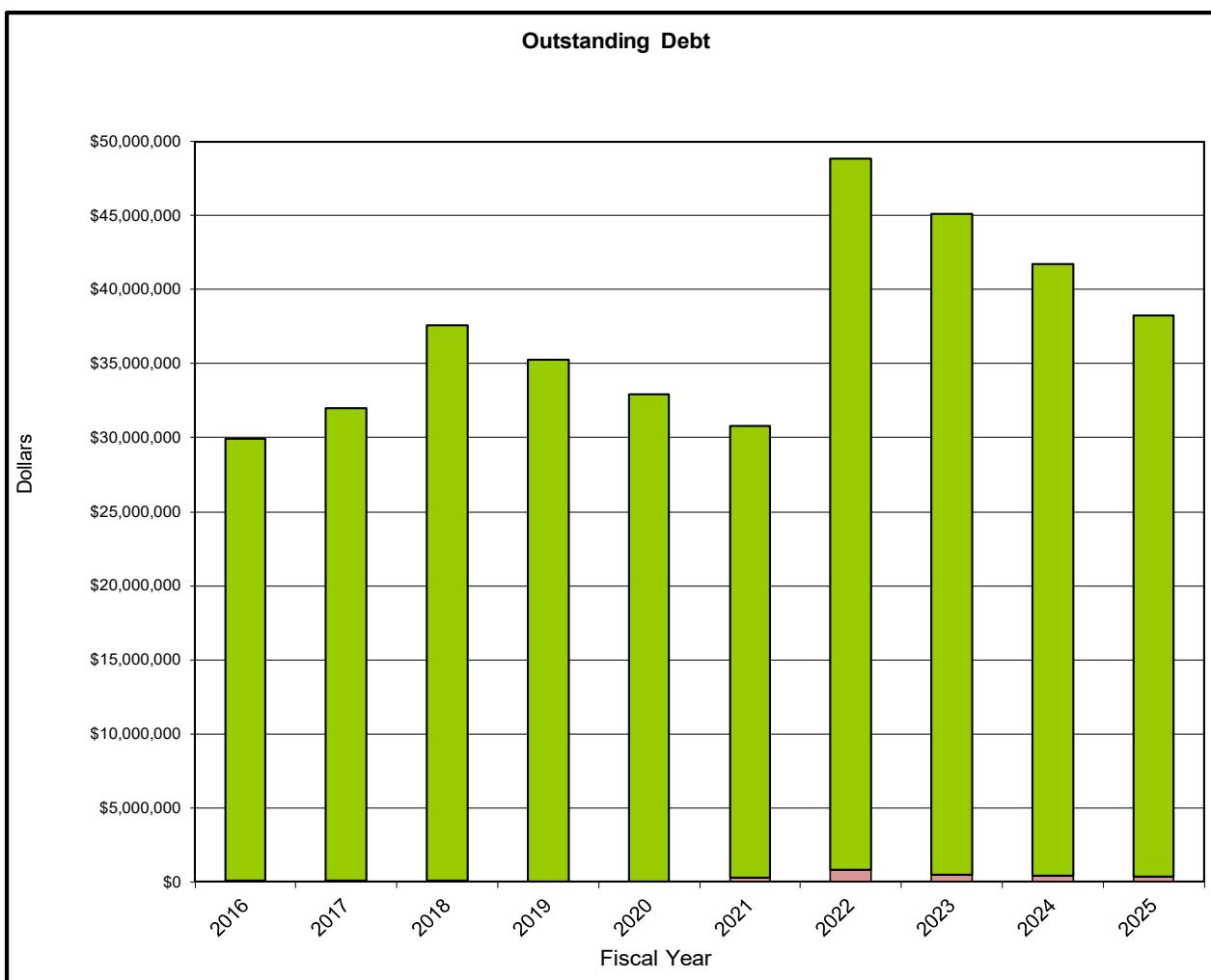
	FY 2024/25	% of Total	FY 2015/16	% of Total
1	Novato Unified School District	1.8%	City of Novato	2.1%
2	Bay Club Stonetree (Recycled Water)	1.8%	Bay Club Stonetree	1.8%
3	City Of Novato	1.8%	Novato Unified School District	1.6%
4	Biomarin Pharmaceutical	1.3%	BioMarin Pharmaceutical	1.1%
5	Marin Country Club (Recycled Water)	1.1%	Fireman's Fund	0.8%
6	Indian Valley Golf Course (Raw Water)	0.7%	Indian Valley Golf Course	0.6%
7	Ncp Multifamily Llc	0.7%	Meadow Park HOA	0.6%
8	Avanath Bay Vista Lp	0.6%	Bay Vista Apartments	0.6%
9	Marion Park Apts	0.5%	Marion Park Apts	0.5%
10	Commanding Officer	0.5%	Vintage Oaks Shopping Center	0.4%
		<hr/> 10.8%		<hr/> 10.1%
	Total Water Service Revenue	\$29,944,000	Total Water Service Revenue	\$16,841,000

Source: NMWD CORE billing system (t:\finance\audit\audit25\acfr fy25\stats section fy 24.25\top revenue 2016_2025.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⁾
2016	116,000	-	29,823,693	29,939,693	487.81	0.23%
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	0.44%
2024	-	400,096	41,341,630	41,741,726	676.66	0.41%
2025	-	342,273	37,924,235	38,266,508	623.45	0.37%



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 Ratio
			Revenue	Principal	Interest	Total		
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	1.89	
2020	26,057,340	(19,411,083)	6,646,257	2,332,799	740,004	3,072,803	2.15	
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	(17,524,868)	8,597,421	3,940,156	1,031,254	4,971,410	1.73	
2024	30,064,395	(21,615,606)	8,448,789	3,082,982	1,029,324	4,112,306	2.05	
2025	32,431,216	(26,215,099)	6,216,117	3,149,364	950,611	4,099,975	1.52	

Notes:

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

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

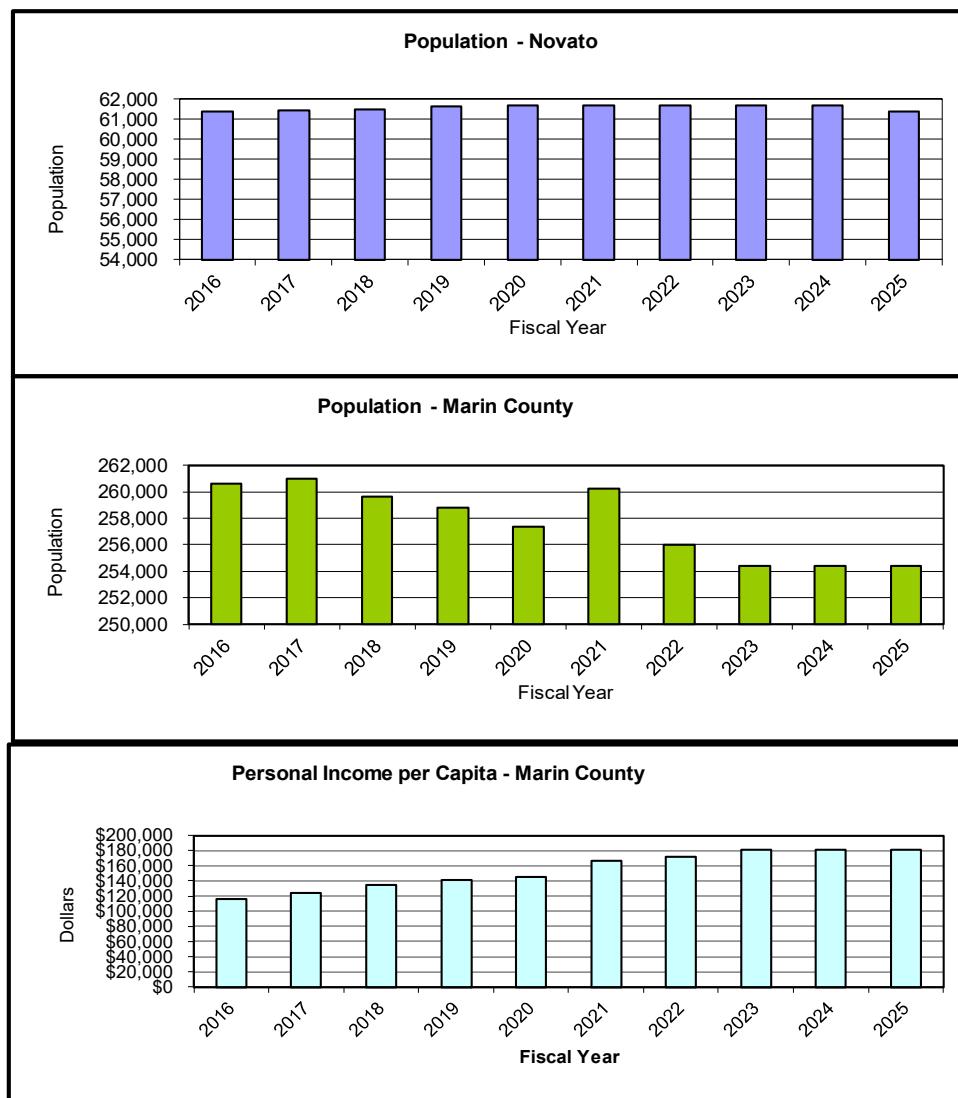
Source: North Marin Water District Audited Financial Statements

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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
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%	254,407	45,939,544	180,575
2024	61,688	3.9%	254,407	45,939,544	180,575
2025	61,379	5.2%	254,407	45,939,544	180,575



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 2024 & 2025 was unavailable, 2023 amount was used

Personal Income per Capita for 2024 & 2025 was unavailable, 2023 amount was used www.bea.gov

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

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

Schedule 12

FY 2024/2025*			FY 2015/2016		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
1 Kaiser Permanente	5,012	3.98%	County of Marin	2,282	1.67%
2 Bio Marin Pharmaceutical Inc.	3,401	2.70%	Kaiser Permanente	2,061	1.51%
3 County of Marin	2,506	1.99%	Marin General Hospital	1,757	1.29%
4 Marin Health Medical Center	1,900	1.51%	San Quentin State Prison	1,662	1.22%
5 Corrections Department	1,233	0.98%	Novato Unified School District	800	0.59%
6 YMCA San Francisco	1,096	0.87%	Autodesk, Inc.	719	0.53%
7 RH (Restoration Hardware)	1,048	0.83%	San Rafael City School	700	0.51%
8 Bay Equity	1,012	0.80%	Glassdoor	500	0.37%
9 Glassdoor Inc.	860	0.68%	Dominican University	456	0.33%
10 College of Marin	508	0.40%	Marin County Office of Education	351	0.26%
	18,576	14.77%		11,288	8.27%

Source: County of Marin

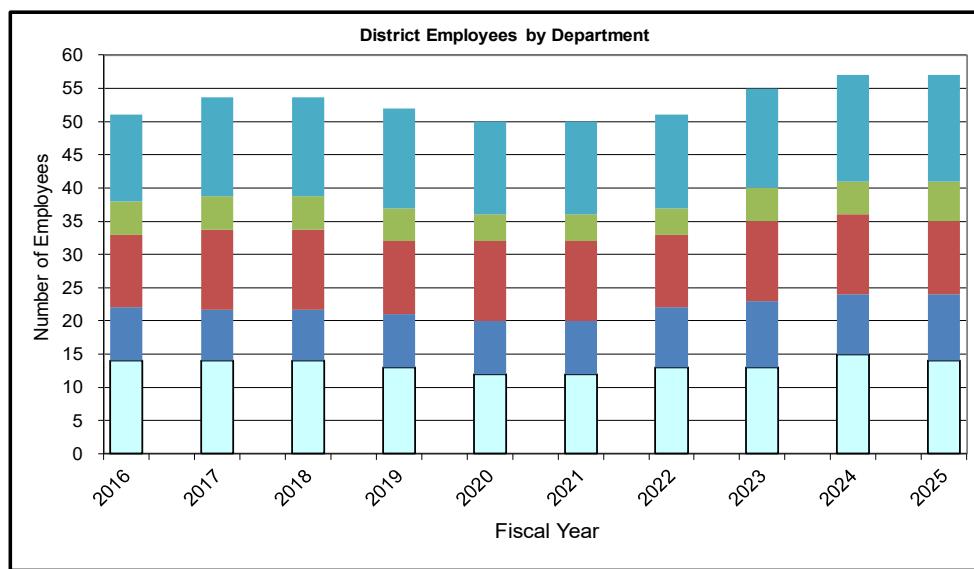
<https://www.marincounty.org/depts/df/annual-comprehensive-financial-reports-acfr>

* 2024/2025 Largest Employers was not available. The last available year available was FY 2023/2024.

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

Schedule 13

Department	Fiscal Year End									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrative Services	14	14	14	13	12	12	13	13	15	14
Engineering Services	8	8	8	8	8	8	9	10	9	10
Construction /Maintenance	11	12	12	11	12	12	11	12	12	11
Water Quality	5	5	5	5	4	4	4	5	5	6
Operations / Maintenance	13	15	15	15	14	14	14	15	16	16
	51	54	54	52	50	50	51	55	57	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

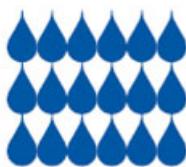
Other Operating and Capacity Indicators				
Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
2016	100	358	2,814	39
2017	100	364	2,824	39
2018	100	364	2,842	40
2019	100	364	2,852	40
2020	100	365	2,862	40
2021	100	366	2,886	40
2022	100	367	2,894	40
2023	100	368	2,896	40
2024	100	384*	2,901	40
2025	100	386	2,910	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, 2025, 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 16, 2025.

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 16, 2025