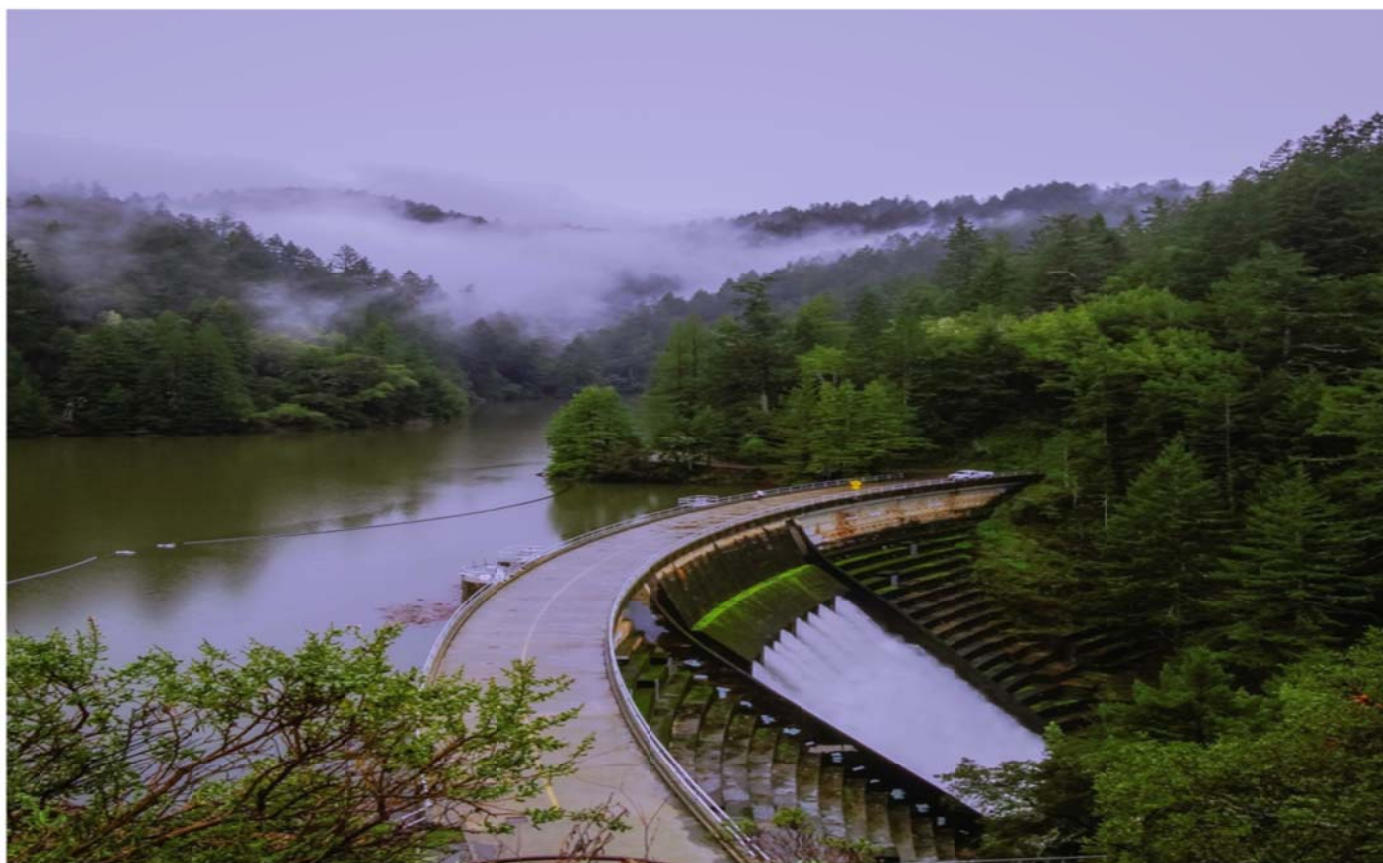


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2016 and 2015



**MARIN MUNICIPAL
WATER DISTRICT**

220 Nellen Avenue, Corte Madera, CA 94925



**MARIN MUNICIPAL
WATER DISTRICT**

Corte Madera, California

**Comprehensive Annual
Financial Report
for the years ended
June 30, 2016 and 2015**

Prepared by Finance Division

Marin Municipal Water District
Basic Financial Statements
Table of Contents
For the years ended June 30, 2016 and 2015

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter	i
List of Board Members and Committees	xiii
Division Map	xvi
Organizational Chart.....	xvii
GFOA Award	xviii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statements of Net Position	15
Statements of Revenues, Expenses and Changes in Net Position	17
Statements of Cash Flows.....	18
Statements of Fiduciary Net Position	20
Notes to Basic Financial Statements	23
Required Supplementary Information:	
Defined Benefit Pension Plans.....	55
OPEB Plan – Schedule of Funding Progress.....	57
Other Supplementary Information:	
Statement of Changes in Fiduciary Assets and Liabilities	60
STATISTICAL SECTION:	
Financial Trends.....	63
Revenue Capacity	67
Debt Capacity	71
Demographic and economic information.....	73
Operating information	75

This page intentionally left blank

INTRODUCTORY SECTION



This page intentionally left blank

December 27, 2016

Honorable President and Members of the Board of Directors:

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) of the Marin Municipal Water District (MMWD) for the fiscal year ended June 30, 2016. Since incorporation, the district has submitted an annual audited financial report to the Board of Directors and the public in accordance with California Government Code section 25253. The CAFR provides the Board and the public with an overview of the district's finances. Responsibility for the accuracy of this data and the completeness and fairness of the presentation, including all disclosures, rests with the district. In the opinion of management, the enclosed data is accurate in all material respects and are reported in a manner designed to fairly set forth the financial position and results of operations of the district, and contains all disclosures necessary to enable the reader to understand the district's financial affairs.

FINANCIAL STATEMENT PRESENTATION

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the accuracy and the completeness of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the district has established a comprehensive internal control framework that is designed both to protect the district's assets from loss, theft, or misuse, and to compile sufficient and reliable information for the preparation of the district's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the district's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The district's financial statements have been audited by Badawi & Associates, a public accounting firm licensed and qualified to perform audits of local governments within the State of California. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the district for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the district's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor.



DISTRICT PROFILE

On April 25, 1912, the Marin Municipal Water District received its charter as the first municipal water district in California. Before that, water in central and southern Marin was provided by a number of small, private companies, many of them subsidiaries of real estate developers. To ensure a reliable water supply, the citizens of Marin came together to create a publicly owned and managed water system. Over the years, our customer base has expanded through the acquisition of 26 small, private water companies. Today, MMWD provides high-quality drinking water to 189,400 people in a 147-square-mile area of south and central Marin County that includes ten towns and cities as well as unincorporated areas, located immediately north of the Golden Gate Bridge and the City of San Francisco.

The district is responsible for the stewardship of more than 21,600 acres of watershed land on Mt. Tamalpais and in west Marin. Seventy-five percent of the district's water supply comes from the protected watershed on Mt. Tamalpais and hills of west Marin. The Mt. Tamalpais Watershed is a unique natural resource providing prime recreational and open space for the district's surrounding communities. Over 1.5 million visitors use the 150 miles

of watershed roads and trails per year. Caring for nature, managing visitors, and involving the public in watershed stewardship are the central tasks of district rangers, natural resource specialists, and watershed maintenance staff. Watershed responsibilities include protecting resources, managing fire risks, assisting visitors, monitoring plants and animal populations, restoring natural habitats, and maintaining access roads and trails.

As an independent special district, MMWD operates as a separate local government agency that has no reporting responsibilities to either Marin cities or Marin County. Our five-member Board of Directors governs MMWD, with each director elected to represent one of five geographic areas. Directors serve overlapping four-year terms. The board, in turn, elects one of its members to serve as board president each year. The board appoints the general manager, treasurer, board secretary, and legal counsel, each of whom serves at the pleasure of the board. The general manager is the chief executive and is responsible for the district's operations and to administer the programs in accordance with the policies.

WATER SYSTEM & TREATMENT FACILITIES

With the annual water production currently averaging 25,800 acre-feet over the last five fiscal years, MMWD maintains 886 miles of pipeline for potable water and 24 miles of pipeline for recycled water, four treatment plants including one plant for recycled water, seven reservoirs with a storage capacity of 79,566 acre-feet (one acre-foot is equal to 325,851 gallons, enough water to cover one acre to a depth of one foot), total 29,927 million gallons, 128 storage tanks, 97 pumping stations, and over 61,800 service connections. Five of the seven district reservoirs (Alpine, Bon Tempe, Kent, Lagunitas, and Phoenix Lake) are located on the north slope of Mt. Tamalpais. The other two (Nicasio and Soulajule) are outside the district's service area in western Marin County.

- Alpine Lake was built in 1919 and has an arched concrete dam. The dam was raised in 1923 and 1941 to its present height and a total storage capacity of 8,891 acre-feet.
- Bon Tempe Lake has an earth fill dam and was built in 1948 with a capacity of 4,017 acre-feet.
- Kent Lake has an earth fill dam and was built in 1953. The structure was enlarged in 1982 to accommodate a total capacity of 32,895 acre-feet.
- Lake Lagunitas, the oldest facility, has an earth fill dam built in 1872. Lake Lagunitas still maintains its original capacity of 350 acre-feet.
- Phoenix Lake, has an earth fill dam, was constructed in 1905, and was significantly modified in 1968 and 1985. The last modification reduced the lake's capacity to 411 acre-feet. It now serves primarily as a scenic resource for the community and is used as a water supply source only in very dry years.
- Nicasio Reservoir has an earth fill dam and was built in 1960, with a capacity of 22,340 acre-feet.
- Soulajule Reservoir is impounded by an earth fill dam built in 1979 with a capacity of 10,572 acre-feet.



The district operates three water treatment facilities: San Geronimo Treatment Plant, Bon Tempe Treatment Plant, and Ignacio Pump Station, where the quality of potable water purchased from the Sonoma County Water Agency (SCWA) is adjusted to match that of the water in the rest of the district's system, and one water recycling facility, Las Gallinas Valley Water Recycling Plant. San Geronimo and Bon Tempe Plants, with 35 million gallons per day (mgd) and 20 mgd maximum capacity, respectively, treat water originating from the district reservoirs. Ignacio Pump Station, with 16 mgd maximum capacity, performs chemical treatment in a polishing operation on water received from SCWA via the North Marin Intertie Pipeline. Las

Gallinas Reclamation Plant, with two mgd current maximum capacity, performs tertiary treatment of wastewater effluent and distributes water used mainly for irrigation to more than 350 service connections through more than 25 miles of pipeline.

WATER SUPPLY

Historically, the district's water supply comes primarily from rainfall runoff captured on the north slope of Mt. Tamalpais in the westerly slopes of the coastal range. District facilities, constructed in stages over the last 100 years, divert approximately two-thirds of the flow of Lagunitas Creek above Kent Lake and more than one-third of the flow of Nicasio Creek to developed areas of eastern Marin. The district's watershed drainage system has four creek units: Lagunitas Creek above Kent Lake, Nicasio Creek at Nicasio Dam, Ross Creek above Phoenix Lake, and Walker Creek above SoulaJule Reservoir. The district and its predecessor agencies have maintained rainfall records for a period over 130 years. Average annual precipitation varies across the drainage basins above the reservoirs from about 60 inches above Kent Lake to 28



inches on Walker Creek. Average annual net runoff (total runoff less losses) on the district's watershed lands is more than 75,000 acre-feet. However, year-to-year net runoff figures vary significantly from a high net runoff in 1982/83 of approximately 213,000 acre-feet to a low of approximately 3,000 acre-feet in 1976/77. Today, about 75% of the potable water used by district customers comes from the local reservoir system.

The district has considerable stewardship responsibility for the aquatic species that reside in the streams below its reservoirs. In particular, the district must release water from its reservoirs to help sustain downstream fisheries. To meet the terms included in the district's water rights, an average of about 11,000 acre-feet per year is released for that purpose.

In addition to the above described local water sources, since 1976 the district has contracted for imported delivery from Sonoma County Water Agency (SCWA). The contract with SCWA allows the district to take delivery of up to 14,300 acre-feet of water per year. During the fiscal year 2016, the district produced 23,248 acre-feet of water for its customers, including 5,300 acre-feet of water imported from SCWA.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The district is located in Marin County with a diversified economic base, which includes high-tech, financial, service-based, entertainment, and industrial businesses. The local economy continues to be in an economic recovery after signs of stabilization appeared in 2011. In June 2016, the county's unemployment rate of 3.5% (not seasonally adjusted) has been steady from 3.4% in June 2015, and lower than the rates of the state and the nation of 5.7% and 4.9%, respectively. Marin County's per capita income in 2015 was \$109,076 to the nation's per capita income of \$56,116.



Factors Affecting the District's Financial Condition

The district's revenues are dependent upon the demand for water sales, which can be affected by weather, economy, population factors, more stringent drinking water regulations, or problems with the water supply. As of June 2016, the District's reservoir levels were at 91.53% of capacity due to continued water conservation by District customers and unusual rainfall events. Despite the strong local economy and above-average water supply, the District has faced a steady decrease in water sales as the California four-year statewide drought continued through the fiscal year 2016. The state

conservation standard of a 20% reduction, which started in April 2015, remained in effect through October 2016. Water production for the fiscal year ended June 30, 2016, was 23,248 acre-feet, 4.8% less than the previous fiscal year of 24,407 acre-feet. The decrease in the demand for water resulted in a decrease in water sales and service charge revenue by approximately \$0.9 million or 1.6% less than the previous fiscal year. The debt coverage ratio for the fiscal year ended June 30, 2016, before utilization of the Rate Stabilization Fund was 1.22x. MMWD's board approved on November 1, 2016, the withdrawal of \$0.2 million from the Rate Stabilization Fund to increase the debt coverage ratio for the year ended June 30, 2016 to 1.25x. After the withdrawal of \$0.2 million, the Rate Stabilization Fund balance is \$5.7 million as of June 30, 2016.

As a result of the state drought restrictions, MMWD customers have had to decrease their water use through the fiscal year ended June 30, 2016. To address the decrease in water sales revenue as a result of water use reductions, on December 8, 2015, the Board of Directors approved a two year water rate package which incorporated rate restructuring effective January 1, 2016. The new rate structure reflect modifications which include increasing the fixed service charge, adding a new fixed watershed management fee, adjustments to the tier rates of the commodity charge for all customer classes and changes in the tier allotments for multi-family and duplex customer classes. Also included in the new rate structure is drought surcharges, revenue recovery and Sonoma County Water Agency surcharges and the introduction of a pass-through water service rate in the event Sonoma County Water Agency raises their rates in excess of 5% per year. The board approved an additional 4% increase in all water rates, fees, and charges effective May 1, 2016. Due to the rate restructure and the 4% rate increase the total operating revenue increased to \$60.10 million for fiscal year ended June 30, 2016 from \$59.24 million for fiscal year ended June 30, 2015.

Long-Term Financial Planning

Consistent with Government Finance Officers Association (GFOA) recommendations, MMWD adopted a five-year strategic plan in 2014 which is the how MMWD will respond to current challenges and make the best of future opportunities for the benefit of our customers. The plan confirms our mission and goals as a public agency dedicated to high quality water delivery and service. It establishes approaches for the preservation of our precious resources for future generations utilizing the principles of sustainability and prudent fiscal practices. It also outlines the specific goals, strategies, and objectives the District will pursue to move us from where we are to where we want to be, and establishes a process to measure our progress. Management of the District also is in the process of developing long term financial plan to fund the future capital projects.

Vision Statement

MMWD will be a valued water service provider supporting the high quality of life in Marin County.

Mission Statement

MMWD will manage our natural resources in a sustainable manner and provide our customers with reliable, high quality water at a reasonable price.

Values

MMWD will embody the following core values in the setting and implementation of its policies and practices.

- Environmental stewardship & sustainability
- Integrity and ethics
- Open and responsive communications
- Diversity
- Healthy work environment
- Cooperation
- Fairness, dignity, and respect
- Continuous improvement through initiative, leadership, personal development, training
- Culture of excellence and innovation
- Responsible financial management

Goals

Water Supply Resiliency – We will maintain a level of reliability that supports MMWD’s customers’ needs, our community’s quality of life, and the local economy.

Financial Stewardship - We will prudently manage the public resources entrusted to us.

Communications - We will partner with our community, customers, and staff to understand and reflect their interests and clearly articulate the programs and policies of Marin Municipal Water District.

Environmental Stewardship - We will serve the community and manage the environmental assets entrusted to us for the benefit of present and future generations.

Workforce - We will maintain a diverse, highly-qualified and trained, motivated, and productive workforce to achieve MMWD’s goals.

FINANCIAL POLICIES

Budgetary Controls

The district's budget is balanced when operating revenues are equal to or greater than operating expenditures including debt service but excluding depreciation and amortization (i.e., budgeted expenditures shall not exceed budgeted revenues).

The district-wide funds management system provides budgetary controls that monitor spending within budgeted amounts. Budgetary controls function differently for operating and capital budget expenditures. For the operating budget, each department is controlled within an expenditure category such as materials, supplies, freight and utilities, repairs, and maintenance, for example. A department cannot exceed their authorized operating budget within an expenditure category or the total department budget for a fiscal year. Capital project spending is controlled based on the funding source. There may be more than one capital project assigned to a funding source.

Reallocation of the operating budget for a department among its line item expenses allows the departments to have financial flexibility within the funds management system. Budget adjustments to a departmental budget are reallocations of funds between line item expenses and between fund centers. Approval from the affected department(s), applicable division manager, and the finance manager are required for all departmental budget adjustments. The general manager's approval is required for the reallocation of funds between the operating and capital budgets and between departments. Overall increases to the operating or capital budgets require approval from the Board of Directors.

Investments

Annually, the board adopts an investment policy that is in compliance with the California Government Code 53600 et seq. The investment of funds is delegated by the board to the district's finance manager as the treasurer who assumes full responsibility for the investment transactions. The objectives of the investment policy are safety, liquidity, yield, and diversity. The district's investments are in compliance with the adopted investment policy. See Note 2 of the finance statements for detailed investment information.

Rate Stabilization Fund

The Installment Sale Agreement from the 2012 Revenue Bond issue allowed the creation of a Rate Stabilization Fund. The district may deposit into the fund gross revenue from one year, which can then be withdrawn and added to the gross revenues in calculating the debt ratio for a future year. The funds may also be used by the district for any other lawful purpose. A deposit of gross revenue to or a withdrawal from the Rate Stabilization Fund may be made within 180 days after the fiscal year end. Accordingly, the district revised its Policy No. 46 – Reserve Policy on November 21, 2013, to establish a Rate Stabilization Fund.

Per the bond covenants for the district's existing debt, the district is required to meet an annual debt service ratio of 1.25x annual debt service. In order to meet the required debt service ratio of 1.25x for the fiscal year ended June 30, 2015, the board approved a withdrawal of \$1.4 million from the Rate Stabilization Fund on November 3, 2015. On November 1, 2016, the board approved another withdrawal of \$0.2 million to meet the debt service ratio of 1.25x for the fiscal year ended June 30, 2016. After the withdrawal, the Rate Stabilization Fund balance is \$5.7 million.

Debt Management

The district's primary source of revenue is water sales and related service charges, followed by connection charges, rent and lease revenues, and interest. The district has the power and is mandated to establish rates and charges for water service as necessary to meet all of its expenses and obligations including debt service on existing revenue bonds, coverage requirements, and installment payments.

The outstanding revenue bonds have a first lien on net revenues. Net revenues are all enterprise revenues after deducting all maintenance and operation costs, plus connection charges after all costs of connections are deducted.

The district rating on existing debt was downgraded to 'AA' from 'AA+' by Fitch on March 30, 2016. Fitch stated that the downgrade was due to the lower than anticipated debt service coverage in 2015, and the District's revised rate strategy, which is expected to maintain coverage at a level more consistent with a 'AA' rating. In addition, Fitch anticipates that the already high debt levels will rise in the near term given additional expected borrowing and very slow amortization of current debt.

Standard & Poor's rating of 'AA' continued through the fiscal year ended June 30, 2016, and subsequently, Standard & Poor upgraded the rating to 'AA+' from 'AA' on November 10, 2016. S&P assessed that the District's general creditworthiness is extremely strong and stable.



Budget

The district adopts biennial budgets and employs long-term planning as the framework for its fiscal decisions. The district makes decisions on the efficient use of its resources. The financial plan and biennial budget includes the operating and capital programs, and sets levels of related operating, capital, and debt service expenditures that may be made during the budget period.

The budget is developed to reflect the costs necessary to provide customers with safe and reliable water service over the long term while keeping rate increases as low as possible. The budget not only allocates resources but is also used to develop rates and charges that provide adequate revenues to meet the district's needs and encourages the efficient use of water.

Decisions on allocating resources and addressing budget needs do not end when the board adopts the budget. Throughout the year, departments are responsible for implementing the budget and monitoring budget performance, responding to unforeseen or emergency circumstances, and participating in long-range financial planning.

The adopted budget for fiscal year 2016/17 supports the mission, value, goals, and objectives of the district's strategic plan. The total budget for 2016/17 is \$100.27 million, with an operating budget of \$72.12 million and capital improvement program budget of \$28.15 million.

MAJOR INITIATIVES

On September 29, 2015, the board authorized issuance of the notification of Prop. 218 and October 16, 2015, the Prop. 218 notice was mailed to property owners and ratepayers notifying them of the proposed water rate restructuring effective January 1, 2016 and a subsequent 4% increase to all water rates, fees and charges effective May 1, 2016. The new rate structure was a result of multi-year long range financial analysis for the period from fiscal years 2015/16 – 2019/20 which includes a five year financial forecast, projection of revenue requirements and rate review and analysis. The rate review and analysis included modifications to the existing rate structure design to improve the District's revenue and financial stability in light of ongoing reductions in water usage. The board adopted the rate structure modifications and a 4% rate increase on December 8, 2016.

The Capital Improvement Program (CIP) includes both district capital and fire flow projects. The budget is based on the 10-year capital improvement plan developed by the Engineering and Environmental Services Division and incorporates staff requests for upgrading or replacing water system and watershed facilities and information systems software and equipment. The 2015/16 CIP spending was approximately \$19.24 million, a decrease of 19% from the 2014/15 CIP expense of \$23.62 million. The district's capital projects, excluding fire flow and reimbursable projects, was funded from the 2012 Revenue Bond proceeds in the amount of \$12 million.

- Pipeline Replacement Program: Projects in this capital program provide for replacement of worn and deteriorated transmission and distribution system piping. The district maintains records of all leaks and leak repair. Staff utilizes the district's GIS (Geographic Information System) to identify pipe segments with a significant leak rate (generally ≥ 1 leak/year/1,000 ft pipe). The segments identified through this process are added to the pipeline replacement (leak) list. Pipeline replacements are prioritized primarily based on leak rate and risk related to damages to the environment or property in the event of a main break. Special consideration is given to pipelines in close proximity to salmonid bearing streams. The pipeline spending including Fire Flow Improvement Program was approximately \$11.49 million, which replaced about 7 miles.
- Treatment Plants: Capital projects at the treatment plants address three main functional areas; (1) Structure, (2) Primary treatment unit processes, and (3) Secondary unit processes. The capital work is guided by a Treatment Plant Master Plan that started in 2013 to provide a roadmap for replacement of these critical facilities. The district spent approximately \$1.01 million during FY2016.
- Tank Recoating Program: Coating and linings are an integral part of corrosion control as they provide a barrier between the structure and a corrosive environment. Corrosion control staff also work with water quality staff to ensure that interior tank coatings and linings are in compliance with State Department of Health Services drinking water requirements. Prioritization of tanks requiring re-coating is based on maintaining water quality and the current requirement for interior cathodic protection. During the FY2016, the District spent approximately \$0.3 million.
- Storage Tanks Replacement and Improvement Program: MMWD has 138 tanks storing the daily water needs of the customers. They contain approximately 80 million gallons of water. These tanks are of vastly different ages and a variety of materials (redwood, welded steel, bolted steel, riveted steel, concrete), all requiring different maintenance and capital investment. Over the past 10 years, the district has invested approximately \$21 million replacing deficient redwood tanks. During the FY2016, six redwood tanks were replaced, total spending of \$1.89 million.

AWARDS AND ACKNOWLEDGEMENTS

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its CAFR (Comprehensive Annual Financial Report) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR has been accomplished through the dedicated and professional team efforts of the staff of the Finance Division along with the district's other departments, and guidance from the audit firm of Badawi and Associates, LLP. We also would like to recognize the commitment of the Board of Directors for their continued support and providing policy direction in pursuit of excellence in all realms of professional endeavors.

Respectfully submitted,



Krishna Kumar
General Manager



Mikyung Pustelnik
Interim Finance Manager

MARIN MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

Jack Gibson, President

Division I Representative

Cynthia Koehler, Vice President

Division IV Representative

Armando Quintero

Division II Representative

Larry Bragman

Division III Representative

Larry Russell

Division V Representative

BOARD COMMITTEES

District Operations Committee

Finance Committee

Communications Committee

Watershed Committee

Drought Resiliency Taskforce Committee

Compensation Committee
Ad Hoc Committee

Conservation Action Committee
Ad Hoc Committee

Russian River Committee
Ad Hoc Committee

BOARD COMMITTEES AND OTHER ASSIGNMENTS FOR 2016

STANDING BOARD COMMITTEES

DISTRICT OPERATIONS

Larry Russell, Chair
Armando Quintero, Vice-Chair

WATERSHED

Larry Bragman, Chair
Armando Quintero, Vice-Chair

FINANCE

Cynthia Koehler, Chair
Jack Gibson, Vice-Chair

COMMUNICATIONS

Cynthia Koehler, Chair
Jack Gibson, Vice Chair

DROUGHT RESILIENCY TASKFORCE

Jack Gibson, Chair
Larry Russell, Vice Chair

STAFF LIAISON

Mike Ban

Crystal Yezman

Oreen Delgado

Libby Pischel

Krishna Kumar

AD HOC BOARD COMMITTEES

Conservation Action

Cynthia Koehler, Member
Larry Russell, Member

Compensation

Larry Russell, Chair
Jack Gibson, Vice Chair

Russian River

Jack Gibson
Larry Russell (Alternate)

Dan Carney

Krishna Kumar

Krishna Kumar

OTHER ASSIGNMENTS

Tamalpais Lands Collaborative Executive Committee

Armando Quintero
Jack Gibson

Krishna Kumar

Technical Advisory Committee - Lagunitas Creek

Larry Bragman
Cynthia Koehler, Alternate

Gregory Andrew

OTHER ASSIGNMENTS (con't)

North Bay Watershed Association

Jack Gibson

Larry Russell, Alternate

Tomales Bay Watershed Council

Armando Quintero

Sonoma County Water Agency,

Water Advisory Committee (WAC)

Jack Gibson

Larry Russell, Alternate

North Bay Water Reuse Authority

Jack Gibson

Larry Russell

Las Gallinas Recycled Water Ad Hoc

Jack Gibson

Larry Russell

ACWA Federal Affairs Committee

Cynthia Koehler

STAFF LIAISON

Krishna Kumar

Krishna Kumar

Krishna Kumar

Krishna Kumar

Krishna Kumar

Krishna Kumar

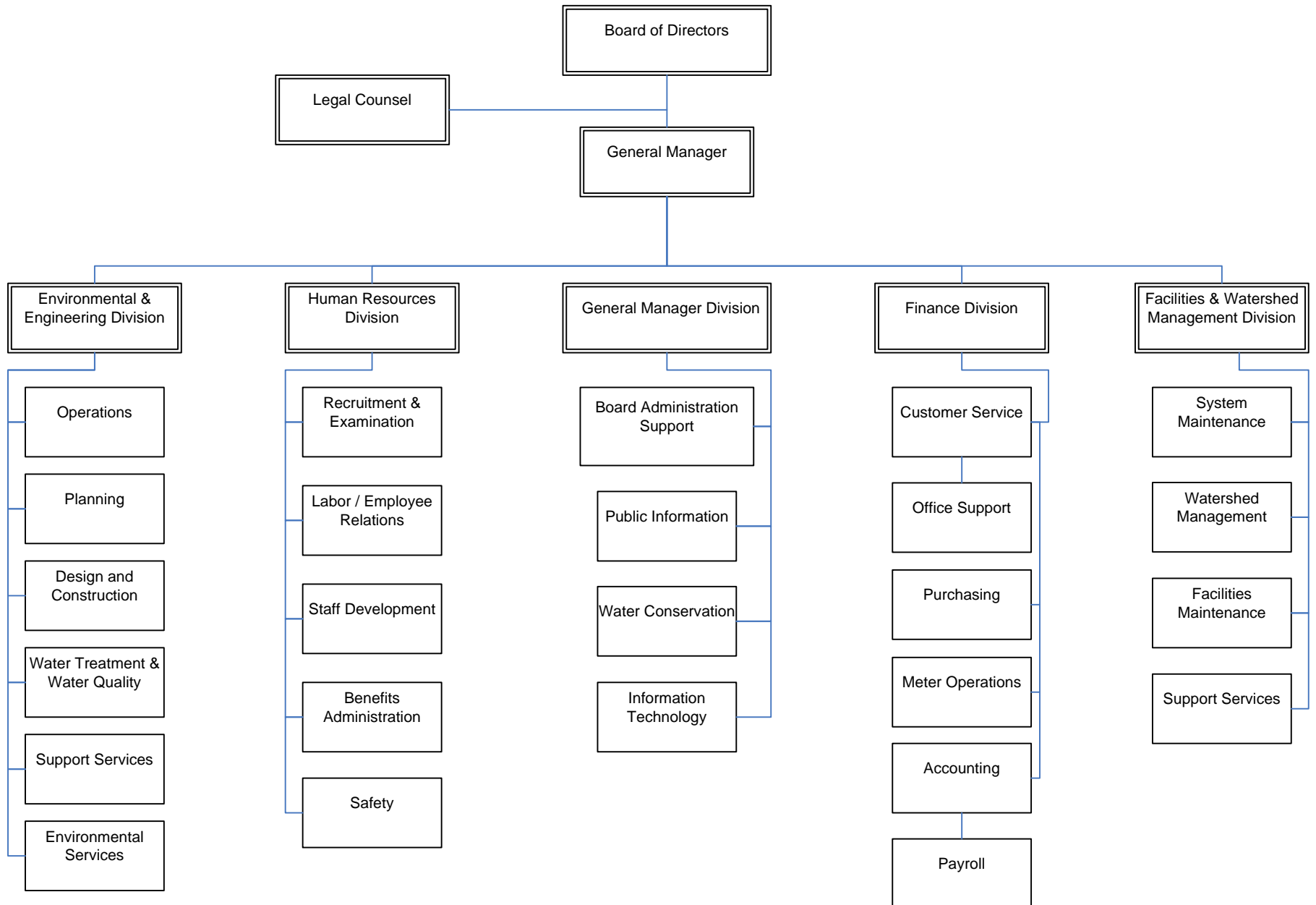


**MARIN MUNICIPAL
WATER DISTRICT**

Board of Directors

Krishna Kumar
General Manager

MMWD Organizational Chart





Government Finance Officers Association

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

Presented to

**Marin Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Marin Municipal Water District
Corte Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund and the agency fund information of Marin Municipal Water District (District) as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors
of the Marin Municipal Water District
Corte Madera, California
Page Two

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the enterprise fund and the agency fund information of the District, as of June 30, 2016 and June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit pension plan, and schedule of funding progress for OPEB plans on pages 5 to 12 and pages 55 to 57 to 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

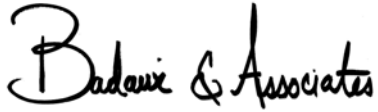
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory section, Statement of Changes in Fiduciary Assets and Liabilities, and Statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Board of Directors

of the Marin Municipal Water District
Corte Madera, California
Page Three

The Introductory section and Statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountants
Oakland, California
December 27, 2016

This page intentionally left blank

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

As management of the Marin Municipal Water District (MMWD), we offer readers of MMWD's financial statements this narrative overview and analysis of the financial statements of MMWD for the fiscal year ended June 30, 2016. 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 follows this section.

Overview of the Financial Statements

MMWD's financial section consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. This management's discussion and analysis is intended to serve as an introduction to the MMWD's basic financial statements. The financial statements include notes which explain in detail some of the information included in the financial statements.

Proprietary Fund Financial Statements

MMWD's operations are accounted for as a single proprietary enterprise fund using the full accrual basis of accounting. In this regard, MMWD operations are accounted for in a manner similar to a private business enterprise. Within this one proprietary fund, MMWD segregates revenues and expenses for various purposes such as operations, debt service and capital improvements, but that segregation does not create separate proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and statistical information. Supplementary and statistical information can be found beginning on page 60 of this report.

Financial Highlights for Fiscal Year Ended June 30, 2016

- The District's net position decreased by \$0.62 million or 0.26% from \$243.7 million to \$243.1 million mainly due to the loss from operation compared to June 30, 2015. The operating expenses were higher than the operating revenue by \$5.0 at June 30, 2016. The revenues from water sales have been declining due to the California state mandated water use reduction which caused by the state-wide drought since early 2014.
- Capital assets, net of accumulated depreciation, at June 30, 2016 increased by \$10.8 million or 2.9% as compared to June 30, 2015.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

- Operating revenue increased by \$0.86 million or 1.45%, and operating expenses increased by \$0.1 million or 0.17% as compared to June 30, 2015.
- For the fiscal year ended June 30, 2016 net operating loss decreased by \$0.75 million or 12.95%, and net loss decreased by \$1.65 million or 72.44% as compared to the prior fiscal year, mainly because of a revised rate structure, including the introduction of a new watershed management fee, which went into effect starting January 1, 2016, and an additional 4% rate increase effective May 1, 2016.
- As of June 30, 2016, unrestricted and designated reserves were \$37.7 million, a decrease of \$4.10 million over the prior fiscal year. Designated reserves include a Rate Stabilization Fund of \$5.7 million. Amounts placed in the Rate Stabilization Fund can be used in the calculation to meet the District's annual debt service ratio in any future year or may be used by the District for any other lawful purpose.

Financial Analysis

The Statements of Net Position in page 15-16 and the Statement of Revenues, Expenses and Changes in Net Position in page 17 provide an indication of the District's financial position and changes during the fiscal year. The District's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

**Table 1
NET POSITION**

	2016	2015	(Decrease)	Change	2014	(Decrease)	Change
Assets:							
Current assets	\$ 32,176,639	\$ 31,000,054	\$ 1,176,585	3.80%	\$ 32,937,520	\$ (1,937,466)	-5.88%
Non-current assets	44,317,336	58,621,138	(14,303,802)	-24.40%	75,110,366	(16,489,228)	-21.95%
Capital assets, net	383,536,225	372,717,620	10,818,605	2.90%	358,319,959	14,397,661	4.02%
Total assets	460,030,200	462,338,812	(2,308,612)	-0.50%	466,367,845	(4,029,033)	-0.86%
Deferred outflows of resources:	8,832,986	7,182,872	1,650,114	22.97%	2,045,773	5,137,099	251.11%
Total assets and deferred outflows of resources	468,863,186	469,521,684	(658,498)	-0.14%	468,413,618	1,108,066	0.24%
Liabilities:							
Current liabilities	18,687,381	18,335,354	352,027	1.92%	17,873,140	462,214	2.59%
Non-current liabilities	203,220,737	197,343,905	5,876,832	2.98%	136,843,958	60,499,947	44.21%
Total liabilities	221,908,118	215,679,259	6,228,859	2.89%	154,717,098	60,962,161	39.40%
Deferred inflow of resources:	3,896,468	10,156,785	(6,260,317)	-61.64%	-	10,156,785	
Total liabilities and deferred inflows of resources	225,804,586	225,836,044	(31,458)	-0.01%	154,717,098	71,118,946	45.97%
Net position:							
Net Investment in capital assets	265,735,569	263,879,191	1,856,378	0.70%	265,964,474	(2,085,283)	-0.78%
Restricted	656,839	1,939,529	(1,282,690)	-66.13%	1,736,460	203,069	11.69%
Unrestricted	(23,333,804)	(22,133,080)	(1,200,724)	5.43%	45,995,586	(68,128,666)	-148.12%
Total net position	\$ 243,058,604	\$ 243,685,640	\$ (627,036)	-0.26%	\$ 313,696,520	\$ (70,010,880)	-22.32%

As the above table indicates, total assets decreased by \$2.31 million from \$462.34 million to \$460.03 million during the fiscal year ended June 30, 2016. This decrease is mainly due to a reduction of \$14.30 million in non-current assets because of withdrawal from the 2012 Water Revenue Bond proceeds to fund the District's capital projects and a decrease in other designated reserve, offset by \$11.99 million increases in net capital assets and accrued unbilled revenue at the end of the fiscal year.

Deferred outflows of resources is the amount of the unamortized deferred charge on debt refunding and the effect of the GASB Statement No. 68 that defers the CalPERS (California Public Employees' Retirement System) pension contributions after the measurement date until the next fiscal year as a subsequent offset to the net pension liability. The deferred outflow of resources due to unamortized loss on refunding at June 30, 2016 and 2015 were \$1.69 million and \$1.87 million, respectively. The deferred outflows of resources due to GASB Statement No. 68 at June 30, 2016 and 2015 were \$7.14 million and \$5.32 million, respectively.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

For fiscal year ended June 30, 2016, total liabilities reflect an increase of \$6.22 million mainly due to an increase of \$7.62 million in pension liability, offset by a reduction in long term debt due to scheduled debt service payments of \$2.24 million, and a \$0.51 million increase in accrued expense and an increase in claims payable of \$0.33 million. For fiscal year ended June 30, 2015, total liabilities reflect an increase of \$60.96 million due to several factors including the implementation of GASB Statement No. 68 resulting in initial net pension liability recognition of \$62.14 million, and an increase of \$0.46 million in current liabilities, offset by a reduction in long term debt of \$1.64 million.

Deferred inflows of resources is the result of GASB Statement No. 68 and is comprised of changes in assumptions, the difference between expected and actual investment returns in the CalPERS pension plan, which will be amortized as a component of pension expense over the remaining 4 years. The deferred inflows of resources for June 30, 2016 and 2015 were \$3.90 million and \$10.16 million, respectively.

The District's net position decreased by \$0.63 million or 0.26% due to the net loss from operation as the water sales have continuously decreased since March 2014. The declined water sales are results of California state-wide drought and the continued effort of water conservation. The District's long-term liabilities increased by \$5.88 million mainly due to the increase in net pension liability by \$7.61 million or 12.25%, offset by a decrease in the long-term debt by \$2.30 million. As a result, the District's net position decreased by \$0.63 million or 0.26% compared to June 30, 2015.

The largest portion of the District's net position reflects the District's investment in capital assets, net of related debt, 109.33% and 108.29% as of June 30, 2016 and 2015 respectively. The net investment in capital assets increased by \$1.86 million or 0.70% from \$263.88 million to \$265.74 million. This is comprised of an increase of \$10.82 million in capital assets, net of accumulated depreciation, offset by a decrease in the 2012 Water Revenue Bond proceeds by \$11.27 million and a decrease in the long-term debt by \$2.31 million. The District's capital projects are funded by the 2012 Water Revenue Bond proceeds.

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

**Table 2
Statement of Revenues, Expenses and Changes in Net Position**

	2016 vs. 2015				2015 vs. 2014		
	June 30, 2016	June 30, 2015	Increase/ (Decrease)	% Change	June 30, 2014	Increase/ (Decrease)	% Change
Revenues:							
Water sales and service charges	\$ 56,202,387	\$ 57,117,530	\$ (915,143)	-1.60%	\$ 64,677,493	\$ (7,559,963)	-11.69%
Connection charges	1,603,209	969,356	633,853	65.39%	1,705,549	(736,193)	-43.16%
Watershed management fee	1,244,800	-	1,244,800	-	-	-	-
Other operating revenue	1,050,151	1,154,210	(104,059)	-9.02%	1,351,687	(197,477)	-14.61%
Total operating revenue	60,100,547	59,241,096	859,451	1.45%	67,734,729	(8,493,633)	-12.54%
Expenses:							
Electrical power	3,250,983	3,152,661	98,322	3.12%	3,397,161	(244,500)	-7.20%
Water purchased	5,732,110	6,720,104	(987,994)	-14.70%	7,437,740	(717,636)	-9.65%
Other operating expenses	45,110,330	44,364,505	745,825	1.68%	43,585,245	779,260	1.79%
Depreciation and amortization	11,032,195	10,776,549	255,646	2.37%	11,324,138	(547,589)	-4.84%
Total operating expenses	65,125,618	65,013,819	111,799	0.17%	65,744,284	(730,465)	-1.11%
Net operating income (loss)	(5,025,071)	(5,772,723)	747,652	-12.95%	1,990,445	(7,763,168)	-390.02%
Non-operating revenue, net	2,401,883	2,214,441	187,442	8.46%	2,938,421	(723,980)	-24.64%
Less: Interest expense	(3,578,557)	(4,465,063)	(886,506)	-19.85%	(4,686,280)	(221,217)	-4.72%
Total nonoperating revenue/(expense)	(1,176,674)	(2,250,622)	1,073,948	-47.72%	(1,747,859)	(502,763)	28.76%
Income (Loss) before capital contributions	(6,201,745)	(8,023,345)	1,821,600	-22.70%	242,586	(8,265,931)	-3407.42%
Capital contributions	5,574,709	5,748,183	(173,474)	-3.02%	5,863,573	(115,390)	-1.97%
Net Income (Loss)	(627,036)	(2,275,162)	1,648,126	-72.44%	6,106,159	(8,381,321)	-137.26%
Net Position:							
Beginning of year	243,685,640	313,696,520	(70,010,880)	-22.32%	307,590,361	6,106,159	1.99%
Prior year adjustment for GASB 68		(67,735,718)	67,735,718				
End of year	\$ 243,058,604	\$ 243,685,640	\$ (627,036)	-0.26%	\$ 313,696,520	\$ (70,010,880)	-22.32%

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the changes in net position. As the above information in Table 2 indicates, net loss before capital contribution of \$6.20 million, offset by capital contributions of \$5.57 million resulted in an overall decrease of \$0.63 million in net position for the fiscal year ended June 30, 2016.

In fiscal year ended June 30, 2015, net loss before capital contributions of \$8.02 million, offset by capital contributions of \$5.75 million resulted in an overall decrease of \$2.28 million in net position.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015

For fiscal year ended June 30, 2016, Table 2 indicates that the District's total operating revenues increased by \$0.86 million or 1.45% to \$60.10 million from \$59.24 million in the prior year. This was due to the combination of rate restructure and rate increase approved by the board on December 8, 2015. The new rate structure includes a new fixed charge, watershed management fee. However, the watershed management fee revenue was partially offset by a further reduction in water demand by \$0.92 million, as compared to the prior fiscal year ended June 30, 2015, due to increased customer conservation during ongoing drought.

Total operating expense increased by \$0.11 million or 0.17%, due to an increase in depreciation and amortization expense of \$0.26 million combined with an increase of \$0.75 million in other operating expenses which was a combination of increases in personnel cost and insurance and claim costs. Electrical power expense increased by \$0.09 million compared to the fiscal year ended June 30, 2016. However, the increases were almost offset by a decrease of \$0.99 million in water purchase expense relative to the previous fiscal year because the District's reservoir level was normal due to unusual rainfall specific to the area, and thus, reduced the water purchase from Sonoma County Water Agency.

Non-operating revenues increased by \$0.19 million or 8.46% compared over the prior year mainly due to an increase in gain on sale of the District's assets by \$0.82 million, offset by reduced grant and rent revenue by \$0.63 million. Interest expense decreased by \$0.89 million from \$4.47 million to \$3.58 million largely due to interest expense allocated to capital projects.

Capital contributions, which include connection fees, the \$75 per parcel Fire Flow Fee and capital grants decreased by \$0.17 million primarily due to the decreased capital activities.

Table 3
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	June 30, 2016	June 30, 2015	2016 vs. 2015		June 30, 2014	2015 vs. 2014	
			Increase/ (Decrease)	% Change		Increase/ (Decrease)	% Change
Plant, buildings and equipment, net	\$ 336,311,866	\$ 336,286,240	\$ 25,626	0.01%	\$ 312,056,350	\$ 24,229,890	7.76%
Land	11,465,962	11,129,340	336,622	3.02%	11,128,405	935	0.01%
Construction in progress	27,133,846	16,393,445	10,740,401	65.52%	25,942,572	(9,549,127)	-36.81%
North Marin Water Right, net (AEEP)	3,718,481	3,873,417	(154,936)	-4.00%	4,028,354	(154,937)	-3.85%
Sonoma County Water Rights, net	4,906,070	5,035,178	(129,108)	-2.56%	5,164,278	(129,100)	-2.50%
Total	<u>\$ 383,536,225</u>	<u>\$ 372,717,620</u>	<u>\$ 10,818,605</u>	<u>2.90%</u>	<u>\$ 358,319,959</u>	<u>\$ 14,397,661</u>	<u>4.02%</u>

As of June 30, 2016, the District's net investment in capital assets totaled \$265.74 million, which is an increase of \$1.86 million or 0.70% over the prior fiscal year. The investment in capital assets includes: land, buildings, improvements, water treatments plants, filter plants, water transmission and distribution mains, water storage facilities, reservoirs, pump stations, water reclamation facilities, machinery, equipment and

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

water rights as shown above in Table 3. Additional information on the District's capital assets is provided in Note 4 starting on page 34 of the financial statements.

**Table 4
LONG-TERM DEBT**

	June 30, 2016	June 30, 2015	2016 vs. 2015		June 30, 2014	2015 vs. 2014	
			Increase/ (Decrease)	% Change		Increase/ (Decrease)	% Change
2004 Certificates of Participation	845,000	1,915,000	(1,070,000)	-55.87%	2,935,000	(1,020,000)	-34.75%
2010 Water Revenue Bonds	31,850,000	31,850,000	-	0.00%	31,850,000	-	0.00%
2012 Water Revenue Bonds	84,350,000	84,680,000	(330,000)	-0.39%	85,000,000	(320,000)	0.00%
Clean Renewable Energy Bonds (CREBs)	978,000	1,100,250	(122,250)	-11.11%	1,222,500	(122,250)	-10.00%
Aqueduct Energy Efficiency Project (AEEP)	2,865,000	3,355,000	(490,000)	-14.61%	3,600,000	(245,000)	
Unamortized costs, net	8,968,253	9,289,903	(321,650)	-3.46%	9,611,556	(321,653)	-3.35%
	<u>\$ 129,856,253</u>	<u>\$ 132,190,153</u>	<u>\$ (2,333,900)</u>	<u>-1.77%</u>	<u>\$ 134,219,056</u>	<u>\$ (2,028,903)</u>	<u>-1.51%</u>

As of June 30, 2016 the District had total long-term debt outstanding of \$129.86 million, net of unamortized costs, decrease of \$2.33 million over the prior year due to a reduction in principal of debt service as shown in Table 4 above. Additional information on the District's long-term debt is provided in Note 5 starting on page 35 of the financial statements.

The District is required by bond covenants to maintain principal, interest and reserve funds for each bond issue outstanding. In addition, the District is required to set rates and charges to yield revenues equal to at least 125% of the current annual debt service requirements of the outstanding revenue bonds and certificates of participation. The coverage of annual debt service for the year ended June 30, 2016 was 125% after the transfer of \$0.20 million from the Rate Stabilization Fund.

At the board meeting of December 8, 2015, the Board of Directors adopted new rate structure modifications which include increasing the fixed service charge, adding a fixed Watershed Management Fee, adjustments to the tier rates of the Commodity Charge for all customer classes and changes in the tier allotments for multi-family and duplex increase, and a new rate structure on December 8, 2015. The new tiered rate went into effect on January 1, 2016, stabilizing the decreased water revenue as a result of the state mandated water use restriction and added a new fixed fee for Watershed Management.

Request for Information

This financial report is designed to provide interested parties with a general overview of the District's financial operations and condition. Should the reader have any questions regarding the information included in this report or wish to request additional information, please submit a request in writing to:

**Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

the Administrative Services Division Manager, Marin Municipal Water District, 220 Nellen Avenue, Corte Madera, CA 94925, or telephone (415) 945-1404.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Marin Municipal Water District
Statement of Net Position
Enterprise Fund
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 16,947,252	\$ 19,959,569
Receivables:		
Customer - billed (net of allowances for doubtful account of \$208,564 and \$308,866 in 2016 and 2015, respectively.)	4,824,092	4,286,334
Customer - unbilled	6,090,684	3,736,770
Interest and other (net of allowances for doubtful account of \$377,649 and \$384,900 in 2016 and 2015, respectively.)	2,279,938	1,091,212
Materials and supplies	2,030,411	1,802,568
Prepaid expenses	4,262	123,601
Total current assets	32,176,639	31,000,054
Noncurrent assets:		
Restricted cash and investments (Note 3)	19,745,997	33,093,240
Designated cash and investments (Note 3)	20,755,523	21,857,584
Deposits and advances (Note 3)	3,445,599	3,670,314
Total restricted cash and investments	43,947,119	58,621,138
Capital assets: (Note 4)		
Land and land rights	11,465,962	11,129,340
Depreciable assets	559,134,006	549,596,326
Construction-in-progress	27,133,846	16,393,445
Total capital assets	597,733,814	577,119,111
Less accumulated depreciation	214,197,589	204,401,491
Total Capital Assets, Net of Accumulated Depreciation	383,536,225	372,717,620
Net OPEB Asset	370,217	-
Total noncurrent assets	427,853,561	431,338,758
Total assets	460,030,200	462,338,812
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	1,688,528	1,867,150
Deferred outflow of resources-actuarial	1,418,821	-
Deferred employer pension contributions	5,725,637	5,315,722
Total deferred outflows of resources	8,832,986	7,182,872

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statement of Net Position
Enterprise Fund, Continued
June 30, 2016 and 2015

	2016	2015
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,221,441	\$ 5,893,561
Accrued payroll and payroll expenses	936,690	755,954
Compensated absences	3,040,541	3,292,028
Customer and other deposits	406,447	435,431
Long-term debt - due within one year	1,677,250	1,767,250
Accrued interest payable	2,685,282	2,716,670
Agency deposits payables	235,888	207,127
Customer advances for construction	2,598,549	2,441,848
Claims payable	885,289	825,485
Total current liabilities	18,687,377	18,335,354
Noncurrent Liabilities: (Note 5)		
Claims payable- due in more than one year	2,951,366	2,682,054
Compensated absences- due in more than one year	2,336,475	2,099,871
Long-term debt - due in more than one year	128,179,001	130,422,903
Net pension liability	69,753,895	62,139,077
Total noncurrent liabilities	203,220,737	197,343,905
Total liabilities	221,908,114	215,679,259
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts (Note 6)	3,896,468	10,156,785
Total deferred inflows of resources	3,896,468	10,156,785
NET POSITION		
Net investment in capital assets	265,735,569	263,879,193
Restricted for fire flow parcel fee program	656,839	1,939,529
Unrestricted	(23,333,804)	(22,133,082)
Total net position	\$ 243,058,604	\$ 243,685,640

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Water sales and service charges	\$ 56,202,387	\$ 57,117,530
Connection charges	1,603,209	969,356
Watershed Management Fee	1,244,800	-
Other operating revenue	1,050,151	1,154,210
Total operating revenues	60,100,547	59,241,096
OPERATING EXPENSES		
Water Purchases	5,732,110	6,720,104
Watershed Maintenance	4,993,983	5,206,134
Water treatment	6,841,197	7,070,203
Pumping	2,828,355	2,742,815
Transmission and distribution	12,339,800	12,568,990
Customer service and meter operation	2,719,372	2,796,058
Water Conservation	2,069,277	2,238,765
Administrative and general	16,569,328	14,894,201
Depreciation and amortization (Note 4)	11,032,196	10,776,549
Total operating expenses	65,125,618	65,013,819
Operating income (loss)	(5,025,071)	(5,772,723)
NONOPERATING REVENUES (EXPENSES)		
Federal, state and other grants	245,335	865,443
Investment income	4,558	4,630
Interest income	229,316	171,393
Other income (Note 9)	1,922,674	1,172,975
Interest & other expense	(3,578,557)	(4,465,063)
Total nonoperating revenues (expenses), net	(1,176,674)	(2,250,622)
Total income (loss) before capital contributions	(6,201,745)	(8,023,345)
Fire flow parcel fee (Note 9)	4,511,652	4,511,604
Contributions in aid of construction (Note 9)	1,063,057	1,236,579
Total capital contributions	5,574,709	5,748,183
Net income	(627,036)	(2,275,162)
NET POSITION:		
Beginning of year, as restated	243,685,640	245,960,802
End of year	<u>\$ 243,058,604</u>	<u>\$ 243,685,640</u>

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 56,129,740	\$ 59,615,388
Other operating revenue	(199,045)	917,793
Cash payments to employees	(35,684,885)	(34,706,642)
Cash payments to suppliers for goods and services	(18,538,645)	(19,028,571)
Net cash provided by operating activities	1,707,165	6,797,968
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Rent and watershed permits and other income	1,546,386	1,619,503
Increase (decrease) in deposits - North Bay Watershed Association	28,761	5,183
Federal, state and other grant revenues	325,489	861,896
Net cash provided by noncapital financing activities	1,900,636	2,486,582
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(2,012,250)	(1,707,250)
Interest paid on long-term debt	(5,355,055)	(5,272,109)
Acquisition and construction of capital assets	(20,561,021)	(24,858,545)
Proceeds from sale of capital assets	688,590	15,221
Decrease in customer advances for construction	156,701	(973,490)
Proceeds from fire flow parcel fee	4,511,652	4,511,604
Cash Contributions in aid of construction	1,063,057	1,236,579
Net cash provided (used) by capital and related financing activities	(21,508,326)	(27,047,990)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	4,055,140	165,864
Purchase of investment securities	-	(2,014,371)
Interest received on investments	243,939	173,579
Net cash provided by investing activities	4,299,079	(1,674,928)
Net change in cash and cash equivalents	(13,601,446)	(19,438,368)
CASH AND CASH EQUIVALENTS:		
Beginning of year	71,394,977	90,833,345
End of year	\$ 57,793,531	\$ 71,394,977

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund, Continued
For the Years Ended June 30, 2016 and 2015

	2016	2015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (5,025,071)	\$ (5,772,723)
Adjustments to reconcile operating income (loss) to net cash provided by Operating activities:		
Depreciation and amortization	11,032,195	10,776,549
(Increase) decrease in assets :		
Receivables, net	(4,140,868)	1,224,098
Materials and supplies	(227,843)	(517,778)
Prepaid expenses	119,339	(5,593)
Increase (decrease) in liabilities:		
Accounts payable	327,880	1,675,278
Accrued payroll and payroll expenses	165,853	294,901
Claims payable	329,116	(189,173)
Customer deposits	(28,984)	67,987
Net Pension Liabilities	7,614,818	(10,230,386)
OPEB Asset	(370,217)	-
Deferred inflows of resources - pension	(6,260,317)	10,156,785
Deferred outflow of resources-actuarial	(1,418,821)	-
Deferred employer pension contributions	(409,915)	(681,977)
Net cash provided by operating activities	1,707,165	6,797,968
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Unrestricted	16,947,252	19,959,569
Restricted	19,745,997	33,093,240
Designated	20,755,523	21,857,584
Deposits and advances	3,445,599	3,670,314
Total cash and investments	60,894,371	78,580,707
Less investments with original maturities in excess of three months	(3,100,840)	(7,185,730)
Cash and cash equivalents	\$ 57,793,531	\$ 71,394,977
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in fair value of investments	(29,750)	(35,948)
Capitalized interest	1,602,079	778,347

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statement of Fiduciary Net Position
Agency Fund
June 30, 2016 and 2015

<u>Wolfback Ridge Assessment District</u>	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 153,535	\$ 255,761
Total assets	<u>\$ 153,535</u>	<u>\$ 255,761</u>
LIABILITIES		
Deposits and Advances	\$ 153,535	\$ 255,761
Total liabilities	<u>\$ 153,535</u>	<u>\$ 255,761</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO FINANCIAL STATEMENTS

This page intentionally left blank

Marin Municipal Water District
Notes to Basic Financial Statements
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Marin Municipal Water District (the "District") was formed on April 25, 1912 as a public district under the provisions of the Municipal Water District Act of 1911 for the purpose of developing a domestic water supply for the central and southwestern areas of Marin County. The District is governed by a five-member Board of Directors who are elected for four-year alternating terms.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. Reporting Entity

Generally accepted accounting principles of the United States of America require that these financial statements present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit and is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

The MMWD Financing Corporation ("Financing Corporation") is a blended component unit that is a separate government entity that was created in 2004. It is reported as if it is part of the primary government as the District Board of Directors, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the District. The purpose of the Financing Corporation is to issue debt, acquire certain property pursuant to an installment agreement with the District and defease certain outstanding debt. In May 2004 the Financing Corporation issued the 2004 Certificates of Participation. The Financing Corporation does not issue separate financial statements. See Note 5 for additional information.

In April 2010, the District formed the Marin Municipal Financing Authority (Financing Authority), a joint powers authority, with the California Municipal Financing Authority. The Authority is also reported as if it is part of the primary government as the District's Board of Directors, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the District. The purpose of the Financing Authority is to issue debt to acquire certain property pursuant to an installment agreement with the District. The Financing Authority issued in May 2010 the 2010 Series A, Water Revenue Bonds and in May 2012, the 2012 Series A, Water Revenue Bonds. The Financing Authority does not issue separate financial statements. See Note 5 for additional information.

A fiduciary fund is used to account for resources held for the benefit of others outside the District. The District's fiduciary fund consists of the Wolfback Ridge Assessment District Agency Fund, for which the District is acting as an agent for the property owners and bondholders. Assets held by the District as an agent for the fiduciary fund are excluded from the District's balance sheet.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The District accounts for its activities as a proprietary fund. The financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method all assets, deferred outflows and inflows of resources, and liabilities associated with operations are included on the balance sheet, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. The accounting for fiduciary funds is much like that used for proprietary funds.

The District applies all applicable GASB pronouncements, including all NCGA Statements and Interpretations currently in effect.

The intent of the District is to establish water usage rates sufficient to provide for payment of general operations and maintenance expenses as well as required debt service. When both restricted and unrestricted resources are available for use, restricted resources are generally assumed to have been used first.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues derived from water sales and water related activities; operating expenses include all expenses applicable to the furnishing of these services. Nonoperating revenue and expenses include revenue and expenses not associated with the District's normal business of supplying water. Non-operating revenues and expenses include interest income and expense, gain and loss on disposition of property and equipment, grants, and other peripheral activities. Although capital contributions, as well as special and extraordinary items when there are any, are shown separately, technically they are subcategories of non-operating revenues and expenses.

C. Cash, Cash Equivalents and Investments

Investments are stated at fair value based on quoted market prices. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted and designated assets) with original maturities of three months or less to be cash equivalents.

D. Materials and Supplies

Materials and supplies are stated at average cost.

E. Capital Assets

The cost of purchased and self-constructed additions to utility plant and major replacements of property are capitalized with a capitalization threshold of \$2,000. Cost includes materials, direct labor, transportation, and such indirect items as engineering, supervision, employee fringe benefits, and interest incurred during the construction period. Repairs, maintenance, and minor replacements of

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

property are charged to expense. Contributed assets are capitalized at the developer's cost, which approximates fair value.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various classes of assets as follows:

Buildings	20-40 years
Dams and reservoirs	100 years
Pumping plant	20-40 years
Water treatment plant	30 years
Transmission and distribution	40-75 years
Vehicles	12 years
Equipment	5-40 years

F. Bond Issuance Costs/Advance Refunding of Long-Term Debt

Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method which does not significantly differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Accounting gains or losses resulting from advance refunding of long-term debt are deferred in accordance with GASB Statement No. 65, *Items previously Reported as Assets and Liabilities*, and are reported as deferred inflows of resources or deferred outflows of resources on the financial statements. Deferred amounts on bond refunding are amortized over the remaining life of the old debt (had it not been refunded) or the life of the new debt, whichever is shorter.

G. Compensated Absences

Unused vacation may be accumulated and paid to a District employee at the time of termination from District employment in accordance with the current collective bargaining agreement. At the time of retirement, an employee will be paid out, in a lump sum, seventy-five percent of their accumulated sick leave balance, not to exceed 750 hours, based upon their current salary. Compensated absences are expensed in the fiscal year incurred.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Customer Advances for Construction, Contributions in Aid of Construction and Connection Fees

Customer advances for construction include deposits which are restricted to fund new subdivisions, transmission lines, tank and storage facilities, and other specific assets, along with connection fees. Connection fees are assessed on new connections to recover the past and future capital costs of the District's water system.

Upon completion of construction of specific assets, the District will record an amount equal to the actual construction costs of providing service as connection charge revenue and will record the portion relating to the recovery of past and future capital costs, other fees, and advances as contributions in aid of construction. Advances in excess of construction costs are refundable.

I. Net Position

In the statements of net position, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

J. Water Sales Revenue

Generally, customers are billed as the water meters are read on a bimonthly cyclical basis. Revenues related to water delivered through the fiscal year-end, but unbilled, are accrued.

K. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management, at the date of the financial statements, to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets, deferred inflows and outflows of resources, and liabilities as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position has been determined on the same basis as it is 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports a deferred loss on refunding debt, deferred employer pension contributions and other deferrals related to the District's pension in this category in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Employer pension contributions made during period between the measurement date and the report date are deferred and reflected as a reduction in the net pension liability in the subsequent fiscal year. Certain changes in the District's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported certain deferrals related to the District's pension in this category. Certain changes in the District's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period.

N. New Pronouncements

In 2016, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72, Fair Value Measurement and Application– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. New Pronouncements, Continued

- GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 79, Certain External Investment Pools and Pool Participants - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position from implementation of this accounting standard.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. New Pronouncements, Continued

GASBS 82 – Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73 - The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

2. CASH AND INVESTMENTS

The District pools its cash and investments for investment purposes. Certain cash and investments are segregated for specific purposes.

Under the provisions of the District's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
U.S. treasury Bonds/Notes/Bills	365 days	N/A	No limit
U.S. Government Agency Obligation	5 years	N/A	No limit
Time Certificates of Deposits	180 days	AAA	20%
Money Market Mutual Fund	N/A	AAA	10%
California Local Agency Investment	N/A	N/A	No limit
Negotiable Certificate of Deposit	180 days	AA	20%
Medium Term Corporate Notes	5 years	A	30%
Commercial Paper	270 days	AAA	15%
Bank's Acceptances	180 days	AAA	40%
Repurchase Agreements	90 days	AAA	10%

Investments are stated at fair value. Included in investment income (loss) on the accompanying statement of activities and changes in net position is the net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or on securities of comparable maturity, quality, and type as obtained from market makers.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

Investments made by the District are summarized below at June 30, 2016 and 2015:

	2016			2015		
	Business-Type Activities	Fiduciary Activities	Total	Business-Type Activities	Fiduciary Activities	Total
Cash in banks	\$ 2,170,851	\$ -	\$ 2,170,851	\$ 3,179,250	\$ -	\$ 3,179,250
U.S. Government Obligations	3,023,340	-	3,023,340	7,076,980	-	7,076,980
Corporate notes	77,500	-	77,500	108,750	-	108,750
Money Market	4,589,670	153,535	4,743,205	334,078	255,761	589,839
Cash & Cash Equivalent- Bond Funds:						
-2004 Certificate of Participation	866,125	-	866,125	1,119,213	-	1,119,213
-2010 Water Revenue Bond	1,774,876	-	1,774,876	1,064,886	-	1,064,886
-2012 Water Revenue Bond	13,218,511	-	13,218,511	24,669,265	-	24,669,265
Local Agency Investment Fund	35,173,498	-	35,173,498	41,028,285	-	41,028,285
Total	\$ 60,894,371	\$ 153,535	\$ 61,047,906	\$ 78,580,707	\$ 255,761	\$ 78,836,468
Cash and investments, unrestricted	\$ 16,947,252	\$ -	\$ 16,947,252	\$ 19,959,569	\$ -	\$ 19,959,569
Cash and investments, restricted	19,745,997	-	19,745,997	33,093,240	-	33,093,240
Cash and investments, designated	20,755,523	-	20,755,523	21,857,584	-	21,857,584
Cash and investments, deposits and advances	3,445,599	-	3,445,599	3,670,314	-	3,670,314
Cash and investments - Agency Fund	-	153,535	153,535	-	255,761	255,761
Total	\$ 60,894,371	\$ 153,535	\$ 61,047,906	\$ 78,580,707	\$ 255,761	\$ 78,836,468

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a depositor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The carrying amount of the District's deposits as of June 30, 2016 and 2015 was \$2,170,851 and \$3,179,250 respectively. The bank balance of deposits as of June 30, 2016 and 2015 was \$3,267,140 and \$3,803,767, of which \$500,000 was covered by federal depository insurance. The difference between the carrying amount and the bank balance is primarily due to checks outstanding at June 30, 2016 and 2015. The remaining was uninsured and not collateralized in the District's name. However, as noted above, the financial institutions which hold these deposits are required by state statute to maintain collateral pools against all public deposits they hold.

As a means to limiting its exposure to fair value losses arising from interest rates, the District's investment policy limits the District's investment portfolio to maturities of five years or less.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

Under the District's investment guidelines and state statute, the District is authorized to invest in certificates of deposit, U.S. government securities, the State Local Agency Investment Fund, and other investment pools, money market funds and commercial paper with a bond rating of "A" or better. As of June 30, 2016 and 2015, one of the District's investments on Medium Term Corporate Notes were in default even though the investment at time of purchase was rated in accordance with the investment policy. The investment in default has been recorded at fair market value of \$77,500 and \$108,750 respectively, while the cost basis of the investment were \$589,731 and \$630,812 respectively.

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. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2016 and 2015, the District's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment	
	2016	2015
Less than one year	98%	96%
One to two years	2%	3%
Two to five years	0%	1%

The District's investments at June 30, 2016 and 2015 are summarized as follows:

Investment Type	Fair Value	Remaining Maturity (in Months) at June 30, 2016			Fair Value	Remaining Maturity (in Months) at June 30, 2015		
		12 Months Or Less	13 to 24 Months			12 Months Or Less	13 to 24 Months	25 to 60 Months
U. S. Government Agency Obligation	\$ 3,023,340	\$ 2,008,140	\$ 1,015,200	\$ 7,076,980	\$ 4,055,140	\$ 2,010,980	\$ 1,010,860	
Corporate Notes	77,500	77,500	-	108,750	108,750	-	-	
State investment pool (LAIF)	35,173,498	35,173,498	-	41,028,285	41,028,285	-	-	
Money market	4,743,205	4,743,205	-	589,839	589,839	-	-	
Held by bond trustee: Money market	15,859,512	15,859,512	-	26,853,364	26,853,364	-	-	
Total	\$ 58,877,055	\$ 57,861,855	\$ 1,015,200	\$ 75,657,218	\$ 72,635,378	\$ 2,010,980	\$ 1,010,860	

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

Credit Risk – This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by a nationally recognized credit rating organization. Presented below are the actual ratings, at June 30, 2016 and 2015, for each investment type:

Investment Type	Rating at June 30, 2016				Rating at June 30, 2015			
	Fair Value	AA+	In Default	Not Rated	Fair Value	AA+	In Default	Not Rated
U. S. Government Agency Obligation	\$ 3,023,340	\$ 2,008,140	-	1,015,200	\$ 7,076,980	4,033,660	-	3,043,320
Corporate Notes	77,500	-	77,500	-	108,750	-	108,750	-
State investment pool (LAIF)	35,173,498	-	-	35,173,498	41,028,285	-	-	41,028,285
Money market	4,743,205	-	-	4,743,205	589,839	-	-	589,839
Held by bond trustee:								
Money market	15,859,512	-	-	15,859,512	26,853,364	-	-	26,853,364
Total	\$ 58,877,055	\$ 2,008,140	\$ 77,500	\$ 56,791,415	\$ 75,657,218	\$ 4,033,660	\$ 108,750	\$ 71,514,808

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429, under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The District's investments with LAIF at June 30, 2016 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30 2016 and 2015, the District had \$35,173,498 and \$41,028,285 invested in LAIF respectively, which had respectively invested 2.81% and 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF were calculated by applying a factor of 1.000621222 and 1.000375979 to total investments held by LAIF respectively.

Investment Valuation– Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

Investment fair value measurements at June 30, 2016 are described below.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U. S. Government Agency Obligation	\$ 3,023,340	\$ 1,015,200	\$ 2,008,140	\$ -
Corporate Notes	77,500		77,500	
State investment pool (LAIF)	35,173,498	-	35,173,498	
Money market	4,743,205		4,743,205	
Total	\$ 43,017,543	\$ 1,015,200	\$ 42,002,343	\$ -
Investment not subject to fair value measurement				
Held by bond trustee:				
Money market	15,859,512			
Total Investments	58,877,055			

3. RESTRICTED AND DESIGNATED CASH AND INVESTMENTS

The District, because of certain bond covenants and legal requirements, is required to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for their specified purposes. A portion of the District's cash and investments have been internally designated for the acquisition or the construction of specific capital projects, future self insurance claims, and for rate stabilization. These designations may be removed at the discretion of the Board.

Restricted and designated cash and investments are as follows as of June 30:

	June 30,	
	2016	2015
Restricted cash and investments:		
2004 Certificates of Participation, 2010 Revenue Bonds and 2012 Revenue Bonds:		
Principal and interest fund	\$ 7,210,582	\$ 8,186,445
Reserve fund	1,275,620	1,275,563
Project fund	10,367,067	21,484,576
Agency deposits	235,888	207,127
Fire Flow Parcel Fee Program	656,839	1,939,529
Deposits and advances	3,445,599	3,670,314
Total restricted cash and investments	23,191,596	36,763,554
Designated cash and investments:		
Capital projects	8,607,523	8,559,584
Rate stabilization	5,700,000	5,900,000
Liability claims	6,448,000	7,398,000
Total designated cash and investments	20,755,523	21,857,584
Total restricted & designated cash and investments	\$ 43,947,119	\$ 58,621,138

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. CAPITAL ASSETS

Capital assets consists of the following at June 30:

	Balance June 30, 2014	2015			Balance June 30, 2015	2016			Balance June 30, 2016
		Additions	Reductions	CIP Transfer		Additions	Reductions	CIP Transfer	
Capital assets not being depreciated, excluding construction in progress:									
Land and land rights	\$ 11,128,405	\$ -	\$ -	\$ 935	\$ 11,129,340	\$ -	\$ -	\$ 336,622	\$ 11,465,962
Capital assets being depreciated:									
Water Rights	13,273,601	-	-	-	13,273,601	-	-	-	13,273,601
Buildings	21,999,810	-	-	1,184,432	23,184,242	-	-	250,965	23,435,207
Dams and reservoirs	98,099,616	-	(343,143)	11,142,592	108,899,065	-	-	1,367,426	110,266,491
Pumping plants	32,430,877	-	-	507,435	32,938,312	-	-	485,816	33,424,128
Water treatment plants	42,937,155	-	(18,915)	3,572,077	46,490,317	-	(4,046)	430,697	46,916,968
Transmission and distribution	279,241,492	-	(639,487)	17,538,913	296,140,918	-	(982,090)	7,226,937	302,385,765
Vehicles	7,123,916	591,061	(199,349)	-	7,515,628	672,383	(432,027)	-	7,755,984
Equipment	21,217,373	647,089	(710,769)	550	21,154,243	651,857	(130,238)	-	21,675,862
Total assets being depreciated	516,323,840	1,238,150	(1,911,663)	33,945,999	549,596,326	1,324,240	(1,548,401)	9,761,841	559,134,006
Total capital assets, excluding construction in progress	527,452,245	1,238,150	(1,911,663)	33,946,934	560,725,666	1,324,240	(1,548,401)	10,098,463	570,599,968
Construction in progress	25,942,572	24,397,807	-	(33,946,934)	16,393,445	20,838,864	-	(10,098,463)	27,133,846
Total capital assets	553,394,817	25,635,957	(1,911,663)	-	577,119,111	22,163,104	(1,548,401)	-	597,733,814
Less accumulated depreciation for:									
Water Rights	4,080,969	284,037	-	-	4,365,006	284,045	-	-	4,649,051
Buildings	10,527,230	739,661	-	-	11,266,891	777,141	-	-	12,044,032
Dams and reservoirs	31,049,192	1,746,291	(152,555)	-	32,642,928	1,850,378	-	-	34,493,306
Pumping plants	16,473,116	1,188,862	-	-	17,661,978	1,166,484	-	-	18,828,462
Water treatment plants	26,015,052	1,268,698	(16,104)	-	27,267,646	1,246,038	(4,046)	-	28,509,638
Transmission and distribution	83,425,427	4,278,850	(371,300)	-	87,332,977	4,466,507	(680,898)	-	91,118,586
Vehicles	5,520,075	434,544	(199,349)	-	5,755,270	446,149	(431,190)	-	5,770,229
Equipment	17,983,796	835,605	(710,606)	-	18,108,795	795,455	(119,965)	-	18,784,285
Total accumulated depreciation	195,074,857	10,776,548	(1,449,914)	-	204,401,491	11,032,197	(1,236,099)	-	214,197,589
Total capital assets, net	\$ 358,319,959	\$ 14,859,409	\$ (461,749)	\$ -	\$ 372,717,620	\$ 11,130,907	\$ (312,302)	\$ -	\$ 383,536,225

Sonoma County Water Rights

In January 1996, the District revised its agreement with the Sonoma County Water Agency (the "Agency") for the purchase of water during off-peak periods. The revised contract guarantees the District a source of water during drought years. For revisions to the agreement the District has paid \$2,867,344, which has been capitalized, and is being amortized, over the life of the agreement of 18 years on a straight-line basis.

In June 2005, MMWD exercised an option within the agreement to convert 5,000 acre-feet of water from an "as available" basis to a "firm" basis of water supply from Sonoma County Water Agency for a one-time payment of \$6,326,257. This amount is being amortized on a straight-line basis over the remaining term of the agreement of nine years, plus an additional 40 years which is the renewal term at the option of the District, as management believes it is likely the agreement will be renewed.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. CAPITAL ASSETS, Continued

Aqueduct Energy Efficiency Project

On February 5, 2015, the district entered into an agreement with the North Marin Water district to pay 51% of the final actual costs, currently estimated at \$4,080,000, of the Aqueduct Energy Efficiency Project which will upsize the North Marin Aqueduct from Kastania Pump Station to Redwood Landfill road. This amount is being amortized on a straight-line basis over the remaining term of the agreement of 26 years and 4 months.

5. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	Issue Date	Due Serially	Interest Rate	Principal Amount	
				2016	2015
2004 Certificates of Participation	4/1/04	To 2030	2.50% - 5.25%	\$ 845,000	\$ 1,915,000
2010 Water Revenue Bonds	5/1/10	To 2040	2.50% - 5.00%	31,850,000	31,850,000
2012 Water Revenue Bonds	6/20/12	To 2052	2.00% - 5.00%	84,350,000	84,680,000
Clean Renewable Energy Bonds	9/29/08	To 2023	Tax credit	978,000	1,100,250
Aqueduct Energy Efficiency Project	2/5/14	To 2032	N/A	2,865,000	3,355,000
Total				120,888,000	122,900,250
Original issue premium/discount, net				8,968,251	9,287,903
Less Long-term debt, due within one year				1,677,250	1,767,250
Long-term debt - Due in more than one year				\$ 128,179,001	\$ 130,422,903

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

5. LONG-TERM DEBT, Continued

On April 30, 2004, the District issued \$40,165,000 of 2004 Certificates of Participation (COPs) for the purpose of refunding the \$11,925,000 of outstanding 1994 Revenue Bonds, prepayment of the Federal Drought Loan and the State Reclamation Loan in the amounts of \$2,592,146 and \$2,528,101, respectively, financing capital improvements to the District's water system, funding a deposit to a reserve fund, and paying the costs of the financing. Interest payments are payable semi-annually on January 1 and July 1. The bonds mature through July 1, 2029, and bear interest at the rate of 5%. The bonds were partially refunded by the 2012 Series A Water Revenue Bonds. The COPs are limited obligations of the District payable from, and secured by, a pledge of the Net Revenues of Water systems. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. Proceeds of \$11,869,114 from the COPs were transferred to a trustee and placed in an irrevocable trust to redeem the 1994 Revenue Bonds. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 1994 Revenue Bonds were removed from the balance sheet as of June 30, 2004. Proceeds of approximately \$25 million from the COPS were transferred to a trustee to fund capital improvements to the District's water system over the next three years. These funds were fully invested in a guaranteed investment contract. As of June 30, 2008 there were no funds remaining. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,208,048 which has been deferred and amortized in accordance with GASB Statement No. 23. A portion of the unamortized deferred amount of refunding of \$293,181 was written off and included in interest expense for the year ended June 30, 2012 as the bonds were partially refunded by the 2012 Series A Water Revenue Bonds. Total amortization related to the above bond refunding was \$25,995 and \$25,995 for fiscal 2016 and 2015, which was included in interest expense.

On September 29, 2008, the District issued Clean Renewable Energy Bonds (CREBs) for the installation of solar panels on the District's administration building and at its corporate yard. The CREBs were authorized by the Internal Revenue Service and are structured so that bondholders receive a federal income tax credit in lieu of interest. The amount of the tax credit is set by the U.S. Treasury department on a daily basis. The total principal amount of the CREBs issued for both projects was \$1,956,000. The net proceeds of the two issues were \$1,845,030, less original issue discount of \$56,630 and issuance costs of \$54,340. The debt service is paid annually over 15 years in the amount of \$122,250, principal only. The issues mature on September 30, 2023. The installment payments are payable from the net revenue of the District.

On May 26, 2010, the joint power authority, Marin Municipal Water District Financing Authority issued the 2010 Series A Water Revenues Bonds in the amount of \$32,235,000 to fund the acquisition and construction of additions, betterments, extensions and improvements to the District's municipal water system including, but not limited to: watershed improvement projects, water treatment and water quality projects, water distribution piping and related facility projects, water storage projects and computer and technology system projects. Interest payments are payable semi-annually on January 1 and July 1. The bonds mature through July 1, 2040, and bear interest at the rate of 5%. The Bonds are special limited obligations of the Financing Authority payable from and secured by a pledge of the Net Revenues of Water Systems.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

5. LONG-TERM DEBT, Continued

On June 20, 2012, the joint power authority, Marin Municipal Water District Financing Authority issued the 2012 Series A Water Revenues Bonds in the amount of \$85,000,000 to refund the District's outstanding 2002 Water Revenue Bonds and a portion of the 2004 Certificant of Participation. Interest payments are payable semi-annually on January 1 and July 1. The bonds mature through July 1, 2052, and bear interest at the rate of 5%. The bonds are special limited obligations of the Financing Authority payable solely from and secured by a pledge of amounts held in certain funds and accounts under the indenture and the revenues derived from the 2012 installment payments made by the District under the 2012 installment sale agreement. The net proceeds of \$38,126,123 from these refunding bonds were transferred to a trustee and placed in an irrevocable trust to redeem 2002 Water Revenue Bonds and a portion of the 2004 Certificant of Participation. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 2002 Revenue Bonds and a portion of the 2004 Certificant of Participation were removed from the balance sheet as of June 30, 2013. The advanced refunding resulted in a difference of \$2,303,279 between the reacquisition price and the net carrying amount of the old debt, that has been deferred and amortized in accordance with GASB Statement No. 23.

On February 5, 2015, the district entered into an agreement with the North Marin Water district to pay 51% of the final actual costs, currently estimated at \$4,080,000, of the Aqueduct Energy Efficiency Project which will upsize the North Marin Aqueduct from Kastania Pump Station to Redwood Landfill road. Marin Municipal Water District takes delivery of Agency water through a connection to an Aqueduct in Northern Novato. Part of the Aqueduct is being replaced under the Marin-Sonoma Narrows High Occupancy Vehicle Widening project, a joint project between Caltrans and the Federal Highway Administration. The relocation and replacement of the Aqueduct is called the Aqueduct Energy Efficiency Project, which includes relocation and replacement of 24,000-feet of Aqueduct with a larger diameter pipe. The final costs of the Aqueduct Energy Efficiency Project are to be determined once the Aqueduct Energy Efficiency Project is completed, which is expected to occur in 2017. Marin Municipal Water District shall make payments in the amount of \$245,000 to the North Marin Water District, each July 1, from 2015 through 2032 as fair compensation for the AEEP capital cost.

The District is subject to certain debt covenants, the most restrictive of which requires the setting of rates and charges to yield net revenue equal to at least 125 percent of the current annual debt service requirement of the revenue bonds and other parity debt, as well as the establishment of certain principal, interest and reserve funds. The 2004 COPS, 2010 Revenues Bonds and 2012 Revenues Bonds are collateralized by a pledge of the District's net revenues of Water Systems, as defined in the Master Indenture. The total principal and interest remaining on the bonds is \$223,643,111, payable through June, 2053. For FYE 15/16 principal and interest paid, and total net revenues of Water Systems received, were \$6,878,665 and \$8,604,450 respectively. For FYE 14/15 principal and interest paid, and total net revenues of Water Systems received, were \$6,755,140 and \$8,613,637 respectively.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

5. LONG-TERM DEBT, Continued

Changes in long-term obligations and debt for the fiscal years ended June 30, 2016, and 2015 are as follows:

	Balance July 1, 2014	2015		Balance June 30, 2015	2016		Balance June 30, 2016	Due Within One Year
		Additions	Reductions		Additions	Reductions		
Bonds payable:								
2004	\$ 2,935,000	\$ -	\$ 1,020,000	\$ 1,915,000	\$ -	\$ 1,070,000	\$ 845,000	\$ 845,000
2010	31,850,000	-	-	31,850,000	-	-	31,850,000	710,000
2012	85,000,000	-	320,000	84,680,000	-	330,000	84,350,000	-
Clean Renewable Energy Bonds (CREBs)	1,222,500	-	122,250	1,100,250	-	122,250	978,000	122,250
Original bond premium/ discount, net	9,611,556	-	321,653	9,289,903	-	321,652	8,968,251	
Aqueduct Energy Efficiency Project (AEEP)	3,600,000	-	245,000	3,355,000	-	490,000	2,865,000	-
Total	\$ 134,219,056	\$ -	\$ 2,028,903	\$ 132,190,153	\$ -	\$ 2,333,902	\$ 129,856,251	\$ 1,677,250

The annual debt service requirements are as follows:

Fiscal Year Ending June 30,	2004 COP		2010 Revenue Bonds		2012 Revenue Bonds		CREBS	AEEP
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2017	\$ 845,000	\$ 21,125	\$ 710,000	\$ 1,512,137	\$ -	\$ 3,755,077	\$ 122,250	\$ -
2018	-	-	735,000	1,479,563	1,860,000	3,727,178	122,250	245,000
2019	-	-	775,000	1,445,687	1,910,000	3,661,077	122,250	245,000
2020	-	-	805,000	1,410,063	1,990,000	3,592,978	122,250	245,000
2021-2025	-	-	4,600,000	6,484,763	11,090,000	16,705,313	489,000	1,210,000
2026-2030	-	-	5,665,000	5,372,550	14,020,000	13,691,813	-	920,000
2031-2035	-	-	7,220,000	3,773,250	2,530,000	11,770,664	-	-
2036-2040	-	-	9,210,000	1,728,750	3,205,000	11,076,250	-	-
2041-2045	-	-	2,130,000	53,250	13,715,000	9,235,750	-	-
2046-2050	-	-	-	-	19,925,000	5,184,894	-	-
2051-2055	-	-	-	-	14,105,000	915,981	-	-
Total	\$ 845,000	\$ 21,125	\$ 31,850,000	\$ 23,260,012	\$ 84,350,000	\$ 83,316,973	\$ 978,000	\$ 2,865,000

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

5. LONG-TERM DEBT, Continued

Non-District Obligation:

During October 1996, the District issued the following debt, for which the District is acting as an agent for the property owners and bondholders; accordingly, unpaid principal balances on June 30, 2016 and 2015 are not included in the District's financial statements. During the fiscal years ended June 30, 2016 and 2015, bonds in the amounts of \$180,000 and \$20,000 respectively were repaid:

	<u>Issue Date</u>	<u>Due Serially</u>	<u>Interest Rates</u>	<u>Authorized And Issued</u>	<u>Outstanding June 30, 2016</u>	<u>Outstanding June 30, 2015</u>
Limited obligation bonds:						
Wolfback Ridge Assessment District	10/3/96	9/2/25	4.75% - 6.50%	<u>\$ 996,920</u>	<u>\$ 145,000</u>	<u>\$ 325,000</u>

6. EMPLOYEE RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, Continued

The Plans' provisions and benefits in effect at June 30, 2016 and 2015, are summarized as follows:

	FY 15-16	FY 14-15
	Miscellaneous	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service		
as a % of annual salary	2.7% at age 55	2.7% at age 55
Required employee contribution rates	8.0%	7.50%
Required employer contribution rates	24.687%	23.324%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan. PEPRA members will be required to pay half the normal cost of their plans.

Employees Covered – At June 30, 2016 and 2015, the following employees were covered by the benefit terms for each Plan:

	FY 15-16	FY 14-15
	Miscellaneous	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	292	289
Inactive employees entitled to but not yet receiving benefits	99	97
Active employees	238	227
Total	629	613

Contributions – Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with 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 measurement period ended June 30, 2015 and 2014(the measurement date), the average active employee contribution rate is 8.052 percent and 7.972 percent of

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, Continued

annual pay for the Miscellaneous Plan, and employer contribution rate is 23.324 percent and 20.975 percent of annual payroll for the Miscellaneous Plan.

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2015 and 2014, using an annual actuarial valuation as of June 30, 2014 and 2013 rolled forward to June 30, 2015 and 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 and 2013 actuarial valuations were determined using the following actuarial assumptions:

	FY 15-16	FY 14-15
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.50%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.65%	7.50%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment expenses.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 and 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% and 7.5% for the Plan for the measurement period ended June 30, 2015 and 2014 respectively. The rate includes investment expenses and inflation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent and 7.5 percent discount rate are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent and 7.5 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent 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 equivalent to the single equivalent rate calculated above.

The table following reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

Asset Class	FY 15-16			FY 14-15		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%	12.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%	11.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%	2.00%	-0.55%	-1.05%
Total	100%			100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

The changes in the Net Pension Liability for the Plan for the year ended June 30, 2016 follows:

Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (1)	\$ 210,015,518	\$ 147,876,441	\$ 62,139,077
Changes in the year:			
Service cost	3,820,110	-	3,820,110
Interest on the total pension liability	15,696,251	-	15,696,251
Differences between actual and expected experience	2,035,700	-	2,035,700
Changes in assumptions	(3,613,804)	-	(3,613,804)
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	5,315,722	(5,315,722)
Contribution - employee	-	1,835,178	(1,835,178)
Net investment income	-	3,338,982	(3,338,982)
Administrative expenses	-	(166,443)	166,443
Benefit payments, including refunds of employee contributions	(10,335,415)	(10,335,415)	-
Net changes	7,602,842	(11,976)	7,614,818
Balance at June 30, 2016	\$ 217,618,360	\$ 147,864,465	\$ 69,753,895

(1) The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

The changes in the Net Pension Liability for the Plan for the year ended June 30, 2015 follows:

<i>Miscellaneous Plan</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014 (1)	\$ 201,686,269	\$ 129,316,806	\$ 72,369,463
Changes in the year:			
Service cost	3,643,451	-	3,643,451
Interest on the total pension liability	14,880,788	-	14,880,788
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	4,633,745	(4,633,745)
Contribution - employee	-	1,909,494	(1,909,494)
Net investment income	-	22,211,386	(22,211,386)
Administrative expenses	-	-	-
Benefit payments , including refunds of employee contributions	(10,194,990)	(10,194,990)	-
Net changes	8,329,249	18,559,635	(10,230,386)
Balance at June 30, 2015	\$ 210,015,518	\$ 147,876,441	\$ 62,139,077

(1) The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.

C. Changes in the Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District's net pension 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 rate:

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability, Continued

		FY 15-16 Miscellaneous	FY 14-15 Miscellaneous
1% Decrease		6.65%	6.50%
Net Pension Liability	\$	96,972,537	\$87,637,727
Current Discount Rate		7.65%	7.50%
Net Pension Liability	\$	69,753,895	\$62,139,077
1% Increase		8.65%	8.50%
Net Pension Liability	\$	47,010,300	\$40,725,228

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016 and 2015, the District recognized pension expense of \$5,251,402 and \$4,560,144. At June 30, 2016 and 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY 15-16		FY 14-15	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,725,637	\$ -	\$ 5,315,722	\$ -
Differences between expected and actual experience	1,418,821	-	-	-
Changes in assumptions	-	(2,518,712)	-	-
Net differences between projected and actual earnings on plan investments	-	(1,377,756)	-	(10,156,785)
Total	\$ 7,144,458	\$ (3,896,468)	\$ 5,315,722	\$ (10,156,785)

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. EMPLOYEE RETIREMENT PLANS, Continued

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$5,725,637 and \$5,315,722 related to contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2016 and 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	FY 15-16	FY 14-15
	Deferred	Deferred
Measurement Period	Outflows/(Inflows)	Outflows/(Inflows)
Ending June 30:	of Resources	of Resources
2016	(1,457,451)	2,539,196
2017	(1,457,451)	2,539,196
2018	(1,122,704)	2,539,196
2019	1,559,959	2,539,196

E. Payable to Pension Plans

As of June 30, 2016 and 2015, the District reported a payable of \$372,281 and \$310,718 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2016 and 2015 respectively.

7. DEFERRED COMPENSATION PLAN

The District offers its employees a 457 deferred compensation plan which assets are invested by independent third party custodians. The assets are not subject to claims by creditors of the District and are not reflected in the accompanying financial statements.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In FYE 2009, the District implemented Governmental Accounting Standards Board Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions by State and Local Governmental Employers* (GASB 45).

A. Plan Description

The District provides retiree medical insurance and dental benefits to eligible retirees and a dependent in accordance with various labor agreements. Medical insurance benefits are provided under the CalPERS health plan. Dental benefits are provided by a private insurance carrier.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

B. Eligibility

The District provides medical and dental benefits to employees if they retire from the District on or after age 50 (unless disabled), and are eligible for a CalPERS pension. The medical benefits cover the employee and their one dependent from retirement date for life.

C. Funding Policy

The employee and their one dependent receive dental coverage from retirement until the employee reaches age 65. Employees are not obligated to contribute unless plan costs exceed the District's maximum contribution.

For health insurance, the District pays the cost for the health insurance premium up to the cost for the retiree plus one dependent. Medicare Supplemental insurance coverage is used when a plan participant reaches age 65.

For dental coverage, the District pays the entire cost of the dental insurance until the retiree reaches age 65. The retiree at age 65 may elect to continue coverage for themselves plus a dependent at their own cost.

The contribution requirement of plan members and the District are established and may be amended by agreement between the District and its collective bargaining units. The District must agree to make a defined monthly payment towards the cost of each retiree's medical and dental coverage. The required contribution is based on an amount established by the District annually. Effective January 1, 2016, the District's contribution rate for medical coverage was up to \$808.44 and \$1,616.88 per month for retiree and retiree plus one dependent, respectively. For dental coverage the annual contribution amount is up to \$1,500 and \$3,000 for retiree and retiree plus one dependent, respectively. Actual contributions by the District for each retiree for medical and dental benefits vary depending on medical plan coverage and actual dental costs.

The District's contribution requirements for the plan provides for annual contributions authorized by the District's board of directors. The required contribution rate is based on the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the District's plan over a period not to exceed thirty years. The ARC rate is 16.8% and 18.0% in FY 2016 and FY 2015, respectively.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

D. Annual OPEB Cost and Net OPEB Obligation

For the years ended June 30, 2016 and 2015, the District's annual OPEB costs (expenses) of \$3,683,000 and \$3,817,000, was equal to the ARC plus the accrued interest on prior OPEB liabilities. Actual contributions were based on the actuarial projection for the year. The District's net OPEB obligations as of and for the fiscal year June 30, 2016 and 2015 were as follows:

Net OPEB obligation as of June 30, 2014	\$ -
Annual required contribution	3,817,000
Annual OPEB costs	3,817,000
Contributions made	(3,817,000)
Increase in net OPEB obligation	-
Net OPEB obligation as of June 30, 2015	\$ -
Annual required contribution	3,683,000
Annual OPEB costs	3,683,000
Contributions made	(4,053,217)
Increase in net OPEB obligation	(370,217)
Net OPEB obligation as of June 30, 2016	\$ (370,217)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current fiscal year and each of the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/2014	4,153,000	100.00%	-
6/30/2015	3,817,000	100.00%	-
6/30/2016	3,683,000	110.05%	(370,217)

E. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was not fully funded. The actuarial accrued liability for benefits was \$45,087,000, and the actuarial value of assets was \$11,983,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,104,000. The covered payroll (annual payroll of active employees covered by the plan) was \$21,921,000, and the ratio of the UAAL to the covered payroll was 151%.

For the years ended June 30, 2016 and 2015, \$1,475,500 and \$1,855,000 respectively were contributed to an irrevocable trust established with CalPERS to temporarily hold funds in anticipation of unfunded future retiree benefits. The contribution amounts in FY14-15 and FY 15-16 were not reflected in the actuarial calculation as of June 30, 2013.

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

E. Funded Status and Funding Progress, Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013, actuarial valuation, the entry age level percentage of payroll method was used. The actuarial assumptions included a 7.5% investment rate of return, (net of administrative expenses), which is based upon the expected rate of return on the CalPERS California Employers' Retiree Benefit Trust Fund (CERBT); an annual healthcare cost trend rate of 7.8% initially, graded down by decrements to an ultimate rate of 5% after 5 years; and a 4% dental cost trend rate. These rates include an inflation assumption of 3.0% and projected payroll increases of 3.25%. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2016 was 19 years.

9. OTHER INCOME/CAPITAL CONTRIBUTIONS

Other income and capital contributions are comprised of the following for the years ending June 30:

	2016	2015
Other income:		
Rents and royalties	\$ 1,546,386	\$ 1,619,503
Net gain (loss) on sale of assets	376,288	(446,528)
Total other income	\$ 1,922,674	\$ 1,172,975
Capital contributions:		
Fire flow parcel fee	\$ 4,511,652	\$ 4,511,604
Contributions in aid of construction	1,063,057	1,236,579
Total capital contributions	\$ 5,574,709	\$ 5,748,183

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

10. COMMITMENTS AND CONTINGENCIES

Capital Budget

The District's fiscal 2016 and 2015 capital budget is approximately \$28 million and \$ 23.5 million respectively of which approximately \$601,000 and \$1,880,000 is anticipated to be reimbursed to the District by contractors, users and grants.

Commitments

As of June 30, 2016 and 2015, the District has \$3,634,174 and \$3,944, 475 of outstanding construction contracts and purchase orders. This is the amount that the District is obligated to pay if all contractors and vendors perform per their contract or commitments. The District could substantially reduce the amount of this commitment by notifying contractors to suspend further work and paying for work completed to that point.

Legal Matters

The District is a defendant in a number of lawsuits and claims pending at June 30, 2016. Based on correspondence with the District's legal counsel, it is the opinion of District management that unfavorable outcomes are unlikely and that the settlement of such pending cases would not have a material adverse effect on the District's financial position. Accordingly, no provision for any liability that may result from adjudication has been made in the accompanying financial statements.

Grants

The District participates in several federal and state grant programs. These programs are subject to examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Joint Power Agreement

The District participates in a joint powers agreement through the Marin Emergency Radio Authority ("MERA") under an operating agreement dated February 1, 1999. MERA was created July 1, 1997 by an agreement between certain public agencies in Marin County to provide a public safety radio system, which is owned by MERA, to its members. The members have agreed to assign a portion of their revenues to make annual payments to MERA on a pro rata basis to cover the costs of debt financing and operating the system. The District's annual payments related to the debt financing and to fund operations are recorded as an expense.

The future payments required for the fiscal years ending after June 30, 2016 are as follows:

2017	20,337
2018	20,337
2019	20,348
2020	20,348
2021-2024	20,322
Total	\$ 101,692

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

10. COMMITMENTS AND CONTINGENCIES, Continued

Joint Power Agreement, Continued

Summarized audited financial information for the Marin Emergency Radio Authority as of June 30, 2015 is shown below.

	<u>FY 14-15</u>	<u>FY 13-14</u>
Total assets & deferred outflows of resources	\$ 13,701,446	\$ 17,132,405
Total liabilities	14,580,268	16,314,651
Total net position	(878,822)	817,754
Total operating revenues	1,707,654	1,651,432
Total operating expenses	5,288,449	5,237,503
Total non-operating revenues & expenses	1,884,219	1,841,657

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation and general liability. It is the policy of the District not to purchase commercial insurance for risk of losses to which it is exposed for general and auto liability. Instead, District management believes it is more economical to manage this risk internally and set aside assets for claim settlements. However, the District carries excess liability insurance for losses in excess of \$250,000, not to exceed \$10,000,000 on a per occurrence basis. Settled claims have never exceeded the District's policy limits in any fiscal year.

The District is self-insured for workers' compensation, and has purchased an umbrella policy to cover catastrophic losses. The policy has a self-insured retention of \$750,000 per occurrence with a maximum limit of indemnity per occurrence of \$25,000,000.

Claim liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. These liabilities are the District's best estimate based on available information. Changes in the reported liabilities for the years ended June 30, 2016 and 2015 resulted from the following:

Marin Municipal Water District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

11. RISK MANAGEMENT, Continued

	2015			2016		
	Workers Compensation	General Liabilities	Total	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$ 3,148,058	\$ 548,655	\$ 3,696,713	\$ 3,289,000	\$ 218,539	\$ 3,507,539
Current year claims and changes in estimate	556,177	198,082	754,259	407,267	1,015,429	1,422,696
Claims payments	(415,235)	(528,198)	(943,433)	(273,267)	(820,313)	(1,093,580)
Balance at the end of year	\$ 3,289,000	\$ 218,539	\$ 3,507,539	\$ 3,423,000	\$ 413,655	\$ 3,836,655
Due within one year	\$ 606,946	\$ 218,539	\$ 825,485	\$ 471,634	\$ 413,655	\$ 885,289

12. COMPENSATED ABSENCES

The District records a liability to recognize the financial effect of unused vacation and other compensated absences. Changes in the reported liabilities for the years ended June 30, 2016 and 2015 resulted from the following:

	Balance June 30, 2014	2015		Balance June 30, 2015	2016		Balance June 30, 2016	Due Within One Year
		Additions	Reductions		Additions	Reductions		
Compensated Absences	\$ 5,310,462	\$ 3,311,318	\$ (3,229,880)	\$ 5,391,899	\$ 3,484,173	\$ (3,499,055)	\$ 5,377,016	\$ 3,040,541
Total	\$ 5,310,462	\$ 3,311,318	\$ (3,229,880)	\$ 5,391,899	\$ 3,484,173	\$ (3,499,055)	\$ 5,377,016	\$ 3,040,541

13. PRIOR PERIOD ADJUSTMENT

In fiscal year ended June 30, 2015, the District recorded prior period adjustments to record the beginning balance of the net pension liability, and to record employer contributions made for pension in fiscal year 2014 as a deferred outflow of resources.

	Net Position as of June 30, 2014 as Previously Reported	Deferred Employer Pension Contributions	Net Pension Liability	Net Position as of June 30, 2014 as Restated
Business-Type Activities	\$ 313,696,520	\$ 4,633,745	\$ (72,369,463)	\$ 245,960,802
Total	\$ 313,696,520	\$ 4,633,745	\$ (72,369,463)	\$ 245,960,802

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

Marin Municipal Water District
Required Supplementary Information
For the years ended June 30, 2016 and 2015

1. DEFINED BENEFIT PENSION PLANS

A. Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period
Last 10 Years ⁽¹⁾

Miscellaneous Plan

Measurement Period ⁽¹⁾	2014-15	2013-2014
TOTAL PENSION LIABILITY		
Service Cost	\$ 3,820,110	\$ 3,643,451
Interest	15,696,251	14,880,788
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	2,035,700	-
Changes of Assumptions	(3,613,804)	-
Benefit Payments, Including Refunds of Employee Contributions	(10,335,415)	(10,194,990)
Net Change in Total Pension Liability	7,602,842	8,329,249
Total Pension Liability - Beginning	210,015,518	201,686,269
Total Pension Liability - Ending (a)	\$ 217,618,360	\$ 210,015,518
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 5,315,722	\$ 4,633,745
Contributions - Employee	1,835,178	1,909,494
Net Investment Income	3,172,539	22,211,386
Benefit Payments, Including Refunds of Employee Contributions	(10,335,415)	(10,194,990)
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	(11,976)	18,559,635
Plan Fiduciary Net Position - Beginning	147,876,441	129,316,806
Plan Fiduciary Net Position - Ending (b)	\$ 147,864,465	\$ 147,876,441
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 69,753,895	\$ 62,139,077
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.95%	70.41%
Covered Payroll	\$ 22,791,661	\$ 20,899,731
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	306.05%	297.32%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedules

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Marin Municipal Water District
Required Supplementary Information
For the years ended June 30, 2016 and 2015

1. DEFINED BENEFIT PENSION PLANS, Continued

B. Schedule of Plan Contribution

Last 10 Years ⁽¹⁾

<u>Miscellaneous Plan</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially determined contribution	\$ 5,725,637	\$ 5,315,722
Contribution in relation to the actuarially determined contributions	(5,725,637)	(5,315,722)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,829,052	\$ 22,791,661
Contributions as a percentage of covered payroll	25.08%	23.32%

Notes to Schedules

Valuation Date: 6/30/2013 6/30/2012

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

Marin Municipal Water District
Required Supplementary Information
For the years ended June 30, 2016 and 2015

2. OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

The table below, which is from the latest available actuarial valuation, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll for the District's contribution to OPEB as of June 30:

Funded Status of Plan

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Actuarial Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	Liability as Percentage of Covered Payroll
6/30/2010	\$ 4,725,000	\$ 38,989,000	\$ 34,264,000	12.1%	\$ 22,385,000	153%
6/30/2012	9,028,000	42,419,000	33,391,000	21.3%	21,231,000	157%
6/30/2013	11,983,000	45,087,000	33,104,000	26.6%	21,921,000	151%

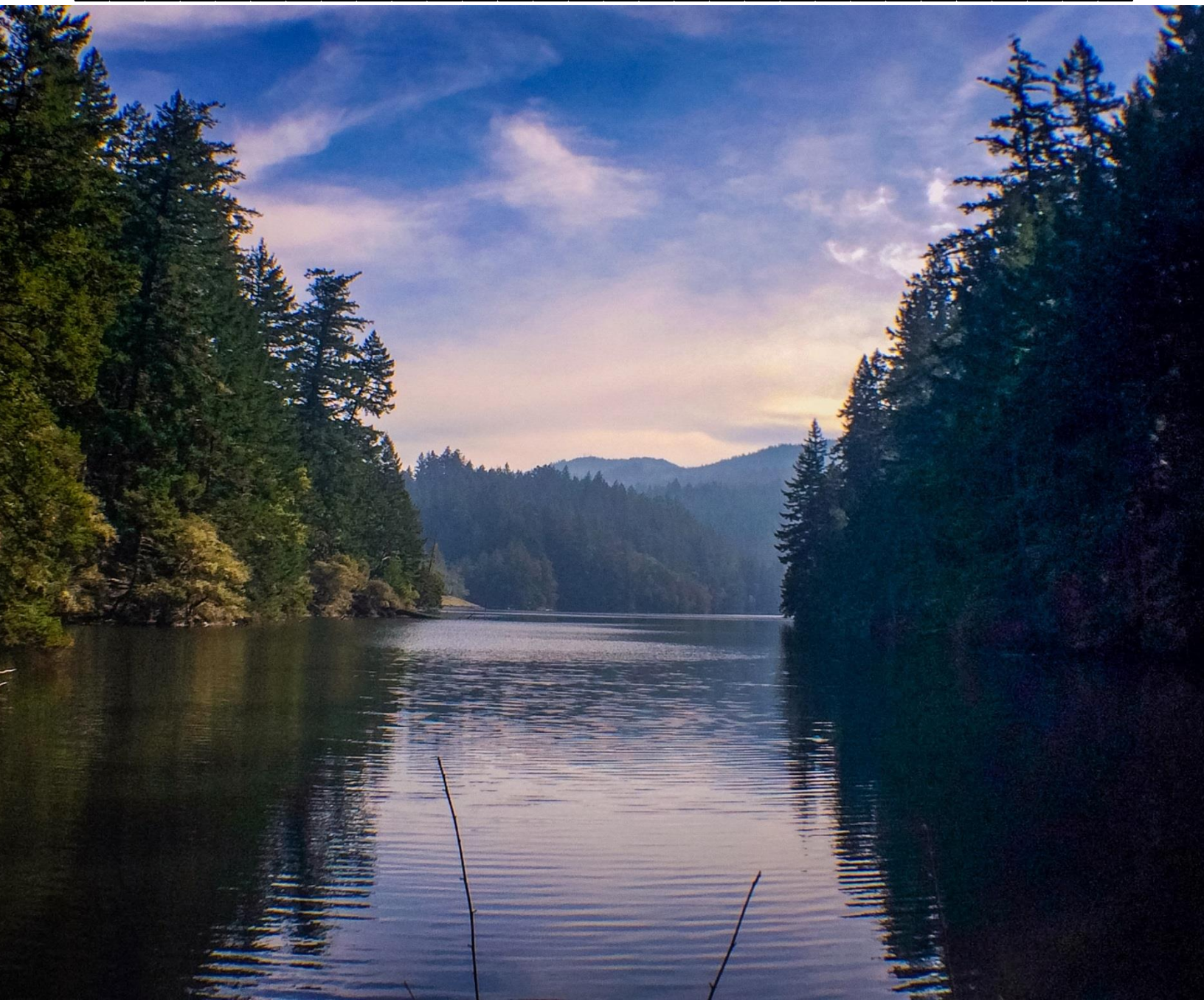
This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

Marin Municipal Water District
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Wolfback Ridge Assessment District</u>				
Assets:				
Cash and investments	\$ 255,761	\$ -	\$ -	\$ 255,761
Total assets	<u>\$ 255,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,761</u>
Liabilities:				
Deposits and Advances	\$ 255,761	\$ -	\$ -	\$ 255,761
Total liabilities	<u>\$ 255,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,761</u>

STATISTICAL SECTION



MARIN MUNICIPAL WATER DISTRICT

Statistical Section

This part of Marin Municipal Water District's comprehensive annual financial statement report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the District's overall financial health.

Index	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	63
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenues source, the water revenues.	67
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's financial activities take place.	71
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	73
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the activities it performs.	75

Marin Municipal Water District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

Statistical Section

<u>Table of Content</u>	<u>Page</u>
Financial Trends:	
Changes in Net Position Last Ten Fiscal Years	63
Net Position Last Ten Fiscal Years	65
Revenue by Source Last Ten Fiscal Years	66
Revenue Capacity:	
Ten Year Summary of Water Rates-Bimonthly Readings and Billings	67
Ten Year Summary of Water Sales by Category	68
Largest Distribution Water Revenue Accounts	69
Fire Flow Parcel Fee Program	70
Debt Capacity:	
Net Revenues and Debt Service Coverage Last Ten Fiscal Years	71
Ten Year Summary of Outstanding Debt	72
Demographic and Economic Information:	
Demographic and Economic Statistics	73
Principal Employers in County of Marin	74
Operating Information:	
Full-Time Employees by Function	75
Ten Year Summary of Utility Plant and Accumulated Depreciation	76
Ten Year Summary of Water Production by Water Supply Sources	77
Ten Year Summary of Water Demand	78
Miscellaneous Statistics	79

Marin Municipal Water District
TEN YEAR SUMMARY OF REVENUES, EXPENSES BY FUNCTION AND RATE INCREASES
Year ended June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Water sales and service charges	\$ 47,022,277	\$ 49,151,241	\$ 50,802,203	\$ 50,111,192	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387
Connection charges	2,404,381	1,371,798	2,748,427	1,311,139	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209
Watershed Management Fee (1)										1,244,800
Other operating revenue	1,489,844	1,949,345	999,306	1,727,948	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151
Total operating revenues	50,916,502	52,472,384	54,549,936	53,150,279	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547
OPERATING EXPENSES:										
Water Purchases	4,403,617	4,644,304	4,912,997	5,617,017	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110
Watershed Maintenance	3,273,313	3,125,209	3,245,397	3,718,014	3,310,471	3,595,992	4,259,670	4,632,367	5,206,134	4,993,983
Water treatment	5,429,841	5,879,008	6,517,390	6,604,356	6,736,995	6,548,344	6,721,730	6,657,304	7,070,203	6,841,197
Pumping	2,602,698	2,885,435	2,810,450	2,755,879	2,382,117	2,482,649	2,650,674	2,955,530	2,742,815	2,828,355
Transmission and distribution	10,487,676	10,002,424	11,066,171	10,178,125	10,077,643	9,537,758	10,360,869	10,682,167	12,568,990	12,339,800
Customer service and meter operation	1,999,286	2,203,839	2,652,404	2,399,933	2,430,379	2,580,350	2,567,618	2,734,368	2,796,058	2,719,372
Water Conservation	1,413,590	1,976,548	2,363,591	2,431,791	1,861,704	1,439,227	1,285,842	1,925,266	2,238,765	2,069,277
Administrative and general	12,825,302	12,781,180	15,546,768	13,439,062	13,991,401	14,634,047	15,453,350	17,395,404	14,894,201	16,569,328
Depreciation and amortization	8,073,345	8,723,817	9,384,921	10,350,791	10,480,987	10,506,699	10,935,168	11,324,138	10,776,549	11,032,196
Total operating expenses	50,508,668	52,221,764	58,500,089	57,494,968	56,232,567	56,744,298	59,841,088	65,744,284	65,013,819	65,125,618
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	1,331,428	953,276	1,487,759	496,263	321,968	736,079	1,113,955	1,137,330	865,443	245,335
Investment income (loss)	802,024	287,149	(560,702)	(52,176)	75,634	88,242	75,509	69,251	4,630	4,558
Interest income	2,488,169	2,134,914	1,380,137	440,625	237,886	124,337	132,261	147,055	171,393	229,316
Other income	1,126,356	1,262,289	1,178,798	1,520,928	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674
Interest expense	(2,857,380)	(2,707,312)	(2,574,404)	(2,399,793)	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)
Total nonoperating revenues (expenses), net	2,890,597	1,930,316	911,588	5,847	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)
Capitol contributions	5,302,034	6,086,208	5,098,404	6,147,539	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709
Increase in Net Positions (2)	\$ 8,600,465	\$ 8,267,144	\$ 2,059,839	\$ 1,808,697	\$ 3,386,718	\$ 6,363,496	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)
% Water rate increase (3)	-	11.5	-	10.0	4.0	6.0	-	-	-	4.0
Number of Employees (4)	225	245	258	254	241	228	228	242	235	232

*

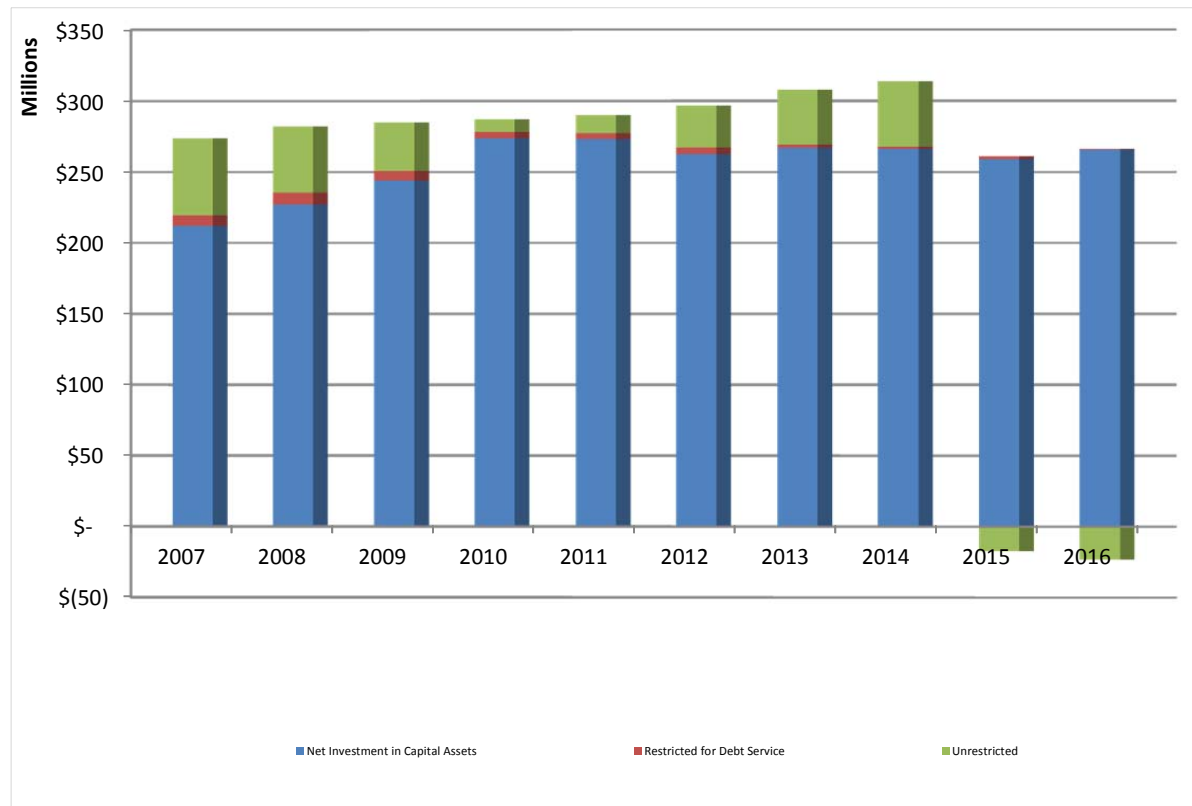
- (1) New Watershed Management Fee and new rate structure effective on January 1, 2016
- (2) Implemented GASB 68 requirement for pension liability in FY 2015
- (3) Rate increased on July 5, 2009, March 1, 2010
- (4) The number represents filled positions only
- (5) New water rate restructuring and 4% increase in water service rates, fees and charge based on a Cost of Service Analysis effective January 1, 2016 and May 1, 2016

Marin Municipal Water District
TEN YEAR SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Water sales and service charges	\$ 47,022,277	\$ 49,151,241	\$ 50,802,203	\$ 50,111,192	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387
Connection charges	2,404,381	1,371,798	2,748,427	1,311,139	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209
Watershed Management Fee (2)										1,244,800
Other operating revenue	1,489,844	1,949,345	999,306	1,727,948	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151
Total operating revenues	50,916,502	52,472,384	54,549,936	53,150,279	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547
OPERATING EXPENSES:										
Personnel services	26,766,178	28,007,711	32,570,801	29,857,987	30,042,858	29,685,634	31,077,225	33,237,254	34,245,965	35,006,286
Materials and supplies	2,212,118	2,191,405	2,849,991	2,195,723	2,062,044	2,194,427	2,413,999	2,331,826	2,173,853	1,976,319
Operations	3,579,822	3,281,367	3,894,330	2,220,017	2,042,623	2,410,100	3,713,314	4,006,611	4,238,295	4,072,047
Water conservation rebate program	358,777	804,942	800,888	742,202	94,634	1,175	425	132,019	237,563	332,052
Electrical power	2,991,607	3,316,592	3,230,402	3,167,677	2,738,066	2,853,620	3,046,751	3,397,161	3,152,661	3,250,983
Water purchased	4,403,617	4,644,304	4,912,997	5,617,017	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110
Insurance, including claims	1,466,562	1,389,867	1,236,816	1,313,605	1,896,908	1,760,577	1,053,329	1,310,545	1,141,719	1,849,921
General and administrative	2,436,332	2,331,121	2,313,539	2,029,949	1,913,577	1,912,834	1,994,710	2,566,990	2,327,110	1,873,705
Depreciation and amortization	8,073,345	8,723,817	9,384,921	10,350,791	10,480,987	10,506,699	10,935,168	11,324,138	10,776,549	11,032,195
Research and development	722,095	106,138	0	0	0	0	0	0	0	0
Indirect costs capitalized	(2,501,785)	(2,575,500)	(2,694,596)	0	0	0	0	0	0	0
Total operating expenses	50,508,668	52,221,764	58,500,089	57,494,968	56,232,567	56,744,298	59,841,088	65,744,284	65,013,819	65,125,618
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	1,331,428	953,276	1,487,759	496,263	321,968	736,079	1,113,955	1,137,330	865,443	245,335
Investment income (loss)	802,024	287,149	(560,702)	(52,176)	75,634	88,242	75,509	69,251	4,630	4,558
Interest income	2,488,169	2,134,914	1,380,137	440,625	237,886	124,337	132,261	147,055	171,393	229,316
Other income	1,126,356	1,262,289	1,178,798	1,520,928	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674
Interest expense	(2,857,380)	(2,707,312)	(2,574,404)	(2,399,793)	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)
Total nonoperating revenues (expenses), net	2,890,597	1,930,316	911,588	5,847	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)
Capital contributions	5,302,034	6,086,208	5,098,404	6,147,539	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709
Increase in Net Positions	\$ 8,600,465	\$ 8,267,144	\$ 2,059,839	\$ 1,808,697	\$ 3,386,718	\$ 6,363,496	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)

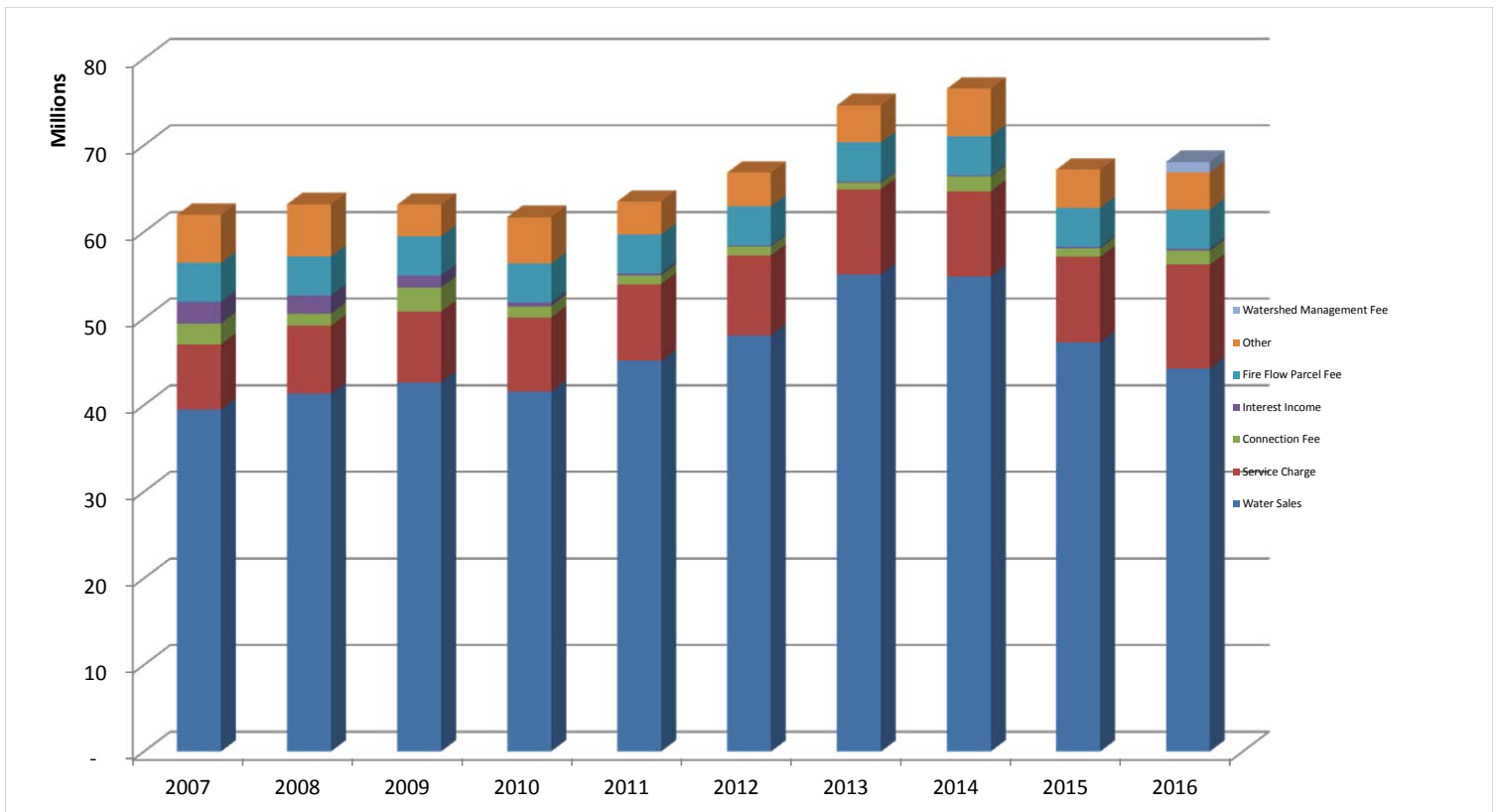
**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF NET POSITION
Year ended June 30,**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NET POSITION:										
Net investment in capital assets	\$ 211,986,804	\$ 227,155,224	\$ 243,945,226	\$ 273,838,602	\$ 273,186,687	\$ 262,581,208	\$ 266,939,799	\$ 265,964,474	\$ 259,038,130	\$ 265,735,569
Restricted for Fire Flow Parcel Fee Program	7,649,780	8,263,843	6,845,171	3,999,728	3,855,977	4,684,736	2,483,468	1,736,460	1,939,529	656,839
Unrestricted	54,240,616	46,725,277	34,169,438	8,930,201	13,112,586	29,252,802	38,167,094	45,995,586	(17,292,019)	(23,333,804)
TOTAL NET POSITION	\$ 273,877,200	\$ 282,144,344	\$ 284,959,835	\$ 286,768,531	\$ 290,155,250	\$ 296,518,746	\$ 307,590,361	\$ 313,696,520	\$ 243,685,640	\$ 243,058,604



**MARIN MUNICIPAL WATER DISTRICT
REVENUE BY SOURCE LAST TEN FISCAL YEARS**

Year Ended June 30,	Total	Water Sales	Service Charge	Connection Charges	Watershed Management Fee	Interest Income	Fire Flow Parcel Fee	Other
2007	\$ 61,966,512	39,462,839	7,559,438	2,404,381		2,488,169	4,507,996	5,543,689
2008	\$ 63,196,220	41,305,864	7,845,377	1,371,798		2,134,914	4,510,433	6,027,834
2009	\$ 63,134,332	42,628,226	8,173,977	2,748,427		1,380,137	4,502,860	3,700,705
2010	\$ 61,703,450	41,557,677	8,553,515	1,311,139		440,623	4,467,137	5,373,359
2011	\$ 63,506,733	45,101,916	8,867,457	1,009,829		237,886	4,483,662	3,805,983
2012	\$ 66,837,996	48,069,979	9,207,815	1,034,656		124,337	4,523,329	3,877,880
2013	\$ 74,641,897	55,125,168	9,805,521	737,597		132,261	4,540,389	4,300,961
2014	\$ 76,536,722	54,840,298	9,837,195	1,705,549		147,055	4,524,178	5,482,447
2015	\$ 67,203,721	47,239,262	9,878,268	969,356		171,393	4,511,604	4,433,838
2016	\$ 68,077,139	44,206,306	11,996,081	1,603,209	1,244,800	229,316	4,511,652	4,285,775

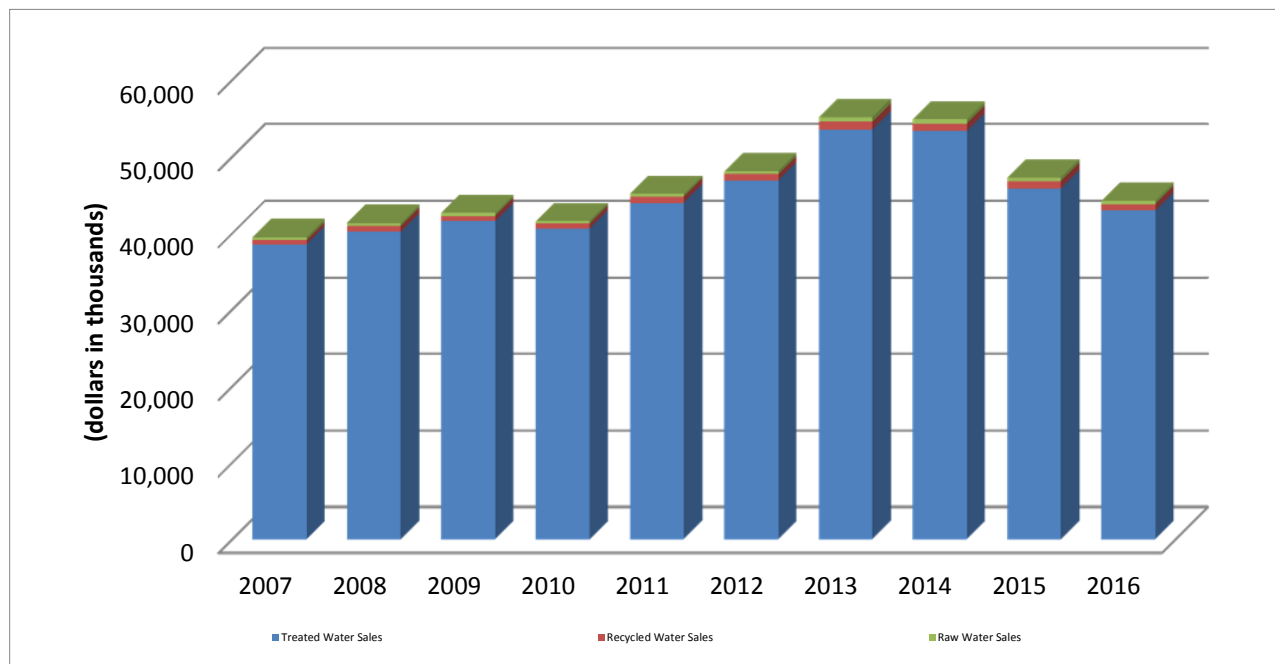


TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS
Year ended June 30,

Effective Date	FY2007	FY2008	FY2009	FY2010		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016		
	5/1/2007	5/1/2008	5/1/2008	7/5/2009	3/1/2010	6/1/2011	5/1/2012	5/1/2012	5/1/2012	5/1/2012	5/1/2012	1/1/2016	5/1/2016
Single-Family Residential													
Tier 1	\$ 2.52	\$ 2.81	\$ 2.81	\$ 3.04	\$ 3.39	\$ 3.53	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.81	\$ 3.96	
Tier 2	5.03	5.62	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.40	6.66	
Tier 3	10.06	11.24	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.96	11.40	
Tier 4	15.09	16.86	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	18.85	19.60	
Duplex Residential													
Tier 1	2.52	2.81	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.81	3.95	
Tier 2	5.03	5.62	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.52	6.77	
Tier 3	10.06	11.24	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.69	11.11	
Tier 4	15.09	16.86	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	18.17	18.89	
Multi-Unit Residential													
Tier 1	2.52	2.81	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.83	3.93	
Tier 2	5.03	5.62	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.33	6.50	
Tier 3	10.06	11.24	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.43	10.71	
Tier 4	15.09	16.86	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	17.88	18.36	
Business, Institutional and Irrigation													
Tier 1	2.52	2.81	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.65	3.80	
Tier 2	5.03	5.62	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	9.37	9.75	
Tier 3	10.06	11.24	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	14.41	14.98	
Single-Family Irrigation													
Tier 1											5.19	5.19	
Tier 2											6.82	6.82	
Tier 3											10.88	10.88	
Raw Water													
Tier 1	2.30	2.56	2.56	2.77	3.09	3.21	3.40	3.40	3.40	3.40	3.65	3.80	
Tier 2	4.60	5.12	5.12	5.54	6.18	6.42	6.81	6.81	6.81	6.81	6.45	6.70	
Tier 3	9.20	10.24	10.24	11.08	12.36	12.84	13.61	13.61	13.61	13.61	14.62	15.21	
Recycled Water													
Tier 1	1.63	1.82	1.82	1.97	2.33	2.42	2.57	2.57	2.57	2.57	2.65	2.76	
Tier 2	3.26	3.64	3.64	3.94	4.66	4.84	5.13	5.13	5.13	5.13	7.27	7.56	
Tier 3	6.52	7.28	7.28	7.88	9.32	9.68	10.26	10.26	10.26	10.26	15.17	15.78	
Bimonthly Service Charges by meter size													
5/8"	17.37	18.06	18.06	18.78	19.53	20.31	21.53	21.53	21.53	21.53	32.55	33.85	
3/4"	19.20	19.97	19.97	20.77	21.60	22.46	23.81	23.81	23.81	23.81	41.25	42.90	
1"	26.52	27.58	27.58	28.68	29.83	31.02	32.88	32.88	32.88	32.88	58.60	60.95	
1.5"	44.88	46.68	46.68	48.55	50.49	52.51	55.66	55.66	55.66	55.66	101.95	106.05	
2"	66.81	69.48	69.48	72.26	75.15	78.16	82.85	82.85	82.85	82.85	154.00	160.20	
3"	125.40	130.42	130.42	135.64	141.07	146.71	155.51	155.51	155.51	155.51	318.85	331.70	
4"	173.13	180.06	180.06	187.26	194.75	202.54	214.69	214.69	214.69	214.69	561.75	584.40	
6"	373.98	388.94	388.94	404.50	420.68	437.51	463.76	463.76	463.76	463.76	1,229.70	1,279.30	
8"	740.21	769.82	769.82	800.61	832.63	865.94	917.90	917.90	917.90	917.90	2,097.20	2,181.80	
10"	1,106.44	1,150.70	1,150.70	1,196.73	1,244.60	1,294.38	1,372.04	1,372.04	1,372.04	1,372.04	3,311.70	3,445.30	
Bimonthly Watershed Management Fee													
5/8"											8.45	8.80	
3/4"											10.15	10.55	
1"											13.45	14.00	
1.5"											21.80	22.65	
2"											31.80	33.05	
3"											63.50	66.00	
4"											110.15	114.60	
6"											238.55	248.10	
8"											405.30	421.50	
10"											638.75	664.30	

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER SALES BY CATEGORY
Year ended June 30,
(dollars in thousands)

Fiscal Year	Treated Water Sales	Recycled Water Sales	Raw Water Sales	Total
2007	38,478	600	385	39,463
2008	40,181	717	408	41,306
2009	41,550	684	394	42,628
2010	40,580	642	336	41,558
2011	43,951	809	342	45,102
2012	46,879	828	363	48,070
2013	53,536	1,056	533	55,125
2014	53,315	980	545	54,840
2015	45,834	935	470	47,239
2016	42,946	824	436	44,206



MARIN MUNICIPAL WATER DISTRICT
LARGEST DISTRIBUTION WATER REVENUE ACCOUNTS
Year ended June 30,

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of San Rafeal	City of Mill Valley	City of Mill Valley	City of Mill Valley	City of Mill Valley
City of San Rafeal	City of San Rafeal	City of San Rafeal	City of San Rafeal	City of San Rafeal	County of Marin	City of San Rafeal	City of San Rafeal	City of San Rafeal	City of San Rafeal
County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	Department of Corrections	County of Marin	County of Marin	County of Marin	County of Marin
Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Marin General Hospital	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections
Meadow Club	Marin General Hospital	Marin General Hospital	Marin General Hospital	Mcinnis Park Golf	Mcinnis Park Golf	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital
National Park Service	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club
Peacock Gap Holdings LLC	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service	National Park Service
San Geronimo Golf Course	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC	Peacock Gap Holdings LLC
San Rafael School District	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course	San Geronimo Golf Course
Tamalpais Union HS District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District	San Rafael School District

**MARIN MUNICIPAL WATER DISTRICT
FIRE FLOW PARCEL FEE PROGRAM
Year ended June 30,**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue										
Parcel fee	\$ 4,507,996	\$ 4,510,433	\$ 4,502,860	\$ 4,467,137	\$ 4,483,662	\$ 4,523,329	\$ 4,540,389	\$ 4,524,178	\$ 4,511,604	\$ 4,511,652
Interest income	<u>146,731</u>	<u>163,458</u>	<u>37,917</u>	<u>19,503</u>	<u>18,235</u>	<u>15,067</u>	<u>9,412</u>	<u>3,799</u>	<u>5,327</u>	<u>3,327</u>
	4,654,727	4,673,891	4,540,777	4,486,640	4,501,897	4,538,396	4,549,801	4,527,977	4,516,931	4,514,979
Expenses										
Personnel	575,255	790,505	901,327	1,067,404	1,150,107	1,037,543	1,492,017	1,244,252	1,205,830	1,461,144
Materials and supplies	343,837	443,641	1,001,872	598,181	574,036	468,468	1,100,296	622,091	628,747	513,669
General and administrative	8,304	3,497	7,807	42,636	2,426	3,875	4,083	2,269	4,099	6,861
Operations	30,428	47,118	98,020	87,568	85,374	85,945	131,484	107,205	43,521	107,233
Construction contracts	1,546,678	2,940,648	4,190,869	1,062,601	2,753,118	2,056,836	3,974,019	3,248,806	2,379,061	3,571,453
Professional fees	<u>64,332</u>	<u>46,358</u>	<u>119,095</u>	<u>78,205</u>	<u>80,587</u>	<u>56,970</u>	<u>49,169</u>	<u>50,361</u>	<u>52,605</u>	<u>172,708</u>
	<u>\$ 2,568,834</u>	<u>\$ 4,271,767</u>	<u>\$ 6,318,990</u>	<u>\$ 2,936,594</u>	<u>\$ 4,645,648</u>	<u>\$ 3,709,637</u>	<u>\$ 6,751,068</u>	<u>\$ 5,274,984</u>	<u>\$ 4,313,862</u>	<u>\$ 5,833,068</u>

Notes: In January 1996, Fire Flow Master Plan was developed and identified a wide range of capital projects needed to improve the water system's fire-fighting capabilities. This program is to assess Municipal Water District's water system, both in flow capacity and seismic stability, and to replace inadequate pipelines with larger pipelines that can carry greater volumes of water and to construct seismic improvements. The Fire Flow Parcel Fee Program is funded by a \$75 per parcel fee charged and collected by the Marin County Tax Collector. The District also contributes to the program in accordance with the requirements of the Fire Flow Master Plan.

MARIN MUNICIPAL WATER DISTRICT
NET REVENUES AND DEBT SERVICE COVERAGE LAST TEN FISCAL YEARS
Year ended June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenue and other revenue										
Water sales, connection charges and other revenue	\$ 53,460,011	\$ 54,700,337	\$ 56,240,991	\$ 55,167,470	\$ 58,008,792	\$ 61,745,258	\$ 69,530,426	\$ 70,456,844	\$ 61,279,514	\$ 62,268,556
Operating expense										
Source of supply	4,403,617	4,644,304	4,912,997	5,617,017	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110
Other operating expense (1)	<u>36,983,474</u>	<u>38,421,370</u>	<u>43,873,488</u>	<u>41,527,160</u>	<u>40,790,710</u>	<u>40,818,367</u>	<u>43,299,753</u>	<u>46,982,406</u>	<u>47,517,166</u>	<u>48,361,312</u>
Total operating expense	41,387,091	43,065,674	48,786,484	47,144,177	45,751,580	46,237,599	48,905,920	54,420,146	54,237,270	54,093,422
Interest income on operating funds	<u>2,488,169</u>	<u>2,122,526</u>	<u>1,380,137</u>	<u>440,625</u>	<u>237,886</u>	<u>124,337</u>	<u>132,261</u>	<u>147,055</u>	<u>171,393</u>	<u>229,316</u>
Net operating income	<u>14,561,088</u>	<u>13,757,189</u>	<u>8,834,643</u>	<u>8,463,918</u>	<u>12,495,098</u>	<u>15,631,996</u>	<u>20,756,767</u>	<u>16,183,753</u>	<u>7,213,637</u>	<u>8,404,450</u>
Transfer (to)/from Rate Stabilization Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,400,000)</u>	<u>(4,900,000)</u>	<u>1,400,000</u>	<u>200,000</u>
Net income available for bonded debt service	<u>\$ 14,561,088</u>	<u>\$ 13,757,189</u>	<u>\$ 8,834,643</u>	<u>\$ 8,463,918</u>	<u>\$ 12,495,098</u>	<u>\$ 15,631,996</u>	<u>\$ 18,356,767</u>	<u>\$ 11,283,753</u>	<u>\$ 8,613,637</u>	<u>\$ 8,604,445</u>
Actual annual bonded debt service	\$ 6,810,325	\$ 6,804,075	\$ 6,808,750	\$ 6,796,675	\$ 5,675,363	\$ 5,570,990	\$ 6,585,476	\$ 7,422,090	\$ 6,755,140	\$ 6,878,665
Coverage factor	2.14	2.02	1.30	1.25	2.20	2.81	2.79	1.52	1.28	1.25

(1) Excludes depreciation, amortization, and interest expenses

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF OUTSTANDING DEBT
Year ended June 30,
(collars in thousands, except per capita)

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2002 Revenue Refunding Bonds (1) 2.5% - 5.00% Maturity: Fiscal Year 2023	26,105	23,805	21,440	19,005	17,625	-	-	-	-	-
2004 Certificates of Participation (2) 2.5% - 5.25% Maturity: Fiscal Year 2030	35,845	34,005	32,105	30,145	28,110	6,760	4,865	2,935	1,915	845
Capital Lease Obligation Maturity: Fiscal Year 2010	296	201	102	-	-	-	-	-	-	-
Clean Renewable Energy Bonds Maturity: Fiscal Year 2023	-	-	1,834	1,712	1,589	1,467	1,345	1,223	1,100	978
2010 Water Revenue Bonds 2.5% - 5.25% Maturity: Fiscal Year 2030	-	-	-	-	31,850	31,850	31,850	31,850	31,850	31,850
2012 Water Revenue Bonds 2.5% - 5.25% Maturity: Fiscal Year 2030	-	-	-	-	-	85,000	85,000	85,000	84,680	84,350
Original Bond Premium/discount, net	-	-	-	-	3,636	10,255	9,933	9,611	9,290	8,968
Aqueduct Energy Efficiency Project (AEEP) Maturity: Fiscal Year 2032	-	-	-	-	-	-	-	3,600	3,355	2,865
Total	\$ 62,246	\$ 58,011	\$ 55,481	\$ 50,862	\$ 82,810	\$ 135,332	\$ 132,993	\$ 134,219	\$ 132,190	\$ 129,856
Percentage of Personal Income (3)	0.28%	0.25%	0.27%	0.25%	0.36%	0.57%	0.53%	0.52%	0.46%	unavailable
Per Capita (3)	\$ 255	\$ 237	\$ 245	\$ 202	\$ 312	\$ 528	\$ 515	\$ 515	\$ 506	unavailable

(1) 2002 Revenue Refunding Bonds were fully refunded by the 2012 Water Revenue Bonds

(2) 2004 Certificates of Participation were partially refunded by the 2012 Water Revenue Bonds

(3) See the Demographic Statistics Schedule for personal income and population data used to calculate the ratios

**MARIN MUNICIPAL WATER DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Year ended June 30,**

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income(1)	Unemployment Rate (2)
2005	244,206	20,100,642,000	81,628	4.00%
2006	244,580	21,801,503,000	89,197	3.80%
2007	246,248	22,428,914,000	91,729	3.70%
2008	248,398	22,862,328,000	93,263	4.70%
2009	250,862	20,188,247,000	89,139	8.10%
2010	252,971	20,748,885,000	82,498	7.90%
2011	255,493	22,741,276,000	85,761	7.70%
2012	256,069	23,918,732,000	93,407	6.70%
2013	258,365	25,093,401,000	97,124	5.40%
2014	260,750	25,716,754,000	98,626	4.20%
2015	261,221	28,492,821,000	109,076	3.50%
2016	*	*	*	3.50%

Sources:

(1) US Department of Commerce, Bureau of Economic Analysis-www.bea.gov

(2) Employment Development Department, Labor Market Information-www.labormarketinfo.edd.ca.gov

* Not published as of November 30, 2016.

**MARIN MUNICIPAL WATER DISTRICT
PRINCIPAL EMPLOYERS IN COUNTY OF MARIN
Year ended June 30,**

2015			2006		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	2,194	1.61%	County of Marin	2,195	1.76%
San Quentin State Prison*	1,711	1.25%	San Quentin Prison	1,718	1.37%
Marin General Hospital	1,575	1.15%	Kaiser Permanente Medical Center	1,380	1.10%
BioMarin Pharmaceutical	1,378	1.01%	Fireman's Fund Insurance Co.	1,150	0.92%
Autodesk, Inc.	850	0.62%	Novato Unified School District	1,000	0.80%
Novato Unified School District	844	0.62%	Autodesk, Inc.	988	0.79%
Kaiser Permanente Medical Center	834	0.61%	Marin General Hospital	867	0.69%
Autodesk, Inc.	763	0.56%	Safeway Inc.	636	0.51%
Fireman's Fund Insurance Co.	721	0.53%	GreenPoint Mortgage	589	0.47%
San Rafael City Schools	422	0.31%	Macy's	535	0.43%
	<u>11,292</u>	<u>8.28%</u>		<u>11,058</u>	<u>8.85%</u>
Total County Employment		<u>136,400</u>	Total County Employment		<u>125,000</u>

Source:

North Bay Business Journal, Novato Unified School District and San Quentin State Prison, County of Marin
Employment Development Department, Labor Market Information (www.Labormarketinfo.edd.ca.gov)

*Total Employees as of November 2016

**MARIN MUNICIPAL WATER DISTRICT
FULL-TIME EMPLOYEES BY FUNCTION
Year ended June 30,**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Manager Division	19	21	25	25	25	21	22	24	23	19
Legal Service Division	2	3	2	2	2	2	2	2	2	1
Finance & Administrative Service Division	22	23	23	23	34 *	33	33	37	34	33
Human Resources Division	6	5	7	7	6	6	6	7	7	7
Environmental & Engineering Service Division	83	97	101	98	94	90	90	92	92	92
Facilities & Watershed Division	93	96	100	99	80 *	76	75	80	77	80
	<u>225</u>	<u>245</u>	<u>258</u>	<u>254</u>	<u>241</u>	<u>228</u>	<u>228</u>	<u>242</u>	<u>235</u>	<u>232</u>

Note: The numbers represent filled positions only.

* Meter operations moved from Facilities & Watershed Division to Finance Division starting in FY2011.

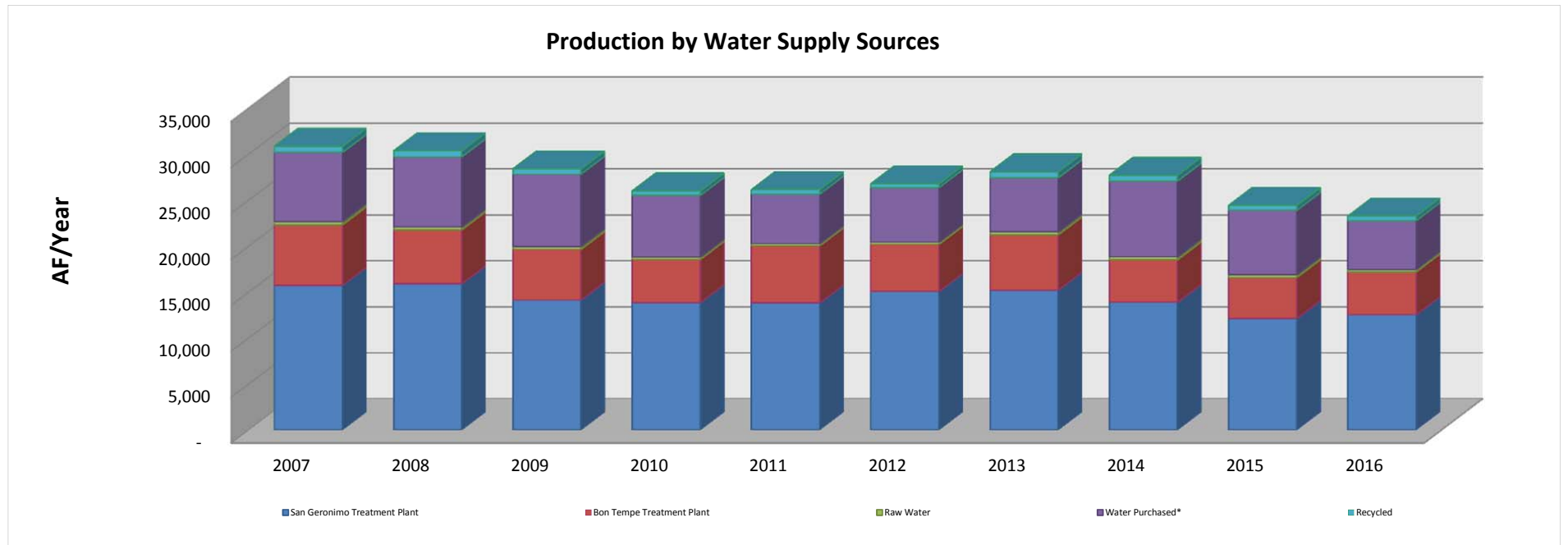
MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF UTILITY PLANT AND ACCUMULATED DEPRECIATION
Year ended June 30,

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Rights	\$ -	\$ -	\$ -	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 13,273,601	\$ 13,273,601	\$ 13,273,601
Land	9,390,003	9,636,159	10,048,109	10,594,873	10,594,873	11,264,770	10,800,399	11,128,405	11,129,340	11,465,962
Buildings	16,809,361	16,819,104	17,165,185	19,516,014	20,664,817	21,211,552	21,756,787	21,999,810	23,184,242	23,435,207
Dams and reservoirs	77,450,146	80,212,406	85,269,192	88,938,115	91,135,326	92,173,162	96,928,260	98,099,616	108,899,065	110,266,491
Pumping plants	20,256,022	21,142,309	22,396,751	23,409,848	24,481,281	27,442,607	30,306,613	32,430,877	32,938,312	33,424,128
Water treatment plants	33,096,954	34,081,638	35,086,377	36,468,376	40,129,254	41,875,744	42,601,382	42,937,155	46,490,317	46,916,968
Transmission and distribution lines	204,162,424	214,464,690	224,562,490	234,340,618	244,575,629	253,902,748	266,691,468	279,241,492	296,140,918	302,385,765
Vehicles	6,076,172	6,342,322	6,813,743	6,767,908	6,761,371	6,781,324	7,100,593	7,123,916	7,515,628	7,755,984
Equipment	23,150,392	23,675,417	21,417,674	21,801,734	21,928,113	21,992,937	22,458,489	21,217,373	21,154,243	21,675,862
Construction in Progress	15,078,435	18,407,108	20,694,560	23,805,971	25,039,690	24,437,387	25,879,384	25,942,572	16,393,445	27,133,846
Total Plant-In-Service	405,469,909	424,781,153	443,454,081	474,837,058	494,503,955	510,275,832	533,716,976	553,394,817	577,119,111	597,733,814
Less Accumulated Depreciation	(131,482,653)	(139,783,454)	(144,173,245)	(156,641,467)	(166,909,603)	(177,236,557)	(187,872,490)	(195,074,858)	(204,401,491)	(214,197,589)
Net Utility Plant	\$ 273,987,256	\$ 284,997,699	\$ 299,280,836	\$ 318,195,591	\$ 327,594,352	\$ 333,039,275	\$ 345,844,486	\$ 358,319,959	\$ 372,717,620	\$ 383,536,225

MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER PRODUCTION BY WATER SUPPLY SOURCES
Year ended June 30,

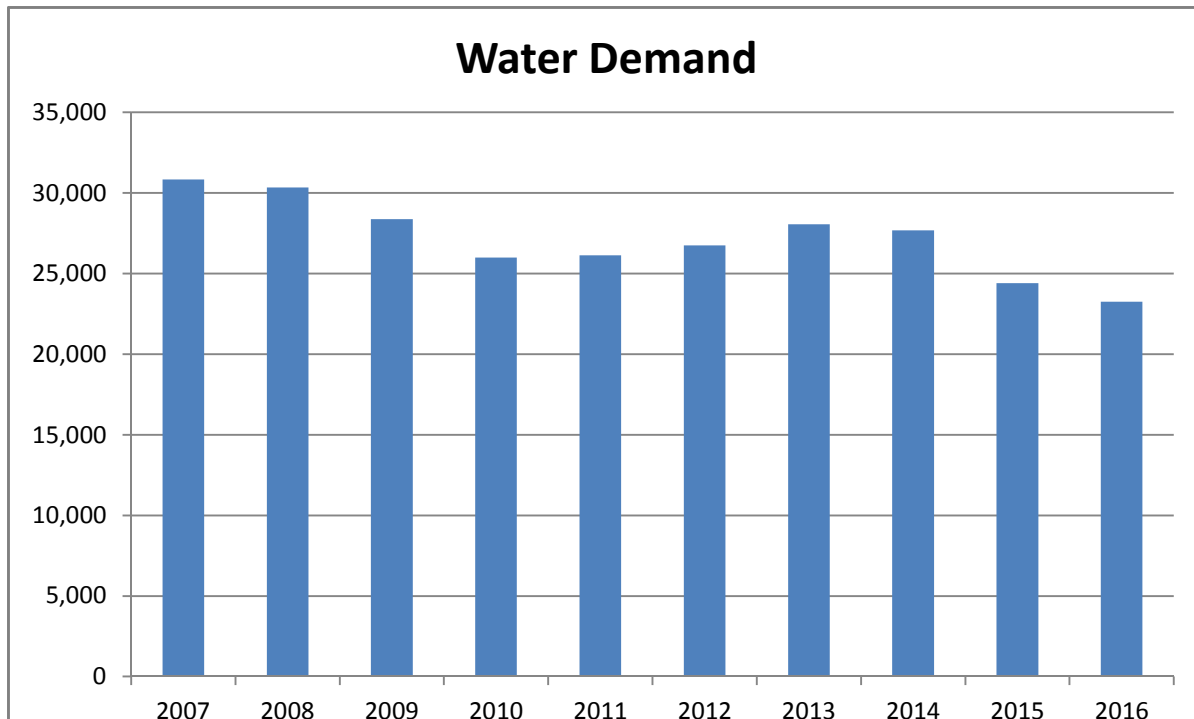
Fiscal Year	San Geronimo Treatment Plant	Bon Tempe Treatment Plant	Raw Water	Water Purchased*	Recycled	TOTAL (Acre Foot)	CHANGE	PERCENT	POPULATION	Gallons per capita per day
2007	15,723	6,549	389	7,502	673	30,837	995	3.3%	185,000	148.8
2008	15,879	5,858	323	7,628	654	30,342	(495)	-1.6%	185,000	146.4
2009	14,126	5,494	332	7,855	579	28,385	(1,957)	-6.5%	185,000	137.0
2010	13,837	4,692	267	6,702	489	25,988	(2,397)	-8.4%	184,750	125.6
2011	13,799	6,195	253	5,378	508	26,133	146	0.6%	185,500	125.8
2012	15,042	5,122	261	5,907	428	26,759	626	2.4%	186,200	128.3
2013	15,192	5,995	343	5,873	656	28,059	1,300	4.9%	186,900	134.0
2014	13,872	4,602	338	8,236	642	27,689	(370)	-1.3%	187,500	131.8
2015	12,101	4,446	317	7,000	543	24,407	(3,281)	-11.9%	188,200	115.8
2016	12,515	4,639	288	5,300	506	23,248	(1,159)	-4.8%	188,200	110.3
Total:	129,571	48,954	2,824	62,080	5,171	248,600				
10-YEAR AVERAGE (2007-16)										
	14,209	5,359	311	6,738	568	27,185				

* Purchased water from Sonoma County Water Agency



**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER DEMAND
Year ended June 30,**

Fiscal Year	Total Water Supply (AF)	Million Gallons Per Day (MGD)
2007	30,837.20	27.53
2008	30,342.21	27.09
2009	28,384.84	25.34
2010	25,987.65	23.20
2011	26,133.37	23.33
2012	26,759.19	23.89
2013	28,059.28	25.05
2014	27,688.94	24.72
2015	24,407.47	21.79
2016	23,248.00	20.75



**MARIN MUNICIPAL WATER DISTRICT
MISCELLANEOUS STATISTICS
Year ended June 30,**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Service Area</i>										
Square miles	147	147	147	147	147	147	147	147	147	147
Population	185,000	185,000	185,000	184,750	185,500	186,200	186,900	187,500	187,500	189,400
<i>Water Supply</i>										
Watershed lands (acres)	21,250	21,250	21,250	21,250	21,250	21,250	21,635	21,600	21,600	21,600
Number of storage reservoirs	7	7	7	7	7	7	7	7	7	7
Total reservoir storage capacity										
In acre feet	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566	79,566
In millions of gallons	29,927	29,927	29,927	29,927	29,927	29,927	29,927	29,927	29,927	29,927
Average yearly rainfall in inches at Lagunitas Lake	51.7	52	52	52	52	52	52	52	52	52
Average yearly runoff, less losses (due to evaporation):										
In acre feet	61,415	61,415	61,415	61,415	61,415	61,415	61,400	61,400	61,400	61,400
In millions of gallons	20,012	20,012	20,012	20,012	20,012	20,012	20,000	20,000	20,000	20,000
Water imported from Russian River (average annual, acre feet)	7,300	7,300	7,300	7,300	7,700	7,700	7,400	7,000	7,000	6,200
Operational yield (acre feet) *	28,800	28,400	28,400	28,400	28,500	28,500	28,500	28,500	28,500	29,000
<i>Water Use</i>										
Service connections (active)	59,817	60,903	60,940	61,061	61,266	61,266	61,391	61,675	61,675	61,800
Residential	55,525	54,958	55,225	55,015	55,769	55,769	55,166	55,402	55,402	55,600
Other	4,292	5,945	5,715	6,046	5,497	5,497	6,225	6,273	6,273	6,200
Maximum annual use (1987)										
In acre feet	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100	33,100
In millions of gallons	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785	10,785
Average annual use over 10 years										
In acre feet	29,745	31,020	29,750	29,302	29,200	29,200	28,009	27,560	27,560	25,730
In millions of gallons	9,692	10,108	9,694	9,548	9,500	9,500	9,127	8,980	8,980	8,380
<i>Facilities</i>										
Miles of pipeline	936	941	941	889	889	889	888	888	887	886
Number of storage tanks	140	141	139	124	124	124	125	125	125	125
Total tank storage capacity (millions of gallons)	83	83	83	82	82	82	82	82	82	82
Number of pump stations	97	97	95	90	90	90	90	95	95	94
Number of potable water treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment plant capacity (millions of gallons)	59	59	59	59	59	59	59	59	59	71
Average daily treatment plant production (millions of gallons)	29	27	25	25	25	25	25	25	25	25
<i>Recycled Water Facilities</i>										
Miles of pipeline	25	25	25	24	24	24	24	24	24	24
Number of storage tanks	5	5	5	3	3	3	3	3	3	3
Total tank storage capacity (millions of gallons)	1.7	1.7	1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Number of pump stations	4	4	4	5	5	5	5	5	5	3
Number of recycled water treatment plants	1	1	1	1	1	1	1	1	1	1
Maximum daily treatment plant capacity (millions of gallons)	2	2	2	2	2	2	2	2	2	2

* Amount of water that can be supplied in all but the driest years.