

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2018 and 2017



**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, 2018 and 2017**

**Prepared by Finance Department**



**Marin Municipal Water District**  
**Comprehensive Annual Financial Report**  
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**For the years ended June 30, 2018 and 2017**

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# INTRODUCTORY SECTION

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December 28, 2018

220 Nellen Avenue Corte Madera CA 94925-1169  
[marinwater.org](http://marinwater.org)

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 years ended June 30, 2018 and June 30, 2017. 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***

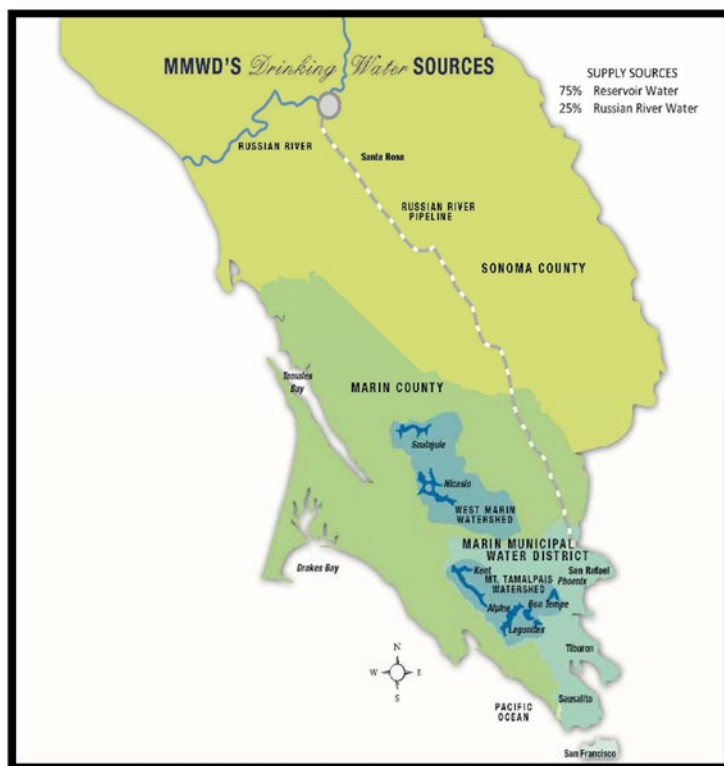
The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the district. Consequently, management 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 years ended June 30, 2018 and June 30, 2017 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 years ended June 30, 2018 and June 30, 2017, 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.



## **THE REPORTING ENTITY**

On April 25, 1912, the Marin Municipal Water District (MMWD) 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 190,800 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 25,028 acre-feet over the last five fiscal years, MMWD maintains 887 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 25,927 million gallons, 125 storage tanks, 94 pumping stations, and over 61,900 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 24 miles of pipeline. On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District (LGVSD) to decommission the District's Las Gallinas Reclamation Plant and pay 62.5% of the total construction cost of the Recycling Water Treatment Facility (RWTF) that LGVSD is constructing, as Buy-In Costs of recycled water up to 1.87 mgd for the next 30 years. The construction of the new RWTF is expected to be completed in 2019. MMWD stopped the operation of Las Gallinas Reclamation Plant in October 2018.

## ***WATER SUPPLY***

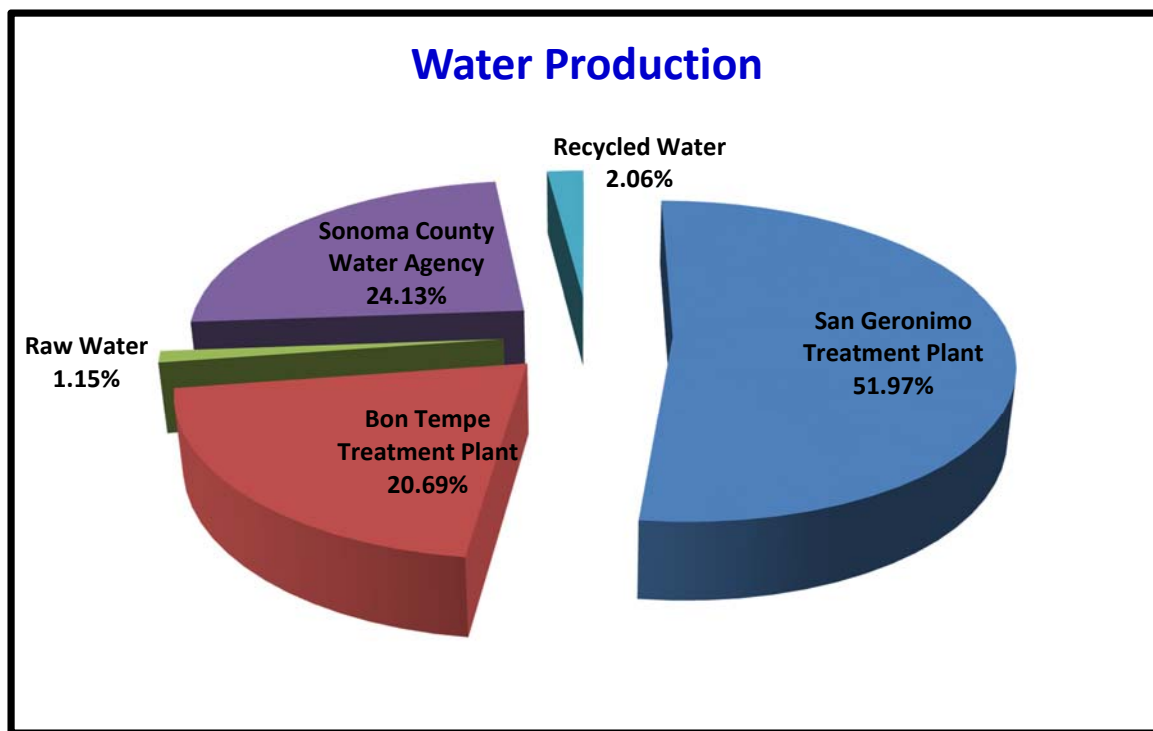
Historically, the district's water supply comes primarily from rainfall runoff captured on the north slope of Mt. Tamalpais in the westerly slopes of the coastal range. District facilities, constructed in stages over the last 100 years, divert approximately two-thirds of the flow of Lagunitas Creek above 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 2018, the district produced 26,061 acre-feet of water for its customers, including 5,299 acre-feet of water imported from SCWA.





## ***ECONOMIC CONDITION AND OUTLOOK***

### **Local Economy**

The district is located in affluent Marin County with a diversified economic base, which includes high-tech, financial, service-based, entertainment and industrial businesses. According to the State of California Employment Development Department, the County's unemployment rate has steadily declined over the past years from a high of 7.8% in 2011 to a rate of 2.2% in November 2018, which continues to be lower than the State's rate of 3.9%. Of California 58 counties, Marin County has the second lowest rate of unemployment. This is indicative of the strong local economic activity.



Marin County's per capita income has continued to increase to \$124,552 in 2017 from \$115,952 in 2016 which is higher than the national per capita income of \$50,392 in 2017 and \$49,204 in 2016. Median single family home prices in Marin County now surpassed \$1 million mark, mainly due to better economic conditions throughout the Bay Area in general. Median single-family home prices within Marin County rose 10.0% to \$1,100,000 in August 2018 from \$1,000,000 in 2017. While this reflects the affluent wealth of residents in Marin County, this index indicates that Marin County is one of the most unaffordable places for housing in the nation, State, and Bay Area.

### **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 2018, the District's reservoir levels were at 91.31% of capacity from the continued water conservation by District customers and the winter rainfall events. Despite the strong local economy and above-average water supply, the water demand has only increased mildly to 26,071 acre-feet from 23,737 acre-feet of gross water sales for the fiscal years ended June 30, 2018 and June 30, 2017 respectively. It is not expected to see a significant increase in water demand in future years as water conservation is now the new norm in California. In order to address the anticipated flat water demand, on May 16, 2017, the Board of Directors approved a two year water rate increases effective July 1, 2017 and on July 1, 2019. For fiscal year ended June 30, 2018, the District's water sales increased by \$9.8 million or 15.7% to \$72.2 million from \$62.4 million in the prior year. This is mainly due to the rate increase that went into effect on July 1, 2017.

The debt coverage ratio for the fiscal year ended June 30, 2018, before a transfer to the Rate Stabilization Fund was 1.67x. MMWD's board approved on October 16, 2018, the transfer of \$1.4 million to the Rate Stabilization Fund and the debt coverage ratio for the year ended June

30, 2018 is 1.52x. After the transfer of \$1.4 million, the Rate Stabilization Fund balance is \$9.4 million as of June 30, 2018.

### **Long-Term Financial Planning**

Consistent with Government Finance Officers Association (GFOA) recommendations, MMWD adopted a five-year strategic plan in 2014 which is 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 treasurer 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 Administrative Services 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. On October 15, 2018, the board approved a transfer of \$1.4 million to the Rate Stabilization Fund for the fiscal year ended June 30, 2018. After the transfer, the Rate Stabilization Fund balance is \$9.4 million, and the debt service ratio for the fiscal year ended June 30, 2018 is 1.52x.

## **Pension Reserve Fund**

On October 15, 2018, the board authorized to create a Pension Reserve Fund with an initial transfer of \$2.0 million to mitigate future pension payment impacts and to lower future unfunded liabilities. The funds may also be used by the District for any other lawful purpose. Establishing this Pension Reserve Fund would enable the District to offset unexpected fluctuations in the District's required annual pension contribution. The transfer to Pension Reserve Fund would not affect the debt service coverage ratio.

## **Debt Management**

On June 20, 2017, the Board adopted District's Debt Management Policy to ensure that the District maintains a sound debt position while protecting its credit quality, as well as ensuring compliance with California Government Code Section 8855(i) in accordance with SB 1029. The District issues debt to raise funds for capital improvements either through long-term or short-term borrowing, whichever is most cost effective and beneficial to the District.

The District's total outstanding debt may not exceed the amount of four times total annual operating expenses to limit the magnitude of fixed expenses attributable to debt. In addition, the District shall maintain strict compliance with covenants regarding coverage of annual debt

service by net revenues embodied in the terms of debt instruments with a goal to achieve an average debt service coverage ratio of 150%, and to support strong bond credit ratings. Traditionally, the District has benefited from lower interest costs due to strong ratings and shall take any necessary steps to maintain favorable ratings, with a goal of at least AA+. Ratings may be obtained from Moody's, S&P, Fitch, or other nationally recognized rating agencies.

The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact each debt financing has relative to intergenerational benefits.

The Board of Directors or its designee shall be responsible for determining the appropriate way to offer any securities to investors and the most effective method of sale will be decided on a case by case basis. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates and the year-to-year differential in interest rates. However, the final maturity of the debt should be no longer than 40 years. The District's long-term debt may include serial and term bonds. The District may utilize a senior/subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing considerations and previous issuance bond documents.

To preserve flexibility and refinancing opportunities, the District debt will generally be issued with call provisions which enable the District to retire the debt earlier or enable the refunding of the debt prior to maturity. The District may consider calls that are shorter than traditionally offered in the market and/or non-call debt when warranted by market conditions and opportunities. For each transaction, the District will evaluate the efficiency of call provisions alternatives.

Debt may include par, discount, premium and capital appreciation bonds. Discount, premium, and capital appreciation bonds must be demonstrated to be advantageous relative to par bond structures.

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.

At the July 28, 2016, Finance Committee staff was directed to pursue the refunding of the Marin Municipal Water District Financing Authority, Series 2010 (2010 Bonds) as interest rates were historically low and cash flow savings of approximately \$4.5 million were projected at this time on the refunding. The 2016 Bonds were issued in an amount of \$31,380,000. The debt service structure included a wrapped debt service structure which deferred principal payments and reduced annual debt service up to \$1.1 million through 2030. The rating on 2016 Bond Issue was 'AA+' by S&P and 'AA' by Fitch. S&P's rating of 'AA+' is an upgrade from 'AA' based on the District's general creditworthiness as reflected in the District's extremely strong enterprise risk profile and very strong financial risk profile.

The District has covenanted in the 2016 Bond Official Statement to maintain the Rate Stabilization Fund which was established through the 2012 Bond Issue. The fund allows the deposit of gross revenues from one fiscal year which can then be applied to a future fiscal year to meet the 1.25 debt coverage ratio. The gross revenues from a fiscal year must be deposited in the rate stabilization fund within 180 days after the fiscal year end.

At June 20, 2017 Board meeting, the Board of Directors authorized the issuance and sale of water revenue bonds in the amount of \$36,120,000 to assist the District in the financing of capital projects for the next two fiscal years ended June 30, 2018 and June 30, 2019. The 2017 Revenue Bond issue was closed on August 1, 2017 and the issue is subordinate to the 2012 and 2016 Bonds.



## **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 bi-annual budget for fiscal years 2017/18 and 2018/2019 on June 20, 2017 that supports the mission, value, goals, and objectives of the district's strategic plan. The total budget for 2017/18 is \$112.2 million, with an operating budget of \$76.3 million and capital improvement program budget of \$35.9 million.

## **MAJOR INITIATIVES**

On March 7, 2017, the Board authorized issuance of the notification of Prop. 218, and on March 24, 2017, the Prop. 218 notices were mailed to property owners and ratepayers notifying them of the proposed rate increases to water service rates, fees and charges. The rate increases result in overall annual 7% increases in revenue for the District. The new rate increases were based on the five year cost of service analysis for the period from fiscal years 2017/18 – 2021/22 which includes a multi-year financial forecast, a projection of revenue requirements and rate review and analysis. The rate review and analysis included modifications to the current rates to improve the District's revenue and financial stability and begin a "pay as you go" funding for the District's capital program.

On June 20, 2017, the Board approved two year rate increases effective July 1, 2017 and July 2019, skipping one year before the second rate increase.

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 2017/18 CIP spending was approximately \$25.7 million, an increase of 12% from the 2016/17 CIP expense of \$22.9 million. The district's capital projects, excluding fire flow and reimbursable projects, were funded from the 2017 Revenue Bond proceeds in the amount of \$16.6 million, and the remaining \$9.1 million was funded from the fire flow fund and through customer reimbursements.

During the fiscal year 2018, the District embarked on developing "AMP (Asset Management Plan)" to better allocate limited capital funds and to prioritize critical capital projects. The first comprehensive AMP is expected to be completed within the next 2 to 3 years and will be utilized to develop more comprehensive 10-year capital improvement plan.

- 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  $\geq 1$  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 \$13.5 million, which replaced about 8 miles of pipelines.

- Treatment Plants Upgrade Program: 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. In November 2016, a major construction project started



at San Geronimo Treatment Plant and Bon Tempe Treatment Plant, to strengthen the water filtration system to withstand a major seismic event as well as provide new underdrains and replace the filter surface wash with an air scour system to improve backwashing efficiency. This project was completed in July 2018 seismically upgrading the six filters at San Geronimo Treatment Plant and the four filters at Bon Tempe Treatment Plant. The project cost was total of \$9.7 million and took approximately two years to complete. The next major project is to upgrade the two clarifiers at San Geronimo Treatment Plant and the expected project cost is \$6.0 million over two years.

- Cathodic Protection Program: The District currently has 6,691 corrosion test stations. The corrosion test stations protect pipelines, storage tanks, and four treatment facilities. Coating and linings are an integral part of corrosion control as they provide a barrier between the structure and a corrosive environment. Under the Cathodic Protection Program, the District ensures that a) the corrosion test station is improved and rehabilitated to maintain the operation of cathodic protection system, b) failed flange insulating kits are replaced and any contacts with foreign structures are cleared, c) rectifier anodes (ground bed) are replaced to maintain the protective current to the pipeline or structure, and d) the District's 107 metallic storage tanks and 10 hydro-pneumatic pressure tanks are maintained by applying protective interior coating and linings to protect from corrosive environments. During FY2018, the District rehabilitated through recoating interior and exterior of two tanks; (1) Indian Fire Trail Tank that holds 250,000 gallons of water and (2) Lucas Valley Tank that holds 1,500,000 gallons of water. The total rehabilitation cost of two tanks was \$1.5 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 FY2018, the District replaced one 54 year old redwood tank with new bolted steel tank that holds 60,000 gallons of water.

### **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 Marin Municipal Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 (Comprehensive Annual Financial Report) has been accomplished through the dedicated and professional team efforts of the staff of the Finance Department 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,



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Ben Horenstein  
General Manager



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Charles Duggan, Jr.  
Administrative Services Division Manager/  
Treasurer

## BOARD COMMITTEES AND OTHER ASSIGNMENTS FOR 2018

### 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

### STAFF LIAISON

Mike Ban

Crystal Yezman

Charlie Duggan

Lon Peterson

### AD HOC BOARD COMMITTEES

#### Conservation Action

Cynthia Koehler, Member  
Larry Russell, Member

Lon Peterson

#### Compensation

Larry Russell, Chair  
Jack Gibson, Vice Chair

Krishna Kumar

#### Russian River

Jack Gibson  
Larry Russell (Alternate)

Krishna Kumar

#### DROUGHT RESILIENCY

Jack Gibson, Chair  
Larry Russell, Vice Chair

Krishna Kumar

### OTHER ASSIGNMENTS

#### Tamalpais Lands Collaborative Executive Committee

Jack Gibson  
Armando Quintero

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

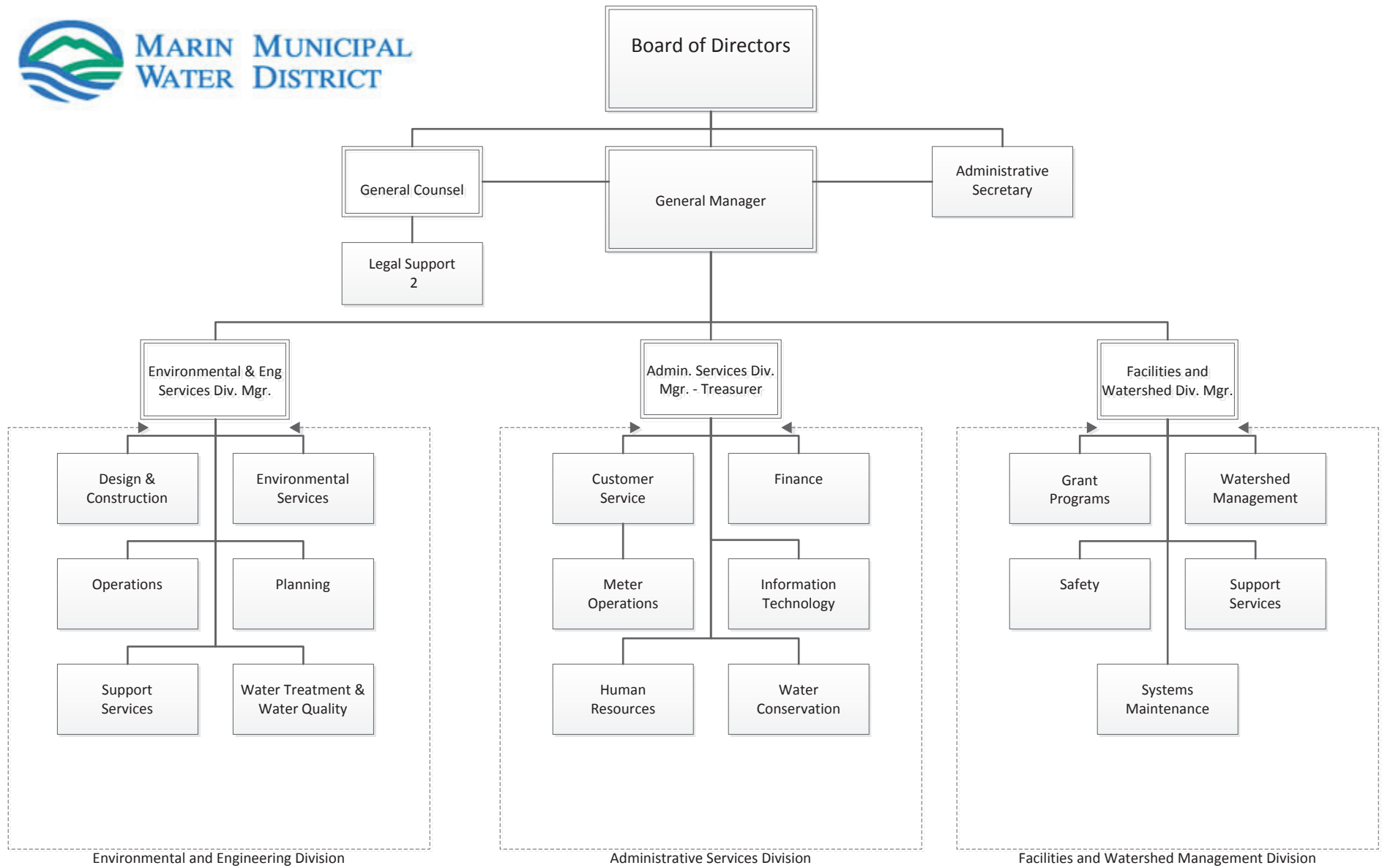
Krishna Kumar

Krishna Kumar

Krishna Kumar

Krishna Kumar







Government Finance Officers Association

**Certificate of  
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Presented to

**Marin Municipal Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

# FINANCIAL SECTION

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## 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, 2018 and June 30, 2017, 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, 2018 and June 30, 2017, 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 information, OPEB plan information, and schedule of funding progress for OPEB plan on pages 5 to 12 and pages 61 to 65 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.

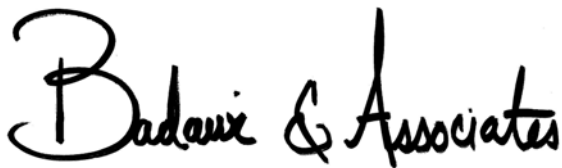
To the Board of Directors

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.

**Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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 28, 2018

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**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

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This section of the Marin Municipal Water District's (District) comprehensive annual financial report presents an analysis of the District's financial performance during the years ended June 30, 2018 and 2017. This information is presented in conjunction with the audited basic financial statements, which follow this section. 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.

**FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2018**

- The District's net position decreased by \$28.3 million or 11.5% from \$245.4 million to \$217.1 million mainly due to the restatement of the beginning net position as a result of the implementation of GASB Statement No. 75 (OPEB) at June 30, 2018.
- Operating revenues increased by \$10.2 million or 14.8% from \$68.5 million to \$78.7 million primarily due to increases in water sales resulted from the implementation of a 7% overall rate increase effective July 1, 2018 and an increase in water demand for the fiscal year ended June 30, 2018.
- Operating expenses increased by \$7.8 million or 11.1% from \$70.2 million to \$78.0 million due to increases in source of water supply, water treatment, system operation and administrative expenses.
- The District issued Subordinate Revenue Bonds, Series 2017 on August 1, 2017 at par value of \$36 million to finance various capital improvement projects. Total proceeds from the issuance were \$42.0 million.
- Capital assets, net of accumulated depreciation, at June 30, 2018 increased by \$15.1 million or 3.7% as compared to June 30, 2017 primarily due to increased activities in pipeline replacement.
- On November 20, 2018, the District's Board approved a transfer of \$1.4 million from unrestricted/undesignated operating reserve to the Rate Stabilization Fund for the fiscal year ended June 30, 2018, increasing the balance to \$9.4 million from \$8.0 million. The Rate Stabilization Fund allows the District to set aside gross revenue from one year which can then be used in the calculation to meet the District's annual debt service ratio of 1.25x annual debt service in any future year. A deposit of gross revenue in the Rate Stabilization Fund must be made within 180 days after the fiscal year-end.
- As of June 30, 2018, unrestricted cash balance and designated reserves was \$42.2 million, an increase of \$4.2 million over the prior fiscal year. Designated reserves include a Rate Stabilization Fund of \$9.4 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

District's financial section consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. This

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

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management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The financial statements include notes which explain in detail some of the information included in the financial statements.

**BASIC FINANCIAL STATEMENTS**

The financial statements of the District report information utilizing the full accrual basis of accounting. The District's operations are accounted for as a single proprietary enterprise fund conforming to Generally Accepted Accounting Principles in the United States. The Statement of Net Position include information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Position identify the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investing and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalents balance for each of the last two fiscal years.

**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 67 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

The Statement of Net Position (pages 15-16) and the Statement of Revenue, Expenses and Changes in Net Position (page 17) provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved during the last fiscal year. The MMWD's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition.

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

A summary of the District's Statement of Net Position is presented in Table 1.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2018	June 30, 2017	2018 vs. 2017		June 30, 2016	2017 vs. 2016	
			Increase/ (Decrease)	% Change		Increase/ (Decrease)	% Change
Assets:							
Current assets	\$ 37,153,760	\$ 35,189,634	\$ 1,964,126	5.58%	\$ 32,176,639	\$ 3,012,995	9.36%
Non-current assets	61,392,543	28,271,122	33,121,421	117.16%	44,317,336	(16,046,214)	-36.21%
Capital assets, net	418,830,930	403,743,858	15,087,072	3.74%	383,536,225	20,207,633	5.27%
Total assets	517,377,233	467,204,614	50,172,619	10.74%	460,030,200	7,174,414	1.56%
Deferred outflows of resources:	26,109,454	18,531,897	7,577,557	40.89%	8,832,986	9,698,911	109.80%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 543,486,687</b>	<b>\$ 485,736,511</b>	<b>\$ 57,750,176</b>	<b>11.89%</b>	<b>\$ 468,863,186</b>	<b>\$ 16,873,325</b>	<b>3.60%</b>
Liabilities:							
Current liabilities	\$ 20,167,164	\$ 16,472,017	\$ 3,695,147	22.43%	\$ 18,687,381	\$ (2,215,364)	-11.85%
Non-current liabilities	305,002,183	222,455,569	82,546,614	37.11%	203,220,737	19,234,832	9.46%
Total liabilities	325,169,347	238,927,586	86,241,761	36.10%	221,908,118	17,019,468	7.67%
Deferred inflow of resources:	1,205,701	1,423,620	(217,919)	-15.31%	3,896,468	(2,472,848)	-63.46%
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 326,375,048</b>	<b>\$ 240,351,206</b>	<b>\$ 86,023,842</b>	<b>35.79%</b>	<b>\$ 225,804,586</b>	<b>\$ 14,546,620</b>	<b>6.44%</b>
Net position:							
Net Investment in capital assets	\$ 275,806,106	\$ 271,082,963	\$ 4,723,143	1.74%	\$ 265,735,569	\$ 5,347,394	2.01%
Restricted	(1,973,265)	426,571	(2,399,836)	-562.59%	656,839	(230,268)	-35.06%
Unrestricted	(56,721,202)	(26,124,229)	(30,596,973)	117.12%	(23,333,804)	(2,790,425)	11.96%
Total net position	\$ 217,111,639	\$ 245,385,305	\$ (28,273,666)	-11.52%	\$ 243,058,604	\$ 2,326,701	0.96%

As the above table indicates, total assets increased by \$50.2 million from \$467.2 million to \$517.4 million during the fiscal year ended June 30, 2018. This increase is mainly due to \$15.1 million increase in net capital assets and \$35.1 million increase in cash and restricted investment from the issuance of Subordinate Revenue Bond, 2017 series. For the fiscal year ended June 30, 2017, total assets increased by \$7.2 million from \$460.0 million to \$467.2 million. This increase is mainly due to \$20.2 million increase in net capital assets because of increased activities in pipeline replacement and an acquisition of recycled water right in the amount of \$6.4 million. The increase in net capital asset was offset by \$16.0 million decrease in non-current assets from a full withdrawal of the remaining 2012 Water Revenue Bond proceeds, and a \$3.0 million increase in unrestricted cash and investment.

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

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Deferred outflows of resources is the amount of the unamortized deferred charge on debt refunding and the effect of pension and OPEB accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to unamortized deferred charge on refunding at June 30, 2018 and 2017 were \$3.2million and \$3.5 million, respectively. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2018 and 2017 were \$18.1 million and \$15.1 million, respectively. The deferred outflows of resources due to the other postemployment benefits (GASB Statement No. 75) at June 30, 2018 were \$4.8 million.

For fiscal year ended June 30, 2018, total liabilities reflect an increase of \$86.2 million mainly due to several factors including the implementation of GASB Statement No. 75 net OPEB liability recognition of \$34.0 million, an increase in net pension liabilities of \$10.2 million, \$38.4 million increase in long-term debt because of the issuance of 2017 Subordinate Revenue Bonds, and accounts payable and accrued expenses of \$3.6 million. For fiscal year ended June 30, 2017, total liabilities reflect an increase of \$17.0 million mainly due to \$12.6 million increase in net pension liability and \$5.7 million increase in long-term debt because of a debt incurred for acquisition of the recycled water right, offset by a reduction of \$1.3 million in accounts payables and customer deposits for construction.

Deferred inflows of resources is the result of pension and OPEB accounting, and is comprised of changes in assumptions and the difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan, which will be amortized as a component of pension expense. The deferred inflows of resources for June 30, 2018 and 2017 were \$1.2 million and \$1.4 million, respectively.

Total net position decreased by \$28.3 million from \$245.4 million to \$217.1 million, due to a combination of net income of \$3.3 million during the year due to increased water revenues offset by the restatement of the beginning net position by \$31.6 million as a result of the implementation of GASB Statement No. 75 at June 30, 2018.

The largest portion of the District's net position reflects the District's investment in capital assets, net of related debt. Net investment in capital assets increased by \$4.7 million or 1.7% from \$271.1 million to \$275.8 million. This is comprised of an increase of \$15.1 million in capital assets, net of accumulated depreciation and an increase of \$28.9 million in capital fund from the result of 2017 Subordinate Revenue Bond issuance, offset by an increase in debt by \$39.3 million.

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

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

			2018 vs. 2017			2017 vs. 2016	
	June 30, 2018	June 30, 2017	Increase/ (Decrease)	% Change	June 30, 2016	Increase/ (Decrease)	% Change
<b>Revenues:</b>							
Water sales and service charges	\$ 72,179,644	\$ 62,376,213	\$ 9,803,431	15.72%	\$ 56,202,387	\$ 6,173,826	10.98%
Connection charges	999,336	1,214,666	(215,330)	-17.73%	1,603,209	(388,543)	-24.24%
Watershed management fee	4,259,747	3,884,640	375,107	-	1,244,800	2,639,840	-
Other operating revenue	1,233,561	1,038,399	195,162	18.79%	1,050,151	(11,752)	-1.12%
<b>Total operating revenue</b>	<b>78,672,288</b>	<b>68,513,918</b>	<b>10,158,370</b>	<b>14.83%</b>	<b>60,100,547</b>	<b>8,413,371</b>	<b>14.00%</b>
<b>Expenses:</b>							
Electrical power	4,071,680	2,841,917	1,229,763	43.27%	3,250,983	(409,066)	-12.58%
Water purchased	6,803,603	5,926,921	876,682	14.79%	5,732,110	194,811	3.40%
Other operating expenses	55,476,753	50,082,723	5,394,030	10.77%	45,110,330	4,972,393	11.02%
Depreciation and amortization	11,665,632	11,348,227	317,405	2.80%	11,032,195	316,032	2.86%
<b>Total operating expenses</b>	<b>78,017,668</b>	<b>70,199,788</b>	<b>7,817,880</b>	<b>11.14%</b>	<b>65,125,618</b>	<b>5,074,170</b>	<b>7.79%</b>
Net operating income (loss)	654,620	(1,685,870)	2,340,490	-138.83%	(5,025,071)	3,339,201	-66.45%
Non-operating revenue, net	3,349,246	2,393,379	955,867	39.94%	2,401,883	(8,504)	-0.35%
Less: Interest expense	(6,343,751)	(3,950,306)	2,393,445	60.59%	(3,578,557)	371,749	10.39%
Total nonoperating revenue/(expense)	(2,994,505)	(1,556,927)	(1,437,578)	92.33%	(1,176,674)	(380,253)	32.32%
<b>Income (Loss) before capital contributions</b>	<b>(2,339,885)</b>	<b>(3,242,797)</b>	<b>902,912</b>	<b>-27.84%</b>	<b>(6,201,745)</b>	<b>2,958,948</b>	<b>-47.71%</b>
Capital contributions	5,618,158	5,569,498	48,660	0.87%	5,574,709	(5,211)	-0.09%
<b>Changes in net position</b>	<b>3,278,273</b>	<b>2,326,701</b>	<b>951,572</b>	<b>40.90%</b>	<b>(627,036)</b>	<b>2,953,737</b>	<b>-471.06%</b>
<b>Net Position:</b>							
Beginning of year	245,385,305	243,058,604	2,326,701	0.96%	243,685,640	(627,036)	-0.26%
Prior year adjustment for GASB 75	(31,551,939)	-	(31,551,939)	-	-	-	-
End of year	<b>\$ 217,111,639</b>	<b>\$ 245,385,305</b>	<b>\$ (28,273,666)</b>	<b>-11.52%</b>	<b>\$ 243,058,604</b>	<b>\$ 2,326,701</b>	<b>0.96%</b>

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 information in Table 2 indicates, loss before capital contributions of \$2.3 million, offset by capital contributions of \$5.6 million resulted in an overall increase of \$3.3 million in net position for the fiscal year ended June 30, 2018.

In fiscal year ended June 30, 2017, loss before capital contribution of 3.2 million, offset by capital contributions of \$5.6 million resulted in an overall increase of \$2.3 million in net position.

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

For fiscal year ended June 30, 2018, Table 2 indicates that the District's total operating revenues increased by \$10.2 million or 14.8% to \$78.7 million from \$68.5 million in the prior year. This was due to a \$9.8 million increase in water sales as a result of the overall 7% rate increase, which became effective July 1, 2017. Other operating revenue and watershed management fee increased by \$0.6 million offset by a decrease of \$0.2 million in connection charges resulted in overall operating revenue increase of \$10.2 million.

Total operating expenses increased by \$7.8 million or 11.1% mainly due to an increase of \$5.4 million in other operating expenses, which was a combination of increases in water treatment and system operation costs. In addition, increases in utility cost by \$1.2 million or 43.3% and in water purchase from Sonoma County Water Agency by \$0.9 million or 14.8% resulted in overall operating expense increases.

For fiscal year ended in June 30, 2017, Table 2 indicates that the District's total operating revenues increased by \$8.4 million or 14s% to \$68.5 million from \$60.1 million in the prior year. This was mainly due to rate increases on May 1, 2016 that went into a full effect on the water revenue during the fiscal year ended June 30, 2017.

Total operating expense increased by \$5.1 million or 7.8% to \$70.2 million from \$65.1 million for fiscal year ended June 30, 2017. This was due to a combination of several factors. The effect of pension accounting (GASB Statement No. 68) that requires to record pension expense based on the actuarially determined value, resulted in an increase of \$2.9 million in pension expense. Personnel service expense was further increased by \$1.5 million due to increases in workers compensation expense and other miscellaneous benefit costs. Other operating expense increase of \$0.6 million includes vegetation management expense due to the District's decision not to use herbicides and financial service costs resulted from 2010 revenue bond refunding.

**Table 3**  
**Capital Assets, Net of Accumulated Depreciation**

	June 30, 2018	June 30, 2017	2018 vs. 2017		June 30, 2016	2017 vs. 2016	
			Increase/ (Decrease)	% Change		Increase/ (Decrease)	% Change
Plant, buildings and equipment, net	\$ 340,801,098	\$ 343,049,420	\$ (2,248,322)	-0.66%	\$ 336,311,866	\$ 6,737,554	2.00%
Land	12,675,559	11,539,660	1,135,899	9.84%	11,465,962	73,698	0.64%
Construction in progress	51,212,783	34,538,754	16,674,029	48.28%	27,133,846	7,404,908	27.29%
North Marin Water Right, net (AEEP)	3,408,608	3,563,544	(154,936)	-4.35%	3,718,481	(154,937)	-4.17%
Sonoma County Water Rights, net	4,669,018	4,776,962	(107,944)	-2.26%	4,906,070	(129,108)	-2.63%
Recycled Water Rights, net (LGVSD)	6,063,864	6,275,518	(211,654)	-3.37%	-	6,275,518	-
Total	\$ 418,830,930	\$ 403,743,858	\$ 15,087,072	3.74%	\$ 383,536,225	\$ 20,207,633	5.27%

**Marin Municipal Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018 and 2017**

As of June 30, 2018, the District's capital assets, net of accumulated depreciation totaled \$418.8 million, which is an increase of \$15.1 million or 3.7% over the prior fiscal year. On April 1, 2017, the District entered into an agreement with Las Gallinas Sanitary District to pay a total of \$6,349,595 for the right to purchase recycled water up to 1.87 mgd through year 2047. This amount was capitalized and is being amortized over the life of the agreement of 30 years. The 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 water rights as shown above in Table 3. Additional information on the District's capital assets is provided in Note 4 starting on page 35 of the financial statements.

**Table 4**  
**Long-Term Debt**

	June 30, 2018	June 30, 2017	2018 vs. 2017		June 30, 2016	2017 vs. 2016	
			Increase/ (Decrease)	% Change		Increase/ (Decrease)	% Change
2004 Certificates of Participation	\$ -	\$ -	\$ -	-	\$ 845,000	\$ (845,000)	-100.00%
2010 Water Revenue Bonds	-	-	-	-	31,850,000	(31,850,000)	-
2012 Water Revenue Bonds	82,490,000	84,350,000	(1,860,000)	-2.21%	84,350,000	-	-
2016 Water Refunding Bonds	31,380,000	31,380,000	-	-	-	31,380,000	-
2017 Water Revenue Bonds	36,120,000	-	36,120,000	-	-	-	-
Clean Renewable Energy Bonds (CREBs)	733,500	855,750	(122,250)	-14.29%	978,000	(122,250)	-12.50%
Aqueduct Energy Efficiency Project (AEEP)	2,375,000	2,620,000	(245,000)	-9.35%	2,865,000	(245,000)	-8.55%
LGVSD-Recycled Water Buy-in	5,427,024	5,670,927	(243,903)	-4.30%	-	-	-
Unamortized costs, net	16,864,567	11,260,412	5,604,155	49.77%	8,968,253	2,292,159	25.56%
	<u>\$ 175,390,091</u>	<u>\$ 136,137,089</u>	<u>\$ 39,253,002</u>	<u>28.83%</u>	<u>\$ 129,856,253</u>	<u>\$ 6,280,836</u>	<u>4.84%</u>

As of June 30, 2018 the District had total long-term debt outstanding of \$175.4 million, net of unamortized costs, increase of \$39.3 million over the prior year. On August 1, 2017, the District issued Subordinate Revenue Bonds, Series 2017 at par amount of \$36.1 million with a net original issue premium of \$6.2 million. The District entered into an agreement with the Las Gallinas Valley Sanitary District (LGVSD) on April 1, 2017, to pay 10.5% of the final construction costs, currently estimated at \$4,023,647, of the Recycled Water Treatment Facility. The District also agreed to pay \$2,049,595 for the initial construction costs LGVSD incurred in 2011 for the original treatment facility. The remaining balance is \$5,427,024 and \$5,670,927 as of June 30, 2018 and June 30, 2017, respectively. During the prior fiscal year, on November 1, 2016, the District issued Refunding Revenue Bonds, Series 2016 to refund, on an advance basis, the 2010 Water Revenue Bonds, which were outstanding in the principle amount of \$31,140,000.

Additional information on the District's long-term debt is provided in Note 5 starting on page 36 of the financial statements.

**Marin Municipal Water District  
Management's Discussion and Analysis  
For the Years Ended June 30, 2018 and 2017**

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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. The coverage of annual debt service for the year ended June 30, 2018 was 152% after the transfer of \$1.4 million to the Rate Stabilization Fund.

**Request for Information**

This financial report is designed to provide the District's customers, investors and other 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 financial information, please submit a request in writing to: The Administrative Services Division Manager, Marin Municipal Water District, 220 Nellen Avenue, Corte Madera, CA 94925, or telephone (415) 945-1404.



## **BASIC FINANCIAL STATEMENTS**

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**Marin Municipal Water District**  
**Statement of Net Position**  
**Enterprise Fund**  
**June 30, 2018 and 2017**

	2018	2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments (Note 2)	\$ 22,264,658	\$ 20,077,803
Receivables:		
Customer - billed (net of allowances for doubtful account of \$408,062 and \$251,044 in 2018 and 2017, respectively.)	5,649,212	5,192,420
Customer - unbilled	6,617,540	6,579,395
Interest and other (net of allowances for doubtful account of \$71,616 and \$48,081 in 2018 and 2017, respectively.)	1,055,365	987,881
Materials and supplies	1,379,678	2,213,383
Prepaid expenses	187,307	138,752
<b>Total current assets</b>	<b>37,153,760</b>	<b>35,189,634</b>
<b>Noncurrent assets:</b>		
Restricted cash and investments (Note 3)	36,859,695	9,513,602
Designated cash and investments (Note 3)	23,859,158	16,158,794
Deposits and advances (Note 3)	673,690	1,896,787
Total restricted cash and investments	<b>61,392,543</b>	<b>27,569,183</b>
Capital assets: (Note 4)		
Land and land rights	12,675,559	11,539,660
Depreciable assets	590,851,419	582,748,230
Construction-in-progress	51,212,783	34,538,754
Total capital assets	<b>654,739,761</b>	<b>628,826,644</b>
Less accumulated depreciation	<b>235,908,831</b>	<b>225,082,786</b>
Total Capital Assets, Net of Accumulated Depreciation	<b>418,830,930</b>	<b>403,743,858</b>
Net OPEB Asset	-	701,939
<b>Total noncurrent assets</b>	<b>480,223,473</b>	<b>432,014,980</b>
<b>Total assets</b>	<b>517,377,233</b>	<b>467,204,614</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	3,235,452	3,472,590
Deferred outflow of resources-actuarial	11,496,711	9,067,604
Deferred employer OPEB contributions	4,754,000	-
Deferred employer pension contributions	6,623,291	5,991,703
<b>Total deferred outflows of resources</b>	<b>26,109,454</b>	<b>18,531,897</b>

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District**  
**Statement of Net Position**  
**Enterprise Fund, Continued**  
**June 30, 2018 and 2017**

	2018	2017
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	6,142,975	4,921,327
Accrued payroll and payroll expenses	774,274	779,685
Compensated absences	3,248,063	2,880,147
Customer and other deposits	441,017	408,860
Long-term debt - due within one year	3,018,614	2,226,153
Accrued interest payable	3,464,326	2,769,590
Agency deposits payables	229,312	171,785
Customer advances for construction	2,232,353	1,706,264
Claims payable	616,230	608,206
<b>Total current liabilities</b>	<b>20,167,164</b>	<b>16,472,017</b>
<b>Noncurrent Liabilities: (Note 5)</b>		
Claims payable- due in more than one year	4,508,415	4,044,066
Compensated absences- due in more than one year	1,624,314	2,159,868
Long-term debt - due in more than one year	172,371,477	133,910,936
Net OPEB liability	33,978,000	
Net pension liability	92,519,977	82,340,699
<b>Total noncurrent liabilities</b>	<b>305,002,183</b>	<b>222,455,569</b>
<b>Total liabilities</b>	<b>325,169,347</b>	<b>238,927,586</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB related amounts	641,000	
Pension related amounts (Note 6)	564,701	1,423,620
<b>Total deferred inflows of resources</b>	<b>1,205,701</b>	<b>1,423,620</b>
<b>NET POSITION</b>		
Net investment in capital assets	275,806,106	271,082,963
Restricted for fire flow parcel fee program	(1,973,265)	426,571
Unrestricted	(56,721,202)	(26,124,229)
<b>Total net position</b>	<b>\$ 217,111,639</b>	<b>\$ 245,385,305</b>

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, 2018 and 2017**

	2018	2017
<b>OPERATING REVENUES</b>		
Water sales and service charges	\$ 72,179,644	\$ 62,376,213
Connection charges	999,336	1,214,666
Watershed Management Fee	4,259,747	3,884,640
Other operating revenue	1,233,561	1,038,399
<b>Total operating revenues</b>	<b>78,672,288</b>	<b>68,513,918</b>
<b>OPERATING EXPENSES</b>		
Water Purchases	6,803,603	5,926,921
Watershed Maintenance	6,089,694	5,628,215
Water treatment	9,871,182	8,833,395
Pumping	3,257,344	2,273,533
Transmission and distribution	21,103,668	19,508,203
Customer service and meter operation	3,906,115	3,359,021
Water Conservation	2,660,654	2,608,531
Administrative and general	12,659,776	10,713,742
Depreciation and amortization (Note 4)	11,665,632	11,348,227
<b>Total operating expenses</b>	<b>78,017,668</b>	<b>70,199,788</b>
<b>Operating income (loss)</b>	<b>654,620</b>	<b>(1,685,870)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal, state and other grants	756,220	506,886
Investment income	(27,416)	(55,433)
Interest income	1,145,072	321,992
Other income (Note 9)	1,475,370	1,619,934
Interest & other expense	(6,343,751)	(3,950,306)
<b>Total nonoperating revenues (expenses), net</b>	<b>(2,994,505)</b>	<b>(1,556,927)</b>
<b>Total income (loss) before capital contributions</b>	<b>(2,339,885)</b>	<b>(3,242,797)</b>
Fire flow parcel fee (Note 9)	4,518,478	4,523,545
Contributions in aid of construction (Note 9)	1,099,680	1,045,953
<b>Total capital contributions</b>	<b>5,618,158</b>	<b>5,569,498</b>
<b>Net income</b>	<b>3,278,273</b>	<b>2,326,701</b>
<b>NET POSITION:</b>		
Beginning of year, restated (Note 13)	213,833,366	243,058,604
End of year	\$ 217,111,639	\$ 245,385,305

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District**  
**Statements of Cash Flows**  
**Enterprise Fund**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 78,624,160	\$ 68,170,286
Other operating revenue	1,087,225	2,430,033
Cash payments to employees	(38,224,807)	(37,717,364)
Cash payments to suppliers for goods and services	(20,546,443)	(20,562,777)
<b>Net cash provided by operating activities</b>	<b>20,940,135</b>	<b>12,320,178</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Federal, state and other grant revenues	949,537	432,101
<b>Net cash provided by noncapital financing activities</b>	<b>949,537</b>	<b>432,101</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	(2,471,153)	(36,980,271)
Interest paid on long-term debt	(6,256,463)	(5,216,130)
Acquisition and construction of capital assets	(26,693,843)	(30,454,100)
Proceeds from sale of capital assets	88,600	114,245
Decrease in customer advances for construction	526,089	(892,285)
Proceeds from fire flow parcel fee	4,518,478	4,523,545
Proceeds from debt issuance	42,305,962	41,599,514
Cash Contributions in aid of construction	1,099,682	1,045,953
<b>Net cash provided (used) by capital and related financing activities</b>	<b>13,117,352</b>	<b>(26,259,529)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities of investment securities	1,032,860	2,000,145
Purchase of investment securities	-	-
Interest received on investments	1,003,191	297,200
<b>Net cash provided by investing activities</b>	<b>2,036,051</b>	<b>2,297,345</b>
<b>Net change in cash and cash equivalents</b>	<b>37,043,075</b>	<b>(11,209,905)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	46,583,626	57,793,531
End of year	<u>\$ 83,626,701</u>	<u>\$ 46,583,626</u>

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District**  
**Statements of Cash Flows**  
**Enterprise Fund, Continued**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 654,620	\$ (1,685,870)
Adjustments to reconcile operating income (loss) to net cash provided by Operating activities:		
Depreciation and amortization	11,665,632	11,348,227
Rent and watershed permits and other income	1,590,686	1,613,496
(Increase) decrease in assets :		
Receivables, net	(641,273)	534,595
Materials and supplies	833,705	(182,972)
Prepaid expenses	(48,555)	(134,490)
Increase (decrease) in liabilities:		
Accounts payable	1,221,648	(1,300,114)
Agency deposit payable	57,527	(64,103)
Accrued payroll and payroll expenses	(173,049)	(494,006)
Claims payable	472,373	815,617
Customer deposits	32,157	2,413
Net OPEB liabilities	(1,007,000)	
Net Pension Liabilities	10,179,278	12,586,804
OPEB Asset	-	(331,722)
Deferred inflows of resources - OPEB	641,000	
Deferred inflows of resources - pension	(858,919)	(2,472,848)
Deferred outflow of resources-actuarial	(2,429,107)	(7,648,783)
Deferred employer OPEB contributions	(619,000)	
Deferred employer pension contributions	(631,588)	(266,066)
<b>Net cash provided by operating activities</b>	<b>20,940,135</b>	<b>12,320,178</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Unrestricted	22,264,658	20,077,803
Restricted	36,859,695	9,513,602
Designated	23,859,158	16,158,794
Deposits and advances	673,690	1,896,787
<b>Total cash and investments</b>	<b>83,657,201</b>	<b>47,646,986</b>
Less investments with original maturities in excess of three months	(30,500)	(1,063,360)
<b>Cash and cash equivalents</b>	<b>\$ 83,626,701</b>	<b>\$ 46,583,626</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Change in fair value of investments	(32,860)	(29,340)
Capitalized interest	262,780	1,209,568

See accompanying Notes to Basic Financial Statements.

**Marin Municipal Water District**  
**Statement of Fiduciary Net Position**  
**Agency Fund**  
**June 30, 2018 and 2017**

<b>Wolfback Ridge Assessment District</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and investments	\$ 59,093	\$ 74,480
<b>Total assets</b>	<b>\$ 59,093</b>	<b>\$ 74,480</b>
<b>LIABILITIES</b>		
Deposits and Advances	\$ 59,093	\$ 74,480
<b>Total liabilities</b>	<b>\$ 59,093</b>	<b>\$ 74,480</b>

See accompanying Notes to Basic Financial Statements.



## **NOTES TO FINANCIAL STATEMENTS**

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**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**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, 2018 and 2017**

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

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***E. Capital Assets, Continued***

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
Equipmentz	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 preiviously 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.

***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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***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.

***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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***M. Deferred Outflows/Inflows of Resources, Continued***

In addition to liabilities, the statement of net position 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 will not be recognized as an inflow of resources (revenue) until that time.

***N. Other Postemployment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

***O. New Pronouncements***

In 2018, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The District restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2017* - The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**O. New Pronouncements, Continued**

- GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the District for the current fiscal year.

**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	AA	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	A-1	15%
Bank's Acceptances	180 days	AAA	30%
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, 2018 and 2017**

**2. CASH AND INVESTMENTS, Continued**

Investments made by the District are summarized below at June 30, 2018 and 2017:

	2018			2017		
	Business-Type Activities	Fiduciary Activities	Total	Business-Type Activities	Fiduciary Activities	Total
Cash in banks	\$ 11,211,012	\$ -	\$ 11,211,012	\$ 5,195,322	\$ -	\$ 5,195,322
U.S. Government Obligations	1,000,000	-	1,000,000	1,000,860	-	1,000,860
Corporate notes	30,500	-	30,500	62,500	-	62,500
Money Market	6,876,196	59,093	6,935,289	6,750,600	74,480	6,825,080
Cash & Cash Equivalent- Bond Funds:						
-2012 Water Revenue Bond	4,740,672	-	4,740,672	4,712,035	-	4,712,035
-2016 Water Revenue Bond	741,194	-	741,194	868,591	-	868,591
-2017 Water Revenue Bond	29,129,814	-	29,129,814	-	-	-
Local Agency Investment Fund	29,927,813	-	29,927,813	29,057,078	-	29,057,078
<b>Total</b>	<b>\$ 83,657,201</b>	<b>\$ 59,093</b>	<b>\$ 83,716,294</b>	<b>\$ 47,646,986</b>	<b>\$ 74,480</b>	<b>\$ 47,721,466</b>
Cash and investments, unrestricted	\$ 22,264,658	\$ -	\$ 22,264,658	\$ 20,077,803	\$ -	\$ 20,077,803
Cash and investments, restricted	36,859,695	-	36,859,695	9,513,602	-	9,513,602
Cash and investments, designated	23,859,158	-	23,859,158	16,158,794	-	16,158,794
Cash and investments, deposits and advances	673,690	-	673,690	1,896,787	-	1,896,787
Cash and investments - Agency Fund	-	59,093	59,093	-	74,480	74,480
<b>Total</b>	<b>\$ 83,657,201</b>	<b>\$ 59,093</b>	<b>\$ 83,716,294</b>	<b>\$ 47,646,986</b>	<b>\$ 74,480</b>	<b>\$ 47,721,466</b>

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, 2018 and 2017 was \$11,211,012 and \$5,195,322 respectively. The bank balance of deposits as of June 30, 2018 and 2017 was \$11,801,620 and \$6,021,917, of which \$250,000 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, 2018 and 2017. 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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**2. CASH AND INVESTMENTS, Continued**

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.

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, 2018 and 2017, 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 \$30,500 and \$62,500 respectively, while the cost basis of the investment were \$535,895 and \$559,415 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, 2018 and 2017, the District's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment	
	2018	2017
Less than one year	100%	97%
One to two years	0%	3%
Two to five years	0%	0%

The District's investments at June 30, 2018 and 2017 are summarized as follows:

Investment Type	Fair Value	Remaining Maturity (in at June 30, 2018		Fair Value	Remaining Maturity (in Months) at June 30, 2017		
		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	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,860	\$ 1,000,860	\$ -	\$ -
Corporate Notes	30,500	30,500	-	62,500	62,500	-	-
State investment pool							
(LAIF)	29,927,813	29,927,813	-	29,057,078	29,057,078	-	-
Money market	6,935,289	6,935,289	-	6,825,080	6,825,080	-	-
Held by bond trustee:							
Money market	34,611,680	34,611,680	-	5,580,626	5,580,626	-	-
<b>Total</b>	<b>\$ 72,505,282</b>	<b>\$ 72,505,282</b>	<b>\$ -</b>	<b>\$ 42,526,144</b>	<b>\$ 42,526,144</b>	<b>\$ -</b>	<b>\$ -</b>

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**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, 2018 and 2017, for each investment type:

Investment Type	Rating at June 30, 2018				Rating at June 30, 2017			
	Fair Value	AA+	In Default	Not Rated	Fair Value	AA+	In Default	Not Rated
U. S. Government Agency Obligation	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 1,000,860	\$ -	\$ -	\$ 1,000,860
Corporate Notes	30,500	-	30,500	-	62,500	-	62,500	-
State investment pool (LAIF)	29,927,813	-	-	29,927,813	29,057,078	-	-	29,057,078
Money market	6,935,289	-	-	6,935,289	6,825,080	-	-	6,825,080
Held by bond trustee:								
Money market	34,611,680	-	-	34,611,680	5,580,626	-	-	5,580,626
<b>Total</b>	<b>\$ 72,505,282</b>	<b>\$ -</b>	<b>\$ 30,500</b>	<b>\$ 72,474,782</b>	<b>\$ 42,526,144</b>	<b>\$ -</b>	<b>\$ 62,500</b>	<b>\$ 42,463,644</b>

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, 2018 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 2018 and 2017, the District had \$29,927,813 and \$29,057,078 invested in LAIF respectively, which had respectively invested 1.89% and 2.89% 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 0.998126869 and 0.998940671 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, 2018 and 2017**

**2. CASH AND INVESTMENTS, Continued**

Investment fair value measurements at June 30, 2018 are described below.

Investment Type	Fair Value	FY 2018 Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U. S. Government Agency Obligation	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Corporate Notes	30,500	-	30,500	-
State investment pool (LAIF)	29,927,813	-	29,927,813	-
Money market	6,935,289	-	6,935,289	-
<b>Total</b>	<b>\$ 37,893,602</b>	<b>\$ 1,000,000</b>	<b>\$ 36,893,602</b>	<b>\$ -</b>
<b>Investment not subject to fair value measurement</b>				
Held by bond trustee:				
Money market	\$ 34,611,680			
<b>Total Investments</b>	<b>\$ 72,505,282</b>			

Investment Type	Fair Value	FY 2017 Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U. S. Government Agency Obligation	\$ 1,000,860	\$ 1,000,860	\$ -	\$ -
Corporate Notes	62,500	-	62,500	-
State investment pool (LAIF)	29,057,078	-	29,057,078	-
Money market	6,825,080	-	6,825,080	-
<b>Total</b>	<b>\$ 36,945,518</b>	<b>\$ 1,000,860</b>	<b>\$ 35,944,658</b>	<b>\$ -</b>
<b>Investment not subject to fair value measurement</b>				
Held by bond trustee:				
Money market	\$ 5,580,626			
<b>Total Investments</b>	<b>\$ 42,526,144</b>			

**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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**3. RESTRICTED AND DESIGNATED CASH AND INVESTMENTS, Continued**

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

	June 30,	
	2018	2017
Restricted cash and investments:		
2004 Certificates of Participation, 2010 Revenue Bonds, 2012 Revenue Bonds and 2016 Refunding Revenue Bonds:		
Principal and interest fund	\$ 8,378,280	\$ 7,905,313
Reserve fund	981,040	974,445
Project fund	29,129,814	63
Agency deposits	343,827	207,210
Fire Flow Parcel Fee Program	(1,973,266)	426,571
Deposits and advances	673,690	1,896,787
<b>Total restricted cash and investments</b>	<b>37,533,385</b>	<b>11,410,389</b>
Designated cash and investments:		
Capital projects	7,911,158	1,610,794
Rate stabilization	9,400,000	8,000,000
Liability claims	6,548,000	6,548,000
<b>Total designated cash and investments</b>	<b>23,859,158</b>	<b>16,158,794</b>
<b>Total restricted &amp; designated cash and investments</b>	<b>\$ 61,392,543</b>	<b>\$ 27,569,183</b>

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**4. CAPITAL ASSETS**

Capital assets consists of the following at June 30:

	Balance June 30, 2016	2017			Balance June 30, 2017	2018			Balance June 30, 2018
		Additions	Reductions	CIP Transfer		Additions	Reductions	CIP Transfer	
Capital assets not being depreciated, excluding construction in progress:									
Land and land rights	\$ 11,465,962	\$ 8,340	\$ -	\$ 65,358	\$ 11,539,660	\$ -	\$ -	\$ 1,135,899	\$ 12,675,559
Capital assets being depreciated:									
Water Rights	13,273,601	6,349,595	-	-	19,623,196	-	-	-	19,623,196
Buildings	23,435,207	-	-	-	23,435,207	-	-	2,158	23,437,365
Dams and reservoirs	110,266,491	-	-	1,611,559	111,878,050	-	-	2,604,112	114,482,162
Pumping plants	33,424,128	-	-	365,582	33,789,710	-	-	3,804	33,793,514
Water treatment plants	46,916,968	9,685	-	70,924	46,997,577	5,962	-	24,978	47,028,517
Transmission and distribution	302,385,765	-	(329,557)	14,561,536	316,617,744	-	(414,920)	4,750,734	320,953,558
Vehicles	7,755,984	529,325	(170,595)	-	8,114,714	401,273	(339,703)	-	8,176,284
Equipment	21,675,862	686,854	(70,684)	-	22,292,032	563,049	(288,883)	790,625	23,356,823
<b>Total assets being depreciated</b>	<b>559,134,006</b>	<b>7,575,459</b>	<b>(570,836)</b>	<b>16,609,601</b>	<b>582,748,230</b>	<b>970,284</b>	<b>(1,043,506)</b>	<b>8,176,411</b>	<b>590,851,419</b>
<b>Total capital assets, excluding construction in progress</b>	<b>570,599,968</b>	<b>7,583,799</b>	<b>(570,836)</b>	<b>16,674,959</b>	<b>594,287,890</b>	<b>970,284</b>	<b>(1,043,506)</b>	<b>9,312,310</b>	<b>603,526,978</b>
Construction in progress	27,133,846	24,079,867	-	(16,674,959)	34,538,754	25,986,339	-	(9,312,310)	51,212,783
<b>Total capital assets</b>	<b>597,733,814</b>	<b>31,663,666</b>	<b>(570,836)</b>	<b>-</b>	<b>628,826,644</b>	<b>26,956,623</b>	<b>(1,043,506)</b>	<b>-</b>	<b>654,739,761</b>
Less accumulated depreciation for:									
Water Rights	4,649,051	358,121	-	-	5,007,172	474,534	-	-	5,481,706
Buildings	12,044,032	765,459	-	-	12,809,491	754,468	-	-	13,563,959
Dams and reservoirs	34,493,306	1,894,479	-	-	36,387,785	2,003,052	-	-	38,390,837
Pumping plants	18,828,462	1,216,915	-	-	20,045,377	1,301,465	-	-	21,346,842
Water treatment plants	28,509,638	1,232,250	81	-	29,741,969	1,237,037	50	-	30,979,056
Transmission and distribution	91,118,586	4,573,169	(223,091)	-	95,468,664	4,737,965	(211,540)	-	99,995,089
Vehicles	5,770,229	439,467	(170,595)	-	6,039,101	438,401	(339,703)	-	6,137,799
Equipment	18,784,285	868,366	(69,424)	-	19,583,227	718,713	(288,397)	-	20,013,543
<b>Total accumulated depreciation</b>	<b>214,197,589</b>	<b>11,348,226</b>	<b>(463,029)</b>	<b>-</b>	<b>225,082,786</b>	<b>11,665,635</b>	<b>(839,590)</b>	<b>-</b>	<b>235,908,831</b>
<b>Total capital assets, net</b>	<b>\$ 383,536,225</b>	<b>\$ 20,315,440</b>	<b>\$ (107,807)</b>	<b>\$ -</b>	<b>\$ 403,743,858</b>	<b>\$ 15,290,988</b>	<b>\$ (203,916)</b>	<b>\$ -</b>	<b>\$ 418,830,930</b>

**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, 2018 and 2017**

**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.

**Las Gallinas Valley Sanitary District - Recycled Water Right**

On April 1, 2017, the District entered into an agreement with the Las Gallinas Valley Sanitary District for the purchases of recycled water up to 1.87 mgd until 2047. In return, the District has agreed to pay a total of \$6,349,595, which has been capitalized, and is being amortized, over the life of the agreement of 30 years on a straight-line basis.

**5. LONG-TERM DEBT**

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

	Issue Date	Due Serially	Interest Rate	Principal Amount	
				2018	2017
2012 Water Revenue Bonds	6/20/12	To 2052	2.00% - 5.00%	\$ 82,490,000	\$ 84,350,000
2016 Water Refunding Bonds	11/1/16	To 2040	3.25% - 5.00%	31,380,000	31,380,000
2017 Water Revenue Bonds	8/1/17	To 2047	2.00% - 5.00%	36,120,000	-
Clean Renewable Energy Bonds	9/29/08	To 2023	Tax credit	733,500	855,750
Aqueduct Energy Efficiency Project	2/5/14	To 2032	N/A	2,375,000	2,620,000
LGVSD - Recycled Water Buy-in	4/1/17	To 2042	4.00%	5,427,024	5,670,927
<b>Total</b>				<b>158,525,524</b>	<b>124,876,677</b>
Original issue premium/discount, net				16,864,567	11,260,412
Less Long-term debt, due within one year				3,018,614	2,226,153
<b>Long-term debt - Due in more than one year</b>				<b>\$ 172,371,477</b>	<b>\$ 133,910,936</b>

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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**5. LONG-TERM DEBT, Continued**

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. The bonds were refunded by refunding Revenue Bonds, Series 2016 on November 1, 2016. The remaining unamortized balance was written off and included in interest expense for the year ended June 30, 2017.

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 December 2018. 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.



**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**5. LONG-TERM DEBT, Continued**

On November 1, 2016, The \$31,380,000 Marin Municipal Water District Financing Authority Refunding Revenue Bonds, Series 2016 were issued by the Marin Municipal Water District Financing Authority to refund, on an advance basis, the Marin Municipal Water District Financing Authority Water Revenue Bonds, Series 2010, which are outstanding in the principal amount of \$31,140,000, issued to finance the acquisition and construction of additions, betterments, extensions and improvements to the District's municipal water system, and pay costs incurred in connection with issuance, sale and delivery of the Bonds. The bonds mature through July 1, 2040, and bear interest at the rate of 5%. Annual principal payments of \$2,235,000 to \$3,545,000 are due on July 1, 2030 through July 1, 2040. Interest on the Bonds will be payable semiannually on each January 1 and July 1. The Bonds are special limited obligations of the Financing Authority payable from and secured by a pledge of the Net Revenues of Water Systems. The advanced refunding resulted in a difference of \$1,985,988.04 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. The refunding resulted in \$6,689,902 aggregate difference in gross debt service (principal and interest) between the refunding debt and the refunded debt, and an economic loss of \$806,702 as the refunding was structured to defer the principal payments to later years.

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 2010 Revenue Bonds, the 2012 Revenues Bonds, 2016 Revenue Refunded Bonds and 2017 Revenue Refunded 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 \$216,265,906, payable through June, 2053. For FYE 17/18 principal and interest paid, and total net revenues of Water Systems received, were \$9,385,044 and \$14,296,914 respectively. For FYE 16/17 principal and interest paid, and total net revenues of Water Systems received, were \$6,483,680 and \$9,811,169 respectively.

On April 1, 2017, the District entered into an agreement with the Las Gallilnas Valley Sanitary District (LGVSD) to pay 10.5% of the final actual costs currently estimated at \$4,023,647 of the Recycled Water Treatment Facility (RWTF). LGVSD operates an existing recycled water treatment facility that it was initially constructed in 2011 and currently provides recycled water to the North Marin Water District. The District also reimburse the Las Gallilnas Valley Sanitary District for its proportional share of the initial construction costs it incurred in 2011 for the construction of the original Facility (Buy-In). The District's proportionate share of initial construction costs is determined at \$2,049,595. Marin Municipal Water District shall make payments in the amount of \$26,890 to the LGVSD, each April 1, from 2017 through 2042 as fair compensation for the water treatment facility capital cost.

On August 1, 2017, the \$36,120,000 Marin Municipal Water District Financing Authority Subordinate Revenue Bonds, Series 2017 were issued by the Marin Municipal Water District Financing Authority to finance the acquisition and construction of additions, betterments, extensions and improvements to the District's municipal water system, and pay costs incurred in connection with issuance, sale and delivery of the Bonds. The bonds mature through July 1, 2047, and bear interest at the rate of 5%. Annual principal payments of \$735,000 to \$2,185,000 are due on July 1, 2018 through July 1, 2047. Interest on the Bonds will be payable semiannually on each January 1 and July 1. 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, 2018 and 2017**

**5. LONG-TERM DEBT, Continued**

Changes in long-term obligations and debt for the fiscal years ended June 30, 2018, and 2017 are as follows:

	Balance June 30, 2016	Additions	2017 Reductions	Refunded	Balance June 30, 2017	Additions	2018 Reductions	Refunded	Balance June 30, 2018	Due Within One Year
Bonds payable:										
2004	\$ 845,000	\$ -	\$ 845,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	31,850,000	-	710,000	31,140,000	-	-	-	-	-	-
2012	84,350,000	-	-	-	84,350,000	-	1,860,000	-	82,490,000	1,910,000
2016	-	31,380,000	-	-	31,380,000	-	-	-	31,380,000	-
2017	-	-	-	-	-	36,120,000	-	-	36,120,000	735,000
Clean Renewable Energy Bonds (CREBs)	978,000	-	122,250	-	855,750	-	122,250	-	733,500	122,250
LGVSD - Recycled Water Buy-In	-	6,073,242	402,315	-	5,670,927	-	243,903	-	5,427,024	251,364
AEEP	2,865,000	-	245,000	-	2,620,000	-	245,000	-	2,375,000	-
Original bond premium/ disc ount, net	8,968,253	4,146,272	324,394	1,529,718	11,260,412	6,185,961	581,806	-	16,864,567	-
<b>Total</b>	<b>\$ 129,856,253</b>	<b>\$ 41,599,514</b>	<b>\$ 2,648,959</b>	<b>\$ 32,669,718</b>	<b>\$ 136,137,089</b>	<b>\$ 42,305,961</b>	<b>\$ 3,052,959</b>	<b>\$ -</b>	<b>\$ 175,390,091</b>	<b>\$ 3,018,614</b>

The annual debt service requirements are as follows:

Fiscal Year Ending June 30,	2012 Revenue Bonds		2016 Revenue Bonds		2017 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,910,000	\$ 3,661,078	\$ -	\$ 1,481,975	\$ 735,000	\$ 1,693,150
2020	1,990,000	3,592,978	-	1,481,975	610,000	1,676,650
2021	2,045,000	3,524,734	-	1,481,975	625,000	1,655,000
2022	2,130,000	1,743,195	-	1,481,975	650,000	1,626,250
2023	2,205,000	3,401,190	-	1,481,975	685,000	1,592,875
2024-2028	12,705,000	15,329,637	-	7,409,875	3,965,000	7,401,875
2029-2033	7,480,000	12,357,095	7,055,000	6,892,500	4,985,000	6,366,250
2034-2038	2,905,000	11,454,125	14,175,000	4,107,012	6,160,000	5,167,375
2039-2043	8,285,000	10,539,625	10,150,000	768,925	7,780,000	3,491,250
2044-2048	18,260,000	7,272,637	-	-	9,925,000	1,289,375
2049-2053	22,575,000	2,958,425	-	-	-	-
<b>Total</b>	<b>\$ 82,490,000</b>	<b>\$ 75,834,719</b>	<b>\$ 31,380,000</b>	<b>\$ 26,588,187</b>	<b>\$ 36,120,000</b>	<b>\$ 31,960,050</b>

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**5. LONG-TERM DEBT, Continued**

Fiscal Year Ending June 30,	CREBS	AEEP	LGVSD Recycled Buy-In	
	Principal	Principal	Principal	Interest
2019	\$ 122,250	\$ 245,000	\$ 251,364	\$ 213,560
2020	122,250	245,000	262,449	202,604
2021	122,250	245,000	273,634	191,637
2022	122,250	242,000	285,532	179,592
2023	122,250	242,000	221,297	168,463
2024-2028	122,250	1,156,000	1,104,782	720,437
2029-2033	-	-	1,100,308	507,995
2034-2038	-	-	1,000,012	306,307
2039-2043	-	-	927,647	94,579
<b>Total</b>	<b>\$ 733,500</b>	<b>\$ 2,375,000</b>	<b>\$ 5,427,024</b>	<b>\$ 2,585,174</b>

**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, 2018 and 2017**

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**6. EMPLOYEE RETIREMENT PLANS, Continued**

**A. General Information about the Pension Plans, Continued**

The Plans' provisions and benefits in effect at June 30, 2018 and 2017, are summarized as follows:

	FY 17-18 Miscellaneous	FY 16-17 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%	8.0%
Required employer contribution rates	9.155%	25.925%
Required unfunded liability payment	\$ 4,492,804	\$ -

Beginning with Fiscal Year 2017-18 CalPERS started collecting employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. For fiscal year 2017-18, the District made a payment of \$4,492,804 toward the unfunded pension liability.

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, 2018 and 2017, the following employees were covered by the benefit terms for each Plan:

	FY 17-18 Miscellaneous	FY 16-17 Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	314	306
Inactive employees entitled to but not yet receiving benefits	105	102
Active employees	232	236
Total	651	644

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**6. EMPLOYEE RETIREMENT PLANS, Continued**

**A. General Information about the Pension Plans, Continued**

**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 30<sup>th</sup> 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, 2017 and 2016 (the measurement date), the average active employee contribution rate is 7.915 percent and 7.972 percent of annual pay for the Miscellaneous Plan, and employer contribution rate is 25.925 percent and 24.687 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, 2017 and 2016, using an annual actuarial valuation as of June 30, 2016 and 2015 rolled forward to June 30, 2017 and 2016 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, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions:

	FY 17-18	FY 16-17
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.65%
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	Contract COLA up to 2.75% until purchasing Power 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, 2018 and 2017**

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**6. EMPLOYEE RETIREMENT PLANS, Continued**

***B. Net Pension Liability, Continued***

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 and 2015 valuation were based on the results of a June 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 7.15% and 7.65% for the Plan for the measurement period ended June 30, 2017 and 2016 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 7.15 percent and 7.65 percent discount rate are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent and 7.65 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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**6. EMPLOYEE RETIREMENT PLANS, Continued**

***B. Net Pension Liability, Continued***

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.

Asset Class	2018			2017		
	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	47.00%	4.90%	5.38%	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.80%	2.27%	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.60%	1.39%	6.00%	0.45%	3.36%
Private Equity	12.00%	6.60%	6.63%	10.00%	6.83%	6.95%
Real Estate	11.00%	2.80%	5.21%	10.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	3.90%	5.36%	2.00%	4.50%	5.09%
Liquidity	2.00%	-2.20%	-2.70%	1.00%	-0.55%	-1.05%
Total	100%			100%		

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

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

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**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, 2018 follows:

<i>Miscellaneous Plan</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Balance at June 30, 2017 (1)</b>	\$ 227,158,246	\$ 144,817,547	\$ 82,340,699
<b>Changes in the year:</b>			
Service cost	4,182,187	-	4,182,187
Interest on the total pension liability	16,876,879	-	16,876,879
Differences between actual and expected experience	(343,525)	-	(343,525)
Changes in assumptions	13,193,854	-	13,193,854
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	5,992,966	(5,992,966)
Contribution - employee	-	1,847,909	(1,847,909)
Net investment income	-	16,103,055	(16,103,055)
Administrative expenses	-	(213,813)	213,813
Benefit payments , including refunds of employee contributions	(12,118,818)	(12,118,818)	-
<b>Net changes</b>	<b>21,790,577</b>	<b>11,611,299</b>	<b>10,179,278</b>
<b>Balance at June 30, 2018</b>	<b>\$ 248,948,823</b>	<b>\$ 156,428,846</b>	<b>\$ 92,519,977</b>

(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, 2018 and 2017**

**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, 2017 follows:

<i>Miscellaneous Plan</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2016 (1)</b>	<b>\$ 217,618,360</b>	<b>\$ 147,864,465</b>	<b>\$ 69,753,895</b>
<b>Changes in the year:</b>			
Service cost	3,787,617	-	3,787,617
Interest on the total pension liability	16,408,014	-	16,408,014
Differences between actual and expected experience	599,096	-	599,096
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	5,636,822	(5,636,822)
Contribution - employee	-	1,854,172	(1,854,172)
Net investment income	-	807,045	(807,045)
Administrative expenses	-	(90,116)	90,116
Benefit payments , including refunds of employee contributions	(11,254,841)	(11,254,841)	-
<b>Net changes</b>	<b>9,539,886</b>	<b>(3,046,918)</b>	<b>12,586,804</b>
<b>Balance at June 30, 2017</b>	<b>\$ 227,158,246</b>	<b>\$ 144,817,547</b>	<b>\$ 82,340,699</b>

(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, 2018 and 2017**

**6. EMPLOYEE RETIREMENT PLANS, Continued**

**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:

	FY 17-18	FY 16-17
	Miscellaneous	Miscellaneous
1% Decrease	6.15%	6.65%
Net Pension Liability	\$ 123,948,933	\$ 110,310,706
Current Discount Rate	7.15%	7.65%
Net Pension Liability	\$ 92,519,977	\$ 82,340,699
1% Increase	8.15%	8.65%
Net Pension Liability	\$ 66,324,642	\$ 58,937,738

*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, 2018 and 2017, the District recognized pension expense of \$12,884,218 and \$8,101,995. At June 30, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY 17-18		FY 16-17	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,623,291	\$ -	\$ 5,991,703	\$ -
Differences between expected and actual experience	409,723	(236,173)	1,213,820	-
Changes in assumptions	9,070,775	(328,528)	-	(1,423,620)
Net differences between projected and actual earnings on plan investments	2,016,213	-	7,853,784	-
Total	\$ 18,120,002	\$ (564,701)	\$ 15,059,307	\$ (1,423,620)

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**6. EMPLOYEE RETIREMENT PLANS, Continued**

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

\$6,623,291 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. \$5,991,703 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	FY 17-18 Deferred Outflows/(Inflows) of Resources	FY 16-17 Deferred Outflows/(Inflows) of Resources
2018	\$ 3,954,884	\$ 1,127,590
2019	6,487,771	3,660,477
2020	1,677,789	2,063,074
2021	(1,188,434)	-

***E. Payable to Pension Plans***

As of June 30, 2018 and 2017, the District reported a payable of \$192,305 and \$330,353 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2018 and 2017 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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**8. OTHER POSTEMPLOYMENT BENEFITS PLAN**

***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 while dental benefits are provided by a private insurance carrier. 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. 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.

***B. Employees Covered***

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	228
Inactive employees or beneficiaries currently receiving benefits	241
Inactive employees entitled to, but not yet receiving benefits	15
	<hr/> 484

***C. Contributions***

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, 2018, the District's contribution rate for medical coverage was up to \$856.41 and \$1,712.82 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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

***D. Net OPEB Liability***

The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Assumption</b>	
Discount Rate	6.75%
General Inflation	2.75% per annum
Salary Increases	3.0% per year
Investment Rate of Return	6.75%
Mortality Rate	CalPERS 1997-2015 Experience Study; Fully generational with MP-2017 for post-retirement mortality
Healthcare Trend Rate	Non-Medicare – 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Investment Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
<b>TOTAL</b>	<b>100.00%</b>	

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

***E. Discount Rate***

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***F. Changes in the OPEB Liability***

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2017 (Measurement Date June 30, 2016)	\$ 55,623,000	\$ 20,638,000	\$ 34,985,000
<b>Changes recognized for the measurement period:</b>			
Service cost	1,589,000	-	1,589,000
Interest	3,770,000	-	3,770,000
Difference between expected and actual experience	-	-	-
Changes in Assumption	-	-	-
Contributions - employer	-	4,135,000	(4,135,000)
Net investment income	-	2,242,000	(2,242,000)
Benefit payment	(2,735,000)	(2,735,000)	-
Administrative expenses	-	(11,000)	11,000
<b>Net Changes</b>	<b>2,624,000</b>	<b>3,631,000</b>	<b>(1,007,000)</b>
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 58,247,000	\$ 24,269,000	\$ 33,978,000

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

*G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 41,305,000	\$ 33,978,000	\$ 27,906,000

*H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB Liability	\$ 27,327,000	\$ 33,978,000	\$ 42,084,000

*I. Recognition of Deferred Outflows and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected average remaining services lifetime (EARSL)

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

***J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB***

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$3,769,000. For the fiscal year ended June 30, 2017, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of TOL	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings of OPEB plan	-	(641,000)
Contributions to OPEB plan after measurement date	4,754,000	-
<b>TOTAL</b>	<b>\$ 4,754,000</b>	<b>\$ (641,000)</b>

The \$4,754,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ (160,000)
2020	(160,000)
2021	(160,000)
2022	(161,000)

***K. Annual OPEB Cost and Net OPEB Obligation/Assets (GASB 45 information for 2017)***

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 16.8% in FY 2017 and FY 2016, respectively.



**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

**K. Annual OPEB Cost and Net OPEB Obligation/Assets (GASB 45 information for 2017), Continued**

For the years ended June 30, 2017 and 2016, the District's annual OPEB costs (expenses) of \$3,776,163 and \$3,683,000, 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, 2017 and 2016 were as follows:

Net OPEB obligation as of June 30, 2016	\$ (370,217)
Annual required contribution	3,803,004
Annual OPEB costs	3,803,004
Contributions made	(4,134,726)
Increase in net OPEB obligation	(331,722)
Net OPEB obligation as of June 30, 2017	\$ (701,939)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2015	\$ 3,817,000	100.00%	\$ -
6/30/2016	3,683,000	110.05	(370,217)
6/30/2017	3,803,004	108.72	(701,939)

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..

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, 2017 was 19 years.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**9. OTHER INCOME/CAPITAL CONTRIBUTIONS**

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

	2018	2017
Other income:		
Rents and royalties	\$ 1,590,686	\$ 1,613,496
Net gain (loss) on sale of assets	(115,316)	6,438
<b>Total other income</b>	<b>\$ 1,475,370</b>	<b>\$ 1,619,934</b>
Capital contributions:		
Fire flow parcel fee	\$ 4,518,478	\$ 4,523,545
Contributions in aid of construction	1,099,680	1,045,953
<b>Total capital contributions</b>	<b>\$ 5,618,158</b>	<b>\$ 5,569,498</b>

**10. COMMITMENTS AND CONTINGENCIES**

**Capital Budget**

The District's fiscal 2018 and 2017 capital budget is approximately \$34.4 million and \$ 28.2 million respectively of which approximately \$1,882,000 and \$1,882,000 is anticipated to be reimbursed to the District by contractors, users and grants.

**Commitments**

As of June 30, 2018 and 2017, the District has \$2,443,933 and \$1,433,968 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, 2018. 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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**10. COMMITMENTS AND CONTINGENCIES, Continued**

**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, 2018 are as follows:

2019	\$	20,348
2020		20,321
2021		20,350
<b>Total</b>	<b>\$</b>	<b>61,019</b>

Summarized audited financial information for the Marin Emergency Radio Authority as of June 30, 2017 and 2016 are shown below.

	FY 16-17	FY 15-16
Total assets & deferred outflows of resources	\$ 48,963,741	\$ 47,537,832
Total liabilities	\$ 45,087,981	\$ 46,253,487
Total net position	\$ 3,875,760	\$ 1,284,345
Total operating revenues	\$ 1,888,142	\$ 1,811,251
Total operating expenses	\$ 4,613,675	\$ 4,449,711
Total non-operating revenues & expenses	\$ 5,285,774	\$ 4,832,801
Increase/(Decrease) in net position	\$ 2,560,241	\$ 2,194,341

**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.

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

**11. RISK MANAGEMENT, Continued**

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, 2018 and 2017 resulted from the following:

	2017			2018		
	Workers Compensation	General Liabilities	Total	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$ 3,423,000	\$ 413,655	\$ 3,836,655	\$ 4,415,627	\$ 236,646	\$ 4,652,273
Current year claims and changes in estimate	1,493,385	636,104	2,129,489	801,447	566,778	1,368,225
Claims payments	(500,758)	(813,113)	(1,313,871)	(329,075)	(566,778)	(895,853)
<b>Balance at the end of year</b>	<b>\$ 4,415,627</b>	<b>\$ 236,646</b>	<b>\$ 4,652,273</b>	<b>\$ 4,888,000</b>	<b>\$ 236,646</b>	<b>\$ 5,124,645</b>
Due within one year	\$ 371,560	\$ 236,646	\$ 608,206	\$ 379,584	\$ 236,646	\$ 616,230

**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, 2018 and 2017 resulted from the following:

	Balance June 30, 2016	2017		Balance June 30, 2017	2018		Balance June 30, 2018	Due Within One Year
		Additions	Reductions		Additions	Reductions		
Compensated Absences	\$ 5,377,016	\$ 3,277,563	\$ (3,614,562)	\$ 5,040,017	\$ 3,376,557	\$ (3,544,197)	\$ 4,872,377	\$ 3,248,063
<b>Total</b>	<b>\$ 5,377,016</b>	<b>\$ 3,277,563</b>	<b>\$ (3,614,562)</b>	<b>\$ 5,040,017</b>	<b>\$ 3,376,557</b>	<b>\$ (3,544,197)</b>	<b>\$ 4,872,377</b>	<b>\$ 3,248,063</b>

**Marin Municipal Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2018 and 2017**

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**13. RESTATEMENT**

The District recorded a prior period adjustment to recognize deferred outflows of resources and net OPEB liability as of June 30, 2017.

	Net Position, as Previously Reported at June 30, 2017	Prior Period Adjustments			Net Position, as Restated at June 30, 2017
		Deferred Employer OPEB Contributions	Net OPEB Assets	Net OPEB Liability	
Proprietary Fund Water Enterprise	\$ 245,385,305	\$ 4,135,000	\$ (701,939)	\$ (34,985,000)	\$ 213,833,366

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**Marin Municipal Water District**  
**Required Supplementary Information**  
**For the years ended June 30, 2018 and 2017**

**1. DEFINED BENEFIT PENSION PLANS**

**A. Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period**

Last 10 Year <sup>(1)</sup>

Miscellaneous Plan

Measurement Period <sup>(1)</sup>	2017-16	2015-16	2014-15	2013-2014
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 4,182,187	\$ 3,787,617	\$ 3,820,110	\$ 3,643,451
Interest	16,876,879	16,408,014	15,696,251	14,880,788
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(343,525)	599,096	2,035,700	-
Changes of Assumptions	13,193,854	-	(3,613,804)	-
Benefit Payments, Including Refunds of Employee Contributions	(12,118,818)	(11,254,841)	(10,335,415)	(10,194,990)
<b>Net Change in Total Pension Liability</b>	<b>21,790,577</b>	<b>9,539,886</b>	<b>7,602,842</b>	<b>8,329,249</b>
<b>Total Pension Liability - Beginning</b>	<b>227,158,246</b>	<b>217,618,360</b>	<b>210,015,518</b>	<b>201,686,269</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 248,948,823</b>	<b>\$ 227,158,246</b>	<b>\$ 217,618,360</b>	<b>\$ 210,015,518</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 5,992,966	\$ 5,636,822	\$ 5,315,722	\$ 4,633,745
Contributions - Employee	1,847,909	1,854,172	1,835,178	1,909,494
Net Investment Income	16,103,055	807,045	3,172,539	22,211,386
Benefit Payments, Including Refunds of Employee Contributions	(12,118,818)	(11,254,841)	(10,335,415)	(10,194,990)
Administrative Expenses	(213,813)	(90,116)	-	-
Other Changes in Fiduciary Net Position	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>11,611,299</b>	<b>(3,046,918)</b>	<b>(11,976)</b>	<b>18,559,635</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>144,817,547</b>	<b>147,864,465</b>	<b>147,876,441</b>	<b>129,316,806</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 156,428,846</b>	<b>\$ 144,817,547</b>	<b>\$ 147,864,465</b>	<b>\$ 147,876,441</b>
<b>Plan Net Position Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 92,519,977</b>	<b>\$ 82,340,699</b>	<b>\$ 69,753,895</b>	<b>\$ 62,139,077</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>62.84%</b>	<b>63.75%</b>	<b>67.95%</b>	<b>70.41%</b>
<b>Covered Payroll</b>	<b>\$ 23,117,501</b>	<b>\$ 23,093,818</b>	<b>\$ 22,791,661</b>	<b>\$ 20,899,731</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>400.22%</b>	<b>356.55%</b>	<b>306.05%</b>	<b>297.32%</b>

(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 7.65 percent (net of administrative expense) in 2016-17 to 7.15 percent in 2017-18.

**Marin Municipal Water District**  
**Required Supplementary Information**  
**For the years ended June 30, 2018 and 2017**

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**1. DEFINED BENEFIT PENSION PLANS, Continued**

***B. Schedule of Plan Contribution***

Last 10 Years <sup>(1)</sup>

Miscellaneous Plan

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Actuarially determined contribution	\$ 6,623,291	\$ 5,991,703	\$ 5,725,637	\$ 5,315,722
Contribution in relation to the actuarially determined contributions	(6,623,291)	(5,991,703)	(5,725,637)	(5,315,722)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,500,232	\$ 23,117,501	\$ 23,093,818	\$ 22,791,661
Contributions as a percentage of covered payroll	27.03%	25.92%	24.79%	23.32%
<b>Note to Schedule</b>				
Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

(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, 2018 and 2017**

**2. OTHER POSTEMPLOYMENT BENEFIT PLAN**

***A. Schedule of Changes in the Net OPEB Liability and Related Ratios***

<i>Measurement Period</i>	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,589,000
Interest on the total OPEB liability	3,770,000
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(2,735,000)</u>
<b>Net change in total OPEB liability</b>	2,624,000
<b>Total OPEB liability - beginning</b>	<u>55,623,000</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 58,247,000</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 4,135,000
Net investment income	2,242,000
Benefit payments, including refunds of employee contributions	(2,735,000)
Administrative expense	<u>(11,000)</u>
<b>Net change in plan fiduciary net position</b>	3,631,000
<b>Plan fiduciary net position - beginning</b>	<u>20,638,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 24,269,000</u></u>
 <b>Net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ 33,978,000</b>
 Plan fiduciary net position as a percentage of the total OPEB liability	42%
 Covered-employee payroll	\$ 26,020,000
 Net OPEB liability as a percentage of covered-employee payroll	130.58%

**Notes to Schedule:**

Historical information is required only for measurement periods for which GASB 75 is applicable.  
Future years' information will be displayed up to 10 years as information becomes available.

**Marin Municipal Water District**  
**Required Supplementary Information**  
**For the years ended June 30, 2018 and 2017**

**2. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued**

***B. Schedule of Contributions Last Ten Fiscal Years***

Fiscal Year Ended June 30	2018
Actuarially Determined Contribution (ADC)	\$ 4,246,000
Contributions in relation to the ADC	(4,754,000)
Contribution deficiency (excess)	<u>\$ (508,000)</u>
Covered-employee payroll	\$ 25,366,000
Contributions as a percentage of covered-employee payroll	18.74%

**Notes to Schedule:**

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percentage of Payroll
Asset Valuation Method	Investment gains/losses spread over 5-year; Not less than 80% nor more than 120% of market value
Inflation	3.00%
Payroll Growth	3.25% per annum, in aggregate
Discount Rate	7.25%
Healthcare cost-trend rates	Non-Medicare - 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Mortality projected fully generational with Scale MP-14, modified to converge to ultimate rates in 2022.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Marin Municipal Water District**  
**Required Supplementary Information**  
**For the years ended June 30, 2018 and 2017**

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**2. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued**

***C. 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:

<u>Funded Status of Plan</u>						
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
6/30/2012	\$ 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
6/30/2015	18,586,000	52,575,000	33,989,000	35.4	23,659,000	144

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## **OTHER SUPPLEMENTARY INFORMATION**

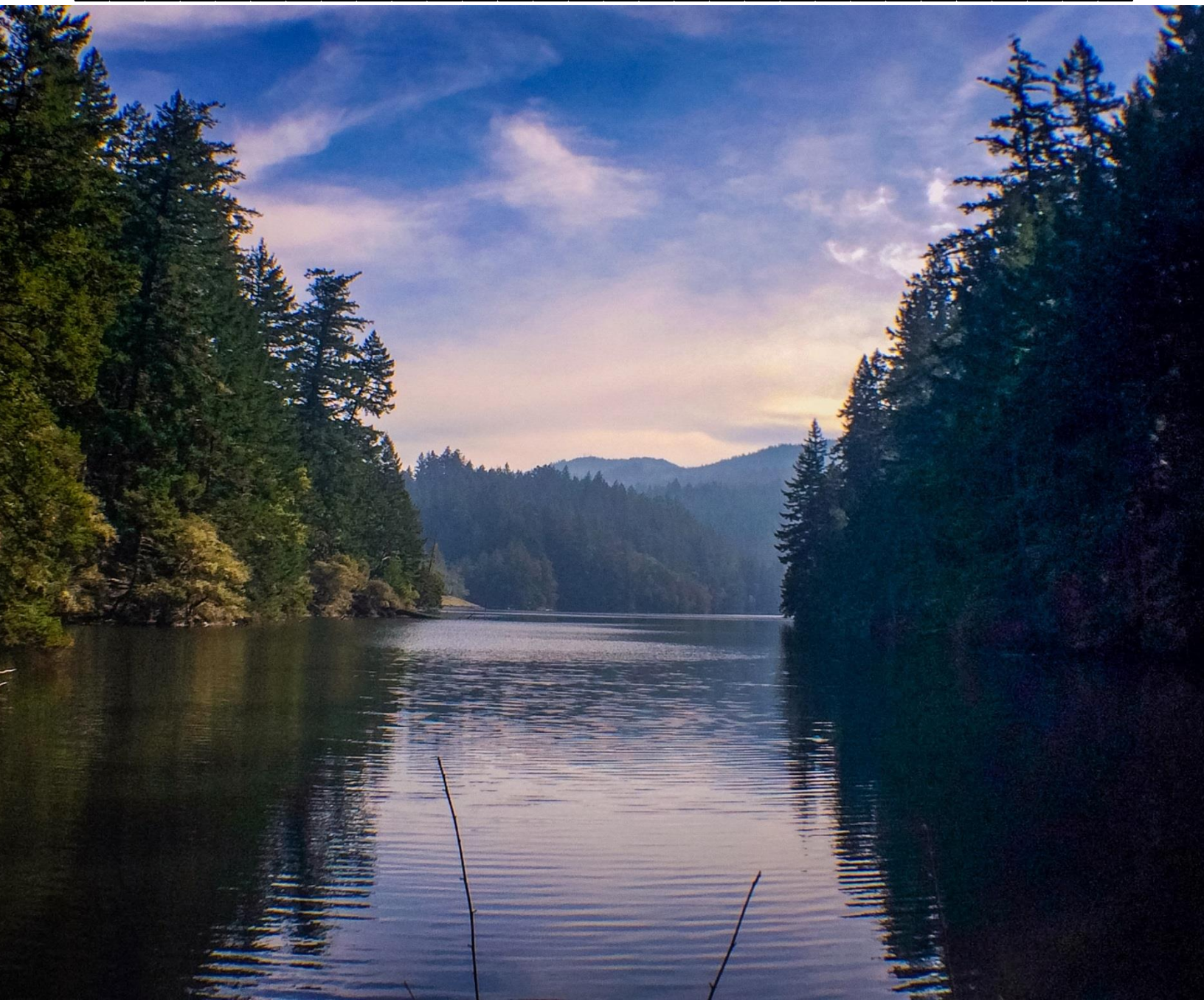
**Marin Municipal Water District**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund**  
**For the year ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>Wolfback Ridge Assessment District</b>				
<b>Assets:</b>				
Cash and investments	\$ 74,480	\$ -	\$ 15,387	\$ 59,093
<b>Total assets</b>	<u>\$ 74,480</u>	<u>\$ -</u>	<u>\$ 15,387</u>	<u>\$ 59,093</u>
<b>Liabilities:</b>				
Deposits and Advances	\$ 74,480	\$ -	\$ 15,387	\$ 59,093
<b>Total liabilities</b>	<u>\$ 74,480</u>	<u>\$ -</u>	<u>\$ 15,387</u>	<u>\$ 59,093</u>



# STATISTICAL SECTION

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**Marin Municipal Water District**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2018**

**Statistical Section**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUES:</b>										
Water sales and service charges	\$ 50,802,203	\$ 50,111,192	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644
Connection charges	2,748,427	1,311,139	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336
Watershed Management Fee (1)	-	-	-	-	-	-	-	1,244,800	3,884,640	4,259,747
Other operating revenue	999,306	1,727,948	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561
Total operating revenues	\$ 54,549,936	\$ 53,150,279	\$ 56,279,410	\$ 59,418,736	\$ 66,672,109	\$ 67,734,729	\$ 59,241,096	\$ 60,100,547	\$ 68,513,918	\$ 78,672,288
<b>OPERATING EXPENSES:</b>										
Water Purchases	\$ 4,912,997	\$ 5,617,017	\$ 4,960,870	\$ 5,419,232	\$ 5,606,167	\$ 7,437,740	\$ 6,720,104	\$ 5,732,110	\$ 5,926,921	\$ 6,803,603
Watershed Maintenance	3,245,397	3,718,014	3,310,471	3,595,992	4,259,670	4,632,367	4,865,715	4,993,983	5,628,215	6,089,694
Water treatment	7,693,722	7,575,020	7,685,489	7,481,740	7,584,163	7,877,579	7,958,876	8,234,855	8,833,395	9,871,182
Pumping	2,810,450	2,755,879	2,382,117	2,482,649	2,650,674	2,955,530	2,742,815	2,828,355	2,273,533	3,257,344
Transmission and distribution	17,248,182	15,767,690	14,285,488	13,903,544	14,612,947	15,342,857	16,719,105	17,524,368	19,508,203	21,103,668
Customer service and meter operation	2,652,404	2,399,933	2,430,379	2,580,350	2,567,618	2,734,368	2,581,382	2,719,372	3,359,021	3,906,115
Water Conservation	3,085,046	2,953,040	2,323,807	1,936,438	1,832,188	2,601,119	2,799,527	2,725,551	2,608,531	2,660,654
Administrative and general	7,466,970	6,357,584	8,372,959	8,837,654	9,792,493	10,838,586	9,849,746	9,334,828	10,713,742	12,659,776
Depreciation and amortization	9,384,921	10,350,791	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,196	11,348,227	11,665,632
Total operating expenses	\$ 58,500,089	\$ 57,494,968	\$ 56,232,567	\$ 57,507,693	\$ 59,841,088	\$ 65,744,284	\$ 65,013,819	\$ 65,125,618	\$ 70,199,788	\$ 78,017,668
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Federal, state and other grants	\$ 1,487,759	\$ 496,263	\$ 321,968	\$ 736,079	\$ 1,113,955	\$ 1,137,330	\$ 865,443	\$ 245,335	\$ 506,886	\$ 756,220
Investment income (loss)	(560,702)	(52,176)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)
Interest income	1,380,137	440,625	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072
Other income	1,178,798	1,520,928	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370
Interest expense	(2,574,404)	(2,399,793)	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)
Total nonoperating revenues (expenses), net	\$ 911,588	\$ 5,847	\$ (1,844,546)	\$ (1,191,101)	\$ (1,024,176)	\$ (1,747,859)	\$ (2,250,622)	\$ (1,176,674)	\$ (1,556,927)	\$ (2,994,505)
<b>Capital contributions</b>	\$ 5,098,404	\$ 6,147,539	\$ 5,184,421	\$ 4,880,159	\$ 4,903,701	\$ 5,863,573	\$ 5,748,183	\$ 5,574,709	\$ 5,569,498	\$ 5,618,158
<b>Increase in Net Positions (2)</b>	2,059,839	1,808,697	3,386,718	5,600,101	10,710,546	6,106,159	(2,275,162)	(627,036)	2,326,701	3,278,273
<b>% Water rate increase</b>	-	(3) 10	4	6	-	-	-	(5) 15&4	-	(6) 7
<b>Number of Employees (4)</b>	258	254	241	228	228	242	235	232	228	228

(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) Total combined 10% rate increases on July 5, 2009 and March 1, 2010

(4) The number represents filled positions only

(5) Effective January 1, 2016, Watershed Management Fee was introduced resulting in average 15% increase in operating revenue.  
Additional 4% revenue increase was implemented effective on May 1, 2016.

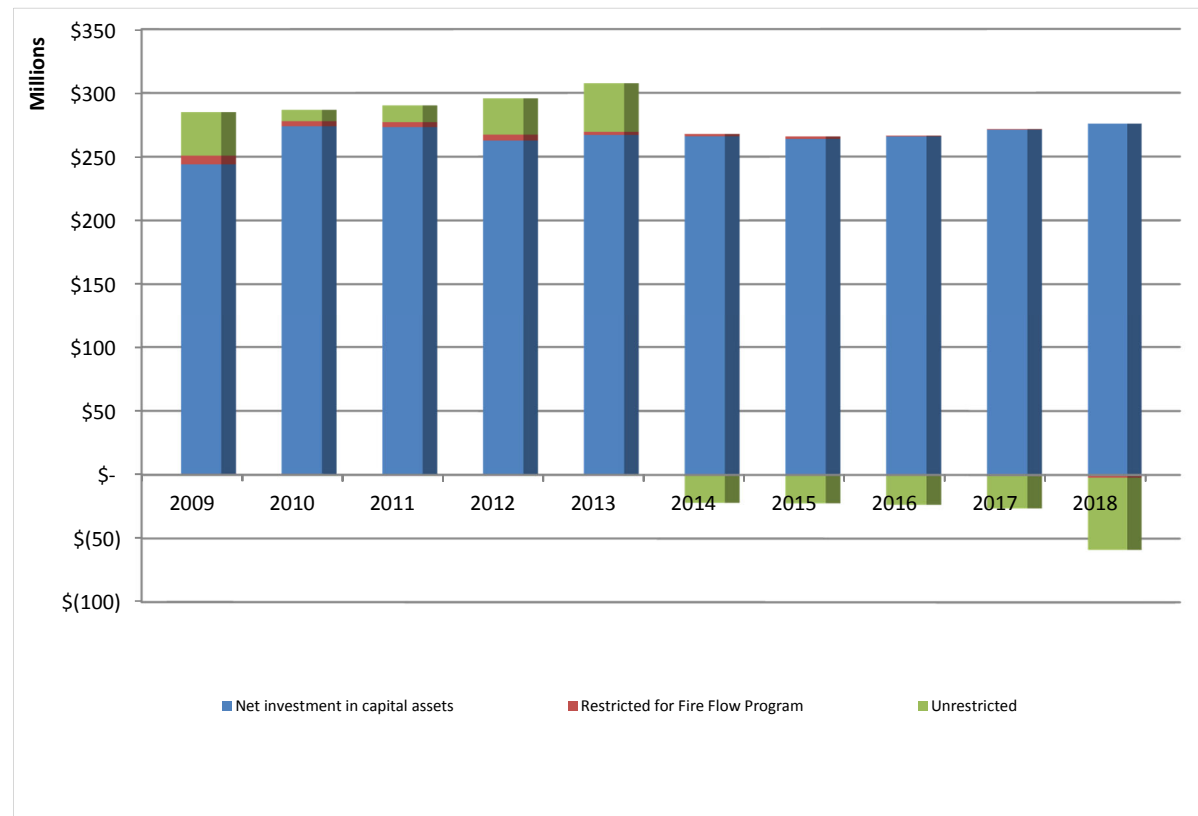
(6) 7% rate increased on July 1, 2017

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUES:</b>										
Water sales and service charges	\$ 50,802,203	\$ 50,111,192	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644
Connection charges	2,748,427	1,311,139	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336
Watershed Management Fee	-	-	-	-	-	-	-	1,244,800	3,884,640	4,259,747
Other operating revenue	999,306	1,727,948	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561
Total operating revenues	\$ 54,549,936	\$ 53,150,279	\$ 56,279,410	\$ 59,418,736	\$ 66,672,109	\$ 67,734,729	\$ 59,241,096	\$ 60,100,547	\$ 68,513,918	\$ 78,672,288
<b>OPERATING EXPENSES:</b>										
Personnel services	\$ 32,570,801	\$ 29,857,987	\$ 30,042,858	\$ 29,685,634	\$ 31,077,225	\$ 33,237,254	\$ 34,245,965	\$ 34,685,884	\$ 39,090,743	\$ 43,326,422
Materials and supplies	2,849,991	2,195,723	2,062,044	2,194,427	2,413,999	2,331,826	2,173,853	1,976,319	2,029,965	2,313,215
Operations	3,894,330	2,220,017	2,042,623	2,410,100	3,713,314	4,006,611	4,238,295	4,392,449	4,167,867	5,330,599
Water conservation rebate program	800,888	742,202	94,634	1,175	425	132,019	237,563	332,052	248,029	119,185
Electrical power	3,230,402	3,167,677	2,738,066	2,853,620	3,046,751	3,397,161	3,152,661	3,250,983	2,841,917	4,071,680
Water purchased	4,912,997	5,617,017	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603
Insurance, including claims	1,236,816	1,313,605	1,896,908	1,760,577	1,053,329	1,310,545	1,141,719	1,849,921	1,761,928	1,495,198
General and administrative	2,313,539	2,029,949	1,913,577	1,912,834	1,994,710	2,566,990	2,327,110	1,873,705	2,784,191	2,892,134
Depreciation and amortization	9,384,921	10,350,791	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,195	11,348,227	11,665,632
Research and development	-	-	-	-	-	-	-	-	-	-
Indirect costs capitalized	(2,694,596)	-	-	-	-	-	-	-	-	-
Total operating expenses	\$ 58,500,089	\$ 57,494,968	\$ 56,232,567	\$ 57,507,693	\$ 59,841,088	\$ 65,744,284	\$ 65,013,819	\$ 65,125,618	\$ 70,199,788	\$ 78,017,668
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Federal, state and other grants	\$ 1,487,759	\$ 496,263	\$ 321,968	\$ 736,079	\$ 1,113,955	\$ 1,137,330	\$ 865,443	\$ 245,335	\$ 506,886	\$ 756,220
Investment income (loss)	(560,702)	(52,176)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)
Interest income	1,380,137	440,625	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072
Other income	1,178,798	1,520,928	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370
Interest expense	(2,574,404)	(2,399,793)	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)
Total nonoperating revenues (expenses), net	\$ 911,588	\$ 5,847	\$ (1,844,546)	\$ (1,191,101)	\$ (1,024,176)	\$ (1,747,859)	\$ (2,250,622)	\$ (1,176,674)	\$ (1,556,927)	\$ (2,994,505)
<b>Capital contributions</b>	\$ 5,098,404	\$ 6,147,539	\$ 5,184,421	\$ 4,880,159	\$ 4,903,701	\$ 5,863,573	\$ 5,748,183	\$ 5,574,709	\$ 5,569,498	\$ 5,618,158
<b>Increase in Net Positions</b>	2,059,839	1,808,697	3,386,718	5,600,101	10,710,546	6,106,159	(2,275,162)	(627,036)	2,326,701	3,278,273

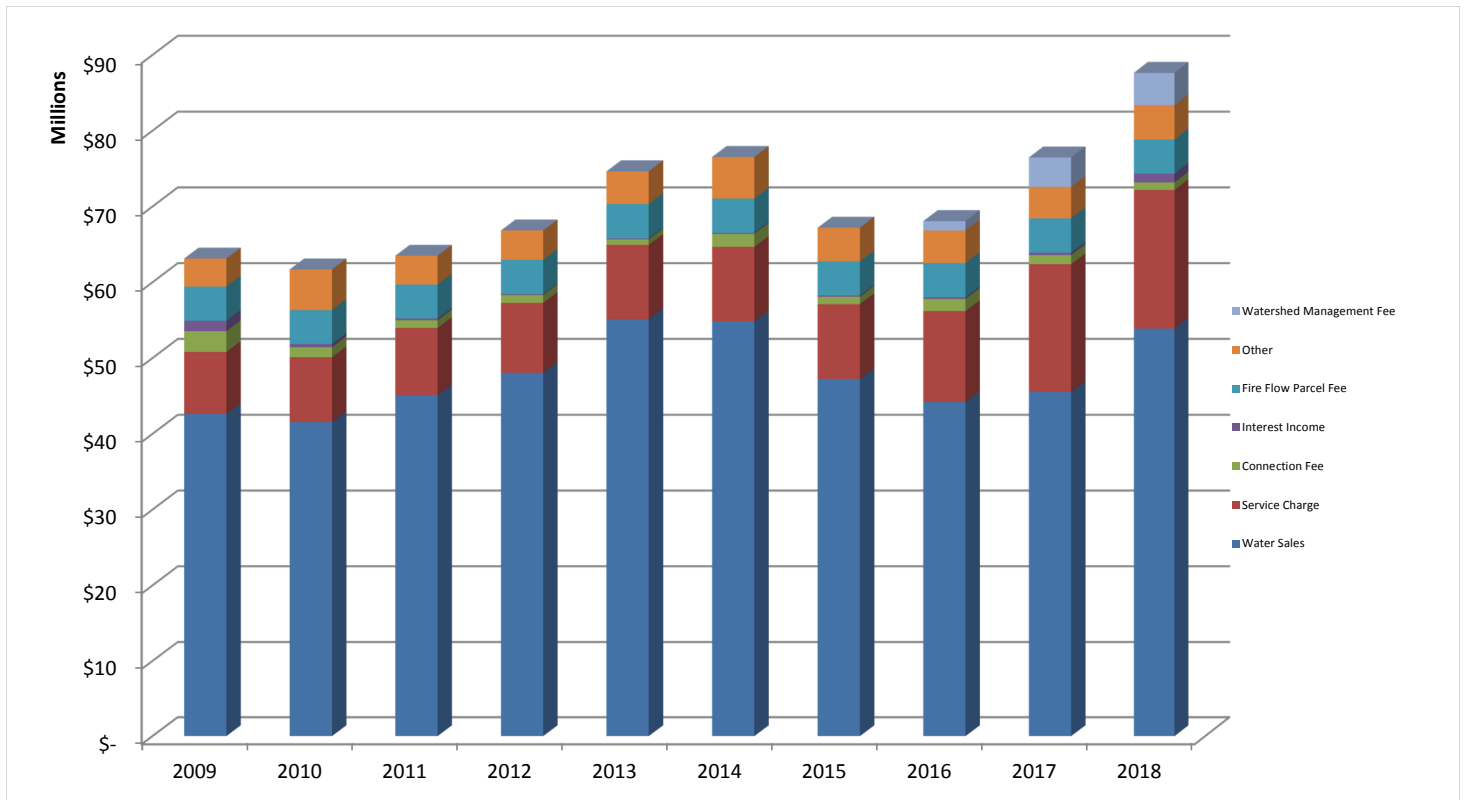
**MARIN MUNICIPAL WATER DISTRICT  
TEN YEAR SUMMARY OF NET POSITION  
Year ended June 30,**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>NET POSITION:</b>										
Net investment in capital assets	\$ 243,945,226	\$ 273,838,602	\$ 273,186,687	\$ 262,581,208	\$ 266,939,799	\$ 265,964,474	\$ 263,879,193	\$ 265,735,569	\$ 271,082,963	\$ 275,806,106
Restricted for Fire Flow Parcel Fee Program	6,845,171	3,999,728	3,855,977	4,684,736	2,483,468	1,736,460	1,939,529	656,839	426,571	(1,973,265)
Unrestricted	34,169,438	8,930,201	13,112,586	28,489,407	38,167,094	(21,740,132)	(22,133,082)	(23,333,804)	(26,124,229)	(56,721,202)
<b>TOTAL NET POSITION</b>	<b>\$ 284,959,835</b>	<b>\$ 286,768,531</b>	<b>\$ 290,155,250</b>	<b>\$ 295,755,351</b>	<b>\$ 307,590,361</b>	<b>\$ 245,960,802</b>	<b>\$ 243,685,640</b>	<b>\$ 243,058,604</b>	<b>\$ 245,385,305</b>	<b>\$ 217,111,639</b>



**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
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
2017	76,476,795	45,524,376	16,851,837	1,214,666	3,884,640	321,992	4,523,545	4,155,739
2018	87,639,692	53,888,079	18,291,565	999,336	4,259,747	1,145,072	4,518,478	4,537,415



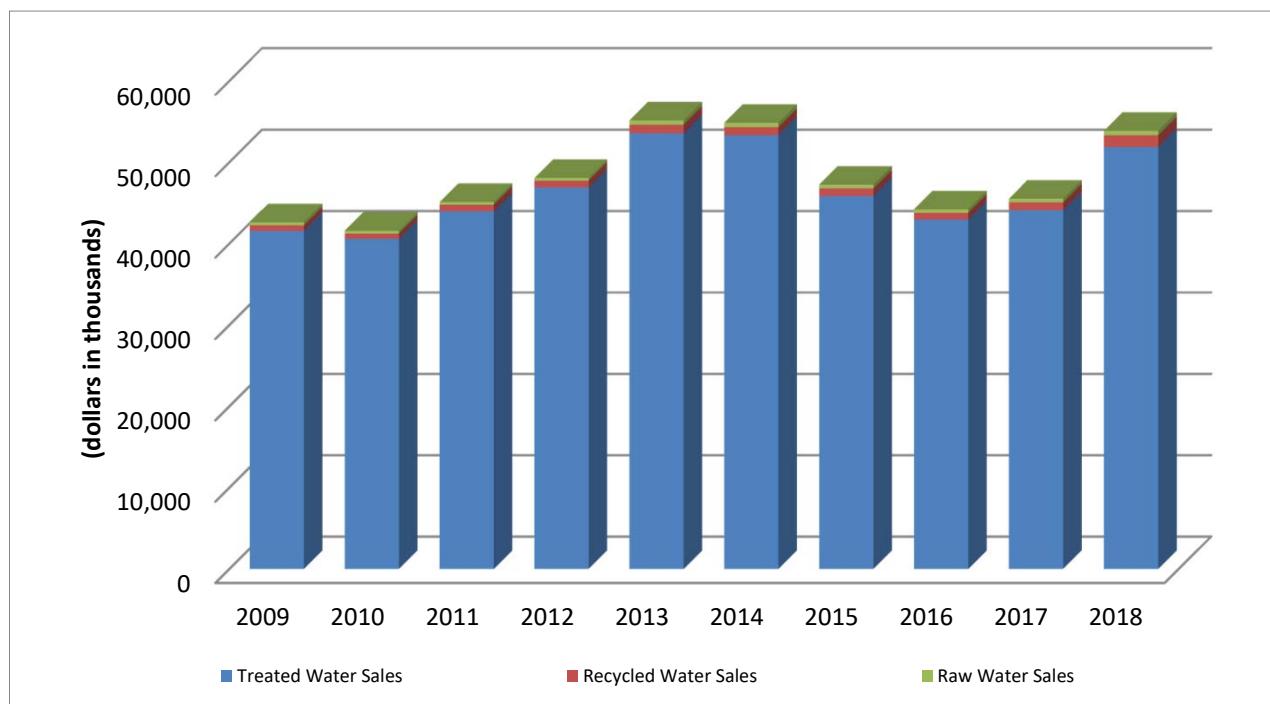
**MARIN MUNICIPAL WATER DISTRICT**  
**TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS**  
Year ended June 30,

Effective Date	FY2009 5/1/2008	FY2010 7/5/2009	FY2010 3/1/2010	FY2011 6/1/2011	FY2012 5/1/2012	FY2013 5/1/2012	FY2014 5/1/2012	FY2015 5/1/2012	FY2016 1/1/2016	FY2016 5/1/2016	FY2017 5/1/2016	FY2018 7/1/2017
<b>Single-Family Residential</b>												
Tier 1	\$ 2.81	\$ 3.04	\$ 3.39	\$ 3.53	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.81	\$ 3.96	\$ 3.96	\$ 4.07
Tier 2	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.40	6.66	6.66	7.13
Tier 3	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.96	11.40	11.40	12.07
Tier 4	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	18.85	19.60	19.60	19.45
<b>Duplex Residential</b>												
Tier 1	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.81	3.95	3.95	4.10
Tier 2	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.52	6.77	6.77	7.24
Tier 3	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.69	11.11	11.11	12.02
Tier 4	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	18.17	18.89	18.89	18.90
<b>Multi-Unit Residential</b>												
Tier 1	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.83	3.93	3.93	4.16
Tier 2	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	6.33	6.50	6.50	7.07
Tier 3	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	10.43	10.71	10.71	11.25
Tier 4	16.86	18.24	20.34	21.18	22.45	22.45	22.45	22.45	17.88	18.36	18.36	18.94
<b>Business, Institutional and Irrigation</b>												
Tier 1	2.81	3.04	3.39	3.53	3.74	3.74	3.74	3.74	3.65	3.80	3.80	3.98
Tier 2	5.62	6.08	6.78	7.06	7.48	7.48	7.48	7.48	9.37	9.75	9.75	10.82
Tier 3	11.24	12.16	13.56	14.12	14.97	14.97	14.97	14.97	14.41	14.98	14.98	16.26
<b>Single-Family Irrigation</b>												
Tier 1	-	-	-	-	-	-	-	-	5.19	5.19	5.19	5.14
Tier 2	-	-	-	-	-	-	-	-	6.82	6.82	6.82	6.15
Tier 3	-	-	-	-	-	-	-	-	10.88	10.88	10.88	10.76
<b>Raw Water</b>												
Tier 1	2.56	2.77	3.09	3.21	3.40	3.40	3.40	3.40	3.65	3.80	3.80	4.23
Tier 2	5.12	5.54	6.18	6.42	6.81	6.81	6.81	6.81	6.45	6.70	6.70	4.23
Tier 3	10.24	11.08	12.36	12.84	13.61	13.61	13.61	13.61	14.62	15.21	15.21	4.23
<b>Recycled Water</b>												
Tier 1	1.82	1.97	2.33	2.42	2.57	2.57	2.57	2.57	2.65	2.76	2.76	3.17
Tier 2	3.64	3.94	4.66	4.84	5.13	5.13	5.13	5.13	7.27	7.56	7.56	10.05
Tier 3	7.28	7.88	9.32	9.68	10.26	10.26	10.26	10.26	15.17	15.78	15.78	18.73
<b>Bimonthly Service Charges by meter size</b>												
5/8"	18.06	18.78	19.53	20.31	21.53	21.53	21.53	21.53	32.55	33.85	33.85	36.79
3/4"	19.97	20.77	21.60	22.46	23.81	23.81	23.81	23.81	41.25	42.90	42.90	46.62
1"	27.58	28.68	29.83	31.02	32.88	32.88	32.88	32.88	58.60	60.95	60.95	66.28
1.5"	46.68	48.55	50.49	52.51	55.66	55.66	55.66	55.66	101.95	106.05	106.05	115.43
2"	69.48	72.26	75.15	78.16	82.85	82.85	82.85	82.85	154.00	160.20	160.20	174.41
3"	130.42	135.64	141.07	146.71	155.51	155.51	155.51	155.51	318.85	331.70	331.70	361.18
4"	180.06	187.26	194.75	202.54	214.69	214.69	214.69	214.69	561.75	584.40	584.40	636.42
6"	388.94	404.50	420.68	437.51	463.76	463.76	463.76	463.76	1,229.70	1,279.30	1,279.30	1,393.33
8"	769.82	800.61	832.63	865.94	917.90	917.90	917.90	917.90	2,097.20	2,181.80	2,181.80	2,376.33
10"	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	3,445.30	3,752.53
<b>Bimonthly Watershed Management Fee</b>												
5/8"	-	-	-	-	-	-	-	-	8.45	8.80	8.80	9.78
3/4"	-	-	-	-	-	-	-	-	10.15	10.55	10.55	11.69
1"	-	-	-	-	-	-	-	-	13.45	14.00	14.00	15.50
1.5"	-	-	-	-	-	-	-	-	21.80	22.65	22.65	25.02
2"	-	-	-	-	-	-	-	-	31.80	33.05	33.05	36.45
3"	-	-	-	-	-	-	-	-	63.50	66.00	66.00	72.65
4"	-	-	-	-	-	-	-	-	110.15	114.60	114.60	125.99
6"	-	-	-	-	-	-	-	-	238.55	248.10	248.10	272.67
8"	-	-	-	-	-	-	-	-	405.30	421.50	421.50	463.17
10"	-	-	-	-	-	-	-	-	638.75	664.30	664.30	729.87



**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 Water Sales
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
2017		44,104		941		479		45,524
2018		51,862		1,437		551		53,850





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

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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 Mill Valley	City of Mill Valley
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	City of San Rafeal	City of San Rafeal
County of Marin	County of Marin	County of Marin	Department of Corrections	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin
Department of Corrections	Department of Corrections	Department of Corrections	Marin General Hospital	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections
Marin General Hospital	Marin General Hospital	Mcinnis Park Golf	Mcinnis Park Golf	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Marin General Hospital	Meadow Club
Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	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	National Park Service	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	Peacock Gap Holdings LLC	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	San Geronimo Golf Course	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	San Rafael School District	Tamalpais Union HS District

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Parcel fee	\$ 4,502,860	\$ 4,467,137	\$ 4,483,662	\$ 4,523,329	\$ 4,540,389	\$ 4,524,178	\$ 4,511,604	\$ 4,511,652	\$ 4,523,545	\$ 4,518,478
Interest income	37,917	19,503	18,235	15,067	9,412	3,799	5,327	3,327	2,871	380
	4,540,777	4,486,640	4,501,897	4,538,396	4,549,801	4,527,977	4,516,931	4,514,979	4,526,416	4,518,858
Expenses										
Personnel	901,327	1,067,404	1,150,107	1,037,543	1,492,017	1,244,252	1,205,830	1,461,144	1,118,720	981,018
Materials and supplies	1,001,872	598,181	574,036	468,468	1,100,296	622,091	628,747	513,669	615,591	947,442
General and administrative	7,807	42,636	2,426	3,875	4,083	2,269	4,099	6,861	3,098	3,118
Operations	98,020	87,568	85,374	85,945	131,484	107,205	43,521	107,233	79,072	90,512
Construction contracts	4,190,869	1,062,601	2,753,118	2,056,836	3,974,019	3,248,806	2,379,061	3,571,453	2,846,854	4,859,953
Professional fees	119,095	78,205	80,587	56,970	49,169	50,361	52,605	172,708	93,350	36,650
	\$ 6,318,990	\$ 2,936,594	\$ 4,645,648	\$ 3,709,637	\$ 6,751,068	\$ 5,274,984	\$ 4,313,862	\$ 5,833,068	\$ 4,756,685	\$ 6,918,694

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 Mater Plan.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating and other revenue										
Water sales, connection charges and other operating revenue	\$ 56,240,991	\$ 55,167,470	\$ 58,008,792	\$ 61,745,258	\$ 69,530,426	\$ 70,456,844	\$ 61,279,514	\$ 62,268,556	\$ 70,640,738	\$ 80,903,878
Operating expense										
Source of supply	4,912,997	5,617,017	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603
Other operating expense (1)	43,873,488	41,527,160	40,790,710	40,818,367	43,299,753	46,982,406	47,517,166	48,361,312	52,924,640	59,548,433
Total operating expense	48,786,484	47,144,177	45,751,580	46,237,599	48,905,920	54,420,146	54,237,270	54,093,422	58,851,561	66,352,036
Interest income on operating funds	1,380,137	440,625	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072
Net operating income	8,834,643	8,463,918	12,495,098	15,631,996	20,756,767	16,183,753	7,213,637	8,404,450	12,111,169	15,696,914
Transfer (to)/from Rate Stabilization Fund	-	-	-	-	(2,400,000)	(4,900,000)	1,400,000	200,000	(2,300,000)	(1,400,000)
Net income available for bonded debt service	\$ 8,834,643	\$ 8,463,918	\$ 12,495,098	\$ 15,631,996	\$ 18,356,767	\$ 11,283,753	\$ 8,613,637	\$ 8,604,445	\$ 9,811,169	\$ 14,296,914
Actual annual bonded debt service	\$ 6,808,750	\$ 6,796,675	\$ 5,675,363	\$ 5,570,990	\$ 6,585,476	\$ 7,422,090	\$ 6,755,140	\$ 6,878,665	\$ 6,483,680	\$ 9,385,045
Coverage factor	1.30	1.25	2.20	2.81	2.79	1.52	1.28	1.25	1.51	1.52

(1) Excludes depreciation, amortization, and interest expense

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

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2002 Revenue Refunding Bonds (1) 2.5% - 5.00% Maturity: Fiscal Year 2023	\$ 21,440	\$ 19,005	\$ 17,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004 Certificates of Participation (2) 2.5% - 5.25% Maturity: Fiscal Year 2030	32,105	30,145	28,110	6,760	4,865	2,935	1,915	845	-	-
Capital Lease Obligation Maturity: Fiscal Year 2010	102	-	-	-	-	-	-	-	-	-
Clean Renewable Energy Bonds Maturity: Fiscal Year 2023	1,834	1,712	1,589	1,467	1,345	1,223	1,100	978	856	734
2010 Water Revenue Bonds (3) 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	84,350	82,490
Original Bond Premium/ discount, net**	-	-	3,636	10,255	9,933	9,611	9,290	8,968	11,260	16,865
Aqueduct Energy Efficiency Project (AEEP) Maturity: Fiscal Year 2032	-	-	-	-	-	3,600	3,355	2,865	2,620	2,375
2016 Water Revenue Refunding Bonds 3.375%-5.00% Maturity: Fiscal Year 2040	-	-	-	-	-	-	-	-	31,380	31,380
Las Gallinas Valley Sanitary District-Recycled Water Buy-In 4% Maturity: Fiscal Year 2042	-	-	-	-	-	-	-	-	5,671	5,427
2017 Subordinate Revenue Bonds 2.00%-5.00% Maturity: Fiscal Year 2047	-	-	-	-	-	-	-	-	-	36,120
<b>Total</b>	<b>\$ 55,481</b>	<b>\$ 50,862</b>	<b>\$ 82,810</b>	<b>\$ 135,332</b>	<b>\$ 132,993</b>	<b>\$ 134,219</b>	<b>\$ 132,190</b>	<b>\$ 129,856</b>	<b>\$ 136,137</b>	<b>\$ 175,391</b>
Percentage of Personal Income (4)	0.27%	0.25%	0.36%	0.57%	0.53%	0.52%	0.46%	0.43%	0.42%	unavailable
Per Capita (4)	\$ 245	\$ 202	\$ 312	\$ 528	\$ 515	\$ 515	\$ 506	\$ 498	\$ 522	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) 2010 Water Revenue Bonds were fully refunded by the 2016 Water Revenue Refunding Bonds

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

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

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income(1)	Unemployment Rate (2)
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	3.40%
2016	260,651	30,222,883,000	115,952	3.30%
2017	260,955	32,502,500,000	124,552	2.90%
2018	*	*	*	2.70%

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, 2018.

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

<b>2018</b>			<b>2009</b>		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	2,400	1.76%	County of Marin	2,223	1.84%
Kaiser Permanente Medical Center	2,092	1.54%	San Quentin State Prison	1,813	1.50%
San Quentin State Prison	1,688	1.24%	Kaiser Permanente Medical Center	1,331	1.10%
Marin General Hospital	1,602	1.18%	Autodesk, Inc.	1,028	0.85%
Glassdoor	750	0.55%	Marin General Hospital	975	0.81%
Novato Unified School District	740	0.54%	Fireman's Fund Insurance Co.	947	0.78%
San Rafael City Schools	700	0.51%	Novato Unified School District	683	0.56%
Marin Community Clinics	375	0.28%	BioMarin Pharmaceutical	632	0.52%
Dominican University of California	319	0.23%	Comcast	619	0.51%
Novato Community Hospital	315	0.23%	Safeway Inc.	452	0.37%
	<u>10,981</u>	<u>8.07%</u>		<u>10,703</u>	<u>8.84%</u>
Total County Employment			Total County Employment		
		<u>136,000</u>			<u>121,100</u>

Source:

North Bay Business Journal, California State Active Employees List, Novato Unified School District, San Rafael City Schools and County of Marin Employment Development Department, Labor Market Information ([www.Labormarketinfo.edd.ca.gov](http://www.Labormarketinfo.edd.ca.gov))

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Manager Division	25	25	25	21	22	24	23	19	21	20
Legal Service Division	2	2	2	2	2	2	2	1	1	1
Finance & Administrative Service Division	23	23	34 *	33	33	37	34	33	35 *	35
Human Resources Division	7	7	6	6	6	7	7	7	7	7
Environmental & Engineering Service Division	101	98	94	90	90	92	92	92	86	92
Facilities & Watershed Division	100	99	80 *	76	75	80	77	80	78 *	73
	258	254	241	228	228	242	235	232	228	228

Note: The numbers represent filled positions only.

\* Meter operations moved from Facilities & Watershed Division to Finance Division starting in FY 2011.

\* Safety moved from Finance & Administrative Service Division to Facilities & Watershed Division in FY 2017

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

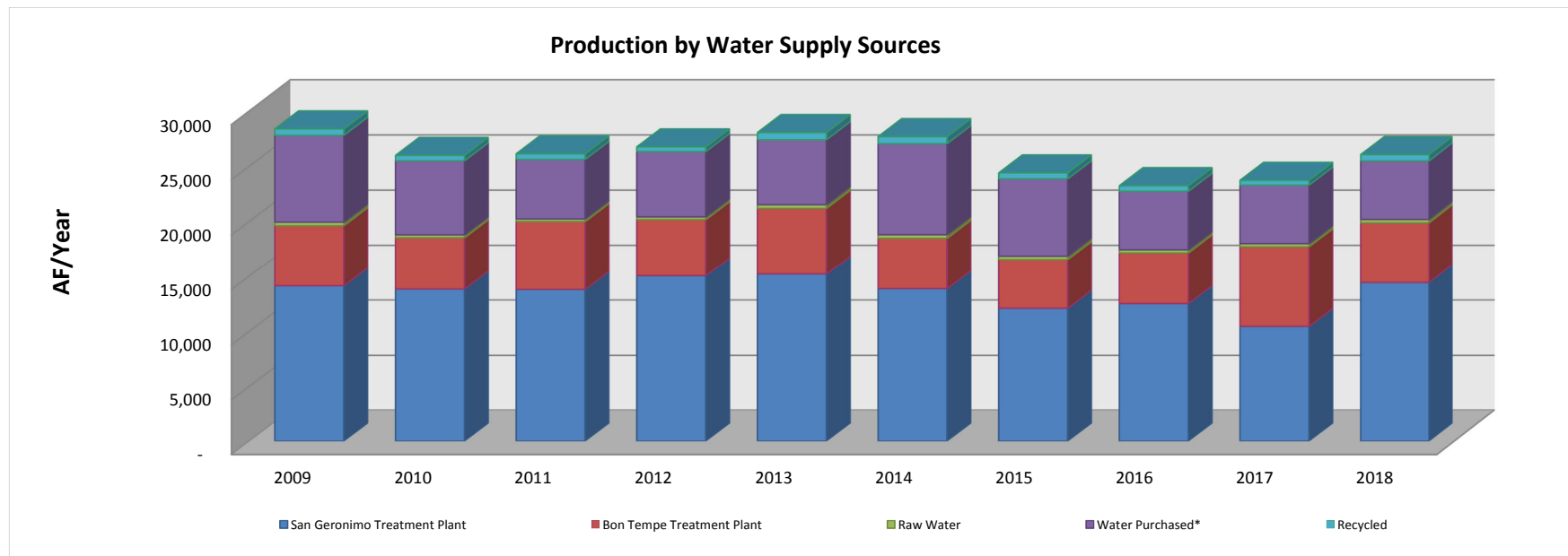
Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Rights	\$ -	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 13,273,601	\$ 13,273,601	\$ 13,273,601	\$ 19,623,196	\$ 19,623,196
Land	10,048,109	10,594,873	10,594,873	11,264,770	10,800,399	11,128,405	11,129,340	11,465,962	11,539,660	12,675,559
Buildings	17,165,185	19,516,014	20,664,817	21,211,552	21,756,787	21,999,810	23,184,242	23,435,207	23,435,207	23,437,365
Dams and reservoirs	85,269,192	88,938,115	91,135,326	92,173,162	96,928,260	98,099,616	108,899,065	110,266,491	111,878,050	114,482,162
Pumping plants	22,396,751	23,409,848	24,481,281	27,442,607	30,306,613	32,430,877	32,938,312	33,424,128	33,789,710	33,793,514
Water treatment plants	35,086,377	36,468,376	40,129,254	41,875,744	42,601,382	42,937,155	46,490,317	46,916,968	46,997,576	47,028,515
Transmission and distribution line:	224,562,490	234,340,618	244,575,629	253,902,748	266,691,468	279,241,492	296,140,918	302,385,765	316,617,744	320,953,556
Vehicles	6,813,743	6,767,908	6,761,371	6,781,324	7,100,593	7,123,916	7,515,628	7,755,984	8,114,715	8,176,287
Equipment	21,417,674	21,801,734	21,928,113	21,992,937	22,458,489	21,217,373	21,154,243	21,675,862	22,292,032	23,356,824
Construction in Progress	20,694,560	23,805,971	25,039,690	24,437,387	25,879,384	25,942,572	16,393,442	27,133,846	34,538,754	51,212,783
Total Plant-In-Service	443,454,081	474,837,058	494,503,955	510,275,832	533,716,976	553,394,817	577,119,108	597,733,814	628,826,644	654,739,761
Less Accumulated Depreciation	(144,173,245)	(156,641,467)	(166,909,603)	(177,236,557)	(187,872,490)	(195,074,858)	(204,401,491)	(214,197,589)	(225,082,786)	(235,908,831)
<b>Net Utility Plant</b>	<b>\$ 299,280,836</b>	<b>\$ 318,195,591</b>	<b>\$ 327,594,352</b>	<b>\$ 333,039,275</b>	<b>\$ 345,844,486</b>	<b>\$ 358,319,959</b>	<b>\$ 372,717,617</b>	<b>\$ 383,536,225</b>	<b>\$ 403,743,858</b>	<b>\$ 418,830,930</b>



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

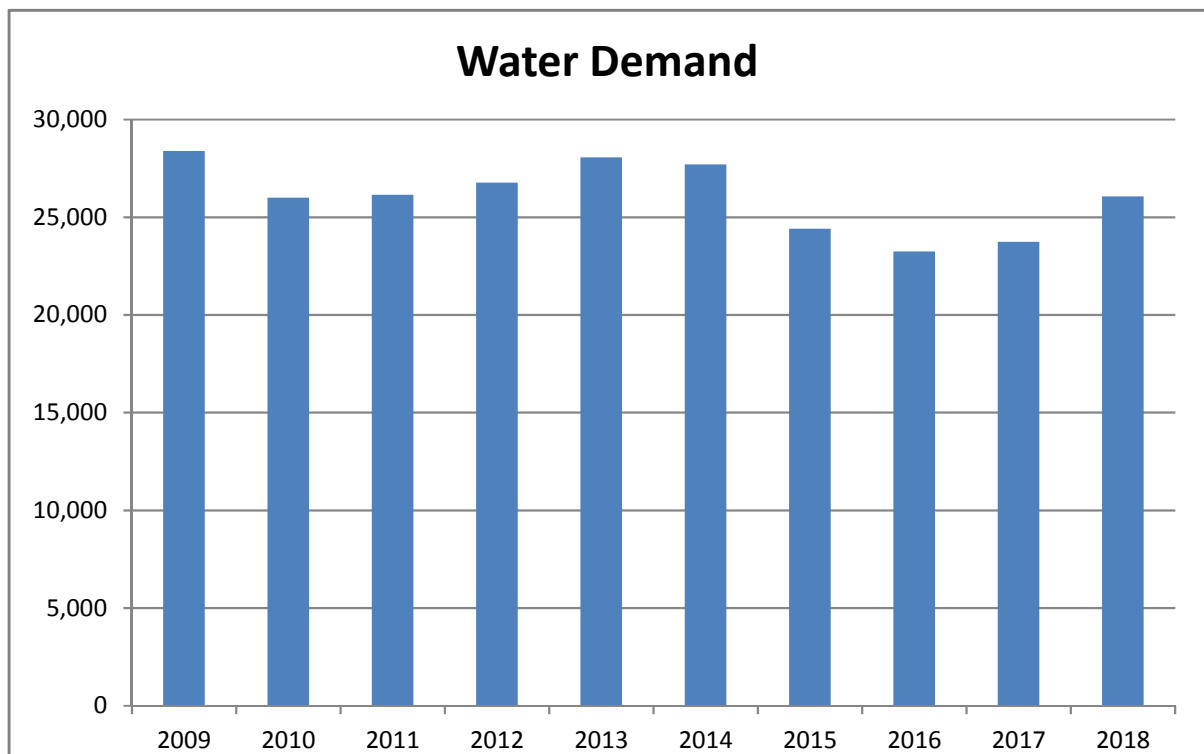
Fiscal Year	San Geronimo Treatment Plant	Bon Tempe Treatment Plant	Raw Water	Water Purchased*	Recycled	TOTAL (Acre Foot)	CHANGE	PERCENT	POPULATION	Gallons per capita per day
2009	14,126	5,494	332	7,855	579	28,385	(1,957)	-6.5%	185,000	137.0
2010	13,837	4,692	267	6,702	489	25,988	(2,397)	-8.4%	184,750	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%	189,400	109.6
2017	10,454	7,254	289	5,299	441	23,737	489	2.1%	190,300	111.4
2018	14,427	5,449	313	5,299	573	26,061	2,324	9.8%	190,800	121.9
Total:	135,365	53,888	3,001	62,848	5,364	260,467	-	-	-	-
10-YEAR AVERAGE (2009-18)										
	13,537	5,389	300	6,407	536	26,047	-	-	-	-

\* Purchased water from Sonoma County Water Agency



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

<b>Fiscal Year</b>	<b>Total Water Supply (AF)</b>	<b>Million Gallons Per Day (MGD)</b>
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
2017	23,737.00	21.19
2018	26,061.00	23.27



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Service Area</i>										
Square miles	147	147	147	147	147	147	147	147	147	147
Population	185,000	184,750	185,500	186,200	186,900	187,500	187,500	189,400	190,300	190,800
<i>Water Supply</i>										
Watershed lands (acres)	21,250	21,250	21,250	21,250	21,635	21,600	21,600	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	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927	25,927
Average yearly rainfall in inches at Lagunitas Lake	52	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	61,400	61,400	61,400	61,400	61,400	61,400
In millions of gallons	20,012	20,012	20,012	20,012	20,000	20,000	20,000	20,000	20,000	20,000
Water imported from Russian River (average annual, acre feet)	7,300	7,300	7,700	7,700	7,400	7,000	7,000	6,200	6,500	6,200
Operational yield (acre feet) *	28,400	28,400	28,500	28,500	28,500	28,500	28,500	29,000	29,000	29,000
<i>Water Use</i>										
Service connections (active)	60,940	61,061	61,266	61,266	61,391	61,675	61,675	61,800	61,800	61,900
Residential	55,225	55,015	55,769	55,769	55,166	55,402	55,402	55,600	55,700	55,800
Other	5,715	6,046	5,497	5,497	6,225	6,273	6,273	6,200	6,100	6,100
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	29,750	29,302	29,200	29,200	28,009	27,560	27,560	25,730	25,600	25,200
In millions of gallons	9,694	9,548	9,500	9,500	9,127	8,980	8,980	8,380	8,341	8,200
<i>Facilities</i>										
Miles of pipeline	941	889	889	889	888	888	887	886	887	887
Number of storage tanks	139	124	124	124	125	125	125	125	125	125
Total tank storage capacity (millions of gallons)	83	82	82	82	82	82	82	82	82	82
Number of pump stations	95	90	90	90	90	95	95	94	94	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	71	71	71
Average daily treatment plant production (millions of gallons)	25	25	25	25	25	25	25	25	21	21
<i>Recycled Water Facilities</i>										
Miles of pipeline	25	24	24	24	24	24	24	24	24	24
Number of storage tanks	5	3	3	3	3	3	3	3	3	3
Total tank storage capacity (millions of gallons)	1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Number of pump stations	4	5	5	5	5	5	5	3	3	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.