



Posting Date: 02-22-2021

NOTICE OF MEETING

FINANCE & ADMINISTRATION COMMITTEE/BOARD OF DIRECTORS (FINANCE & ADMINISTRATION)

MEETING DATE: 02-25-2021

TIME: 9:30 a.m.

LOCATION: This meeting will be held virtually, pursuant to the Governor's Executive Order N-29-20.

To participate online, go to <https://zoom.us/j/96507145196>. You can also participate by phone by calling 1-669-900-6833 and entering the webinar ID#: 965 0714 5196.

PARTICIPATION DURING MEETINGS: During the public comment periods, the public may comment by clicking the "raise hand" button on the bottom of the Zoom screen; if you are joining by phone and would like to comment, press *9 and we will call on you as appropriate.

EMAILED PUBLIC COMMENTS: You may submit your comments in advance of the meeting by emailing them to BoardComment@MarinWater.org. All emailed comments received by 7:30 a.m. on the day of the meeting will be provided to the Board of Directors prior to the meeting. Those emailed comments on approval items received by 7:30 a.m. will also be summarized by the board secretary at the board meeting. All emails will be posted on our website. (Please do not include personal information in your comment that you do not want published on our website such as phone numbers and home addresses.)

AGENDA ITEMS	RECOMMENDATIONS
Call to Order and Roll Call	
Adopt Agenda	<i>Approve</i>
Public Comment <i>Members of the public may comment on any items not listed on the agenda during this time. Comments will be limited to three minutes per speaker, and time limits may be reduced by the Committee Chair to accommodate the number of speakers and ensure that the meeting is conducted in an efficient manner.</i>	

MARIN WATER BOARD OF DIRECTORS: LARRY BRAGMAN, JACK GIBSON, CYNTHIA KOEHLER, LARRY RUSSELL AND MONTY SCHMITT

AGENDA ITEMS	RECOMMENDATIONS
Calendar	
1. Minutes of the Finance & Administration Committee/Board of Directors (Finance & Administration) Meeting of January 28, 2021	<i>Approve</i>
2. Comprehensive Annual Financial Report (CAFR) and Auditor's Memorandum on Internal Control and Required Communications for the Fiscal Year Ended June 30, 2020	<i>Information</i>
3. Monthly Financial Update – January 2021	<i>Information</i>
4. Monthly Investment Report – January 2021	<i>Information</i>
5. Amendment to Board Policy No. 33 Investment Policy	<i>Review and Refer for Board Approval</i>
6. Report on Capital Maintenance Fee (CMF) for the period of July 1, 2019 to December 31, 2020	<i>Information</i>
7. Repeal of Specified Board Policies and District Code Provisions Contained in the Board Handbook	<i>Review and Refer for Board Approval</i>
Adjournment	

ADA NOTICE AND HEARING IMPAIRED PROVISIONS:

In accordance with the Americans with Disabilities Act (ADA) and California Law, it is Marin Water's policy to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodations, please contact Board Secretary Terrie Gillen at 415.945.1448, at least two days in advance of the meeting. Advance notification will enable the Marin Water to make reasonable arrangements to ensure accessibility.

INFORMATION PACKETS ARE AVAILABLE FOR REVIEW AT THE CIVIC CENTER LIBRARY, CORTE MADERA LIBRARY, FAIRFAX LIBRARY, MILL VALLEY LIBRARY, MARIN WATER OFFICE, AND ON THE MARIN WATER WEBSITE (MARINWATER.ORG)

FUTURE BOARD MEETINGS:

- ❖ Tuesday, March 2, 2021
Board of Directors' Regular Meeting
7:30 p.m.



Board Secretary



Item Number: 01
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Approval Item

TITLE

Minutes of the Finance & Administration Committee/Board of Directors (Finance & Administration) Meeting of January 28, 2021

RECOMMENDATION

Approve the adoption of the minutes.

SUMMARY

On January 28, 2021, the Finance & Administration Committee/Board of Directors (Finance & Administration) held its monthly meeting. The minutes of that meeting are attached.

DISCUSSION

None

FISCAL IMPACT

None

ATTACHMENT(S)

1. Minutes of January 28, 2021, Meeting of the Finance & Administration Committee/Board of Directors (Finance & Administration)

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Communications & Public Affairs Department	 Terrie Gillen Board Secretary	 Ben Horenstein General Manager

**MARIN MUNICIPAL WATER DISTRICT
FINANCE & ADMINISTRATION COMMITTEE /BOARD OF DIRECTORS (FINANCE &
ADMINISTRATION) MEETING**

MINUTES

Thursday, January 28, 2021

Via teleconference

(In accordance with Governor Gavin Newsom's Executive Order N-29-20)

DIRECTORS PRESENT: Larry Bragman, John C. Gibson, Larry L. Russell, and Cynthia Koehler

DIRECTORS ABSENT: Monty Schmitt

CALL TO ORDER: Chair Koehler called the meeting to order at 9:30 a.m.

ADOPT AGENDA:

On motion made by Director Gibson and seconded by Director Russell, the board approved the adoption of the agenda by the following roll call vote:

Ayes: Directors Bragman, Gibson, Russell, and Koehler

Noes: None

Absent: Director Schmitt

PUBLIC COMMENT:

There were no public comments.

CALENDAR ITEMS:

**ITEM 1. MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE /BOARD OF DIRECTORS
(FINANCE & ADMINISTRATION) MEETING OF DECEMBER 17, 2020**

On motion made by Director Bragman and seconded by Director Russell, the board approved the minutes by the following roll call vote:

Ayes: Directors Bragman, Gibson, Russell, and Koehler

Noes: None

Absent: Director Schmitt

ITEM 2. CUSTOMER BILLING STATUS UPDATE

Communications and Public Affairs Director Jeanne Mariani-Belding, Finance Director Charles McBride, and Consultant Dr. Cait Lamberton, with The Wharton School, made presentations to the board. Discussion ensued.

There was no public comment.

The board took no formal action.

ITEM 3. MONTHLY FINANCIAL PLAN UPDATE – DECEMBER 2020

Finance Director McBride brought this item forward. Discussion followed.

There was no public comment. The board took no formal action.

ITEM 4. MONTHLY INVESTMENT REPORT – DECEMBER 2020

Mr. McBride also presented this item. Discussion ensued.

There was no public comment.

The board took no formal action.

ADJOURNMENT

There being no further business, the Finance Committee/Board of Directors (Finance) meeting adjourned at 10:54 a.m.

Board Secretary



Item Number: 02
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/Board of Directors (Finance & Administration)

FROM: Charles McBride, Finance Director

THROUGH: Ben Horenstein, General Manager

DIVISION NAME: Administrative Services Division

ITEM: Comprehensive Annual Financial Report and Auditor's Memorandum on Internal Control and Required Communications for the Fiscal Year Ended June 30, 2020

SUMMARY

Attached is the Comprehensive Annual Financial Report (CAFR), and Auditor's Memorandum on Internal Control and Required Communication with Management and Board of Directors for the fiscal year ended June 30, 2020. The CAFR includes the audited financial statements which are provided in accordance with state law requiring local agencies to have an annual audit performed by a qualified independent certified public accountant. The District received an unqualified opinion from Maze & Associates for the year ended June 30, 2020 for the CAFR.

DISCUSSION

Comprehensive Annual Financial Report (CAFR)

The audit of the CAFR was performed in accordance with generally accepted auditing standards and included tests necessary for the auditors to form an opinion regarding the district's financial statements. This report is also provided in accordance with state law which requires local agencies to have an annual audit performed by a qualified, independent, certified public accountant. The district received an unqualified opinion from Maze & Associates as the statements fairly present the financial condition and results of the operations of the district as of June 30, 2020.

The CAFR includes the Governmental Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting Program for the CAFR for the year ended June 30, 2019. This was the sixth consecutive year that the District has achieved this prestigious award. The recently completed FY2020 CAFR was just submitted for review for the Certificate of Achievement for Excellence in Financial Reporting Program.

Auditor's Memorandum on Internal Control and Required Communication with Management and the Board of Directors

The Auditor's Memorandum on Internal Control and Required Communication with Management and the Board of Directors for the year ended June 30, 2020 is attached. The communication identifies that there were no audit findings or matters to note in completion of the audit.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020
2. Memorandum on Internal Control and Required Communications for the year ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended June 30, 2020 and 2019



MARIN WATER

220 Nellen Avenue, Corte Madera, CA 94925

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Corte Madera, California

**Comprehensive Annual
Financial Report
for the years ended
June 30, 2020 and 2019**

Prepared by Finance Division

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**MARIN MUNICIPAL WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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INTRODUCTORY SECTION



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January 26, 2021

Dear Board President and Members of the Board of Directors:

Please find this submittal of the Comprehensive Annual Financial Report (CAFR) of the Marin Municipal Water District (District) for the fiscal years ended June 30, 2020 and June 30, 2019. Since incorporation, the District has submitted an annual audited financial report to the Board of Directors (Board), the public and other interested parties in accordance with California Government Code section 25253. The CAFR provides 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 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. The CAFR 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 designed both to protect the District's assets from loss, theft, or misuse, and to compile sufficient and reliable information in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance 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 Maze & Associates, a public accounting firm licensed and qualified to perform audits of local governments within the State of California. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal years ended June 30, 2020 and June 30, 2019, 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 management to 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.

Profile of the District

On April 25, 1912, the District received its charter as the first municipal water District in California. Before that, water in central and southern Marin was provided by a number of small, private companies, many of them subsidiaries of real estate developers. To ensure a reliable water supply, the citizens of Marin came together to create a publicly owned and managed water system. Over the years, our customer base has expanded through the acquisition of 26 small, private water companies. Today, the District provides high-quality drinking water to 195,880 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 1.8 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, it operates as a separate local government agency that has no reporting responsibilities to either cities within or Marin County itself. Our five-member Board of Directors governs the District, 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 25,060 acre-feet over the last five fiscal



years, the District maintains 883 miles of pipeline for potable water and 24 miles of pipeline for recycled water, three treatment plants, 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, 124 storage tanks, 94 pumping stations, and over 61,900 service connections. Five of the seven 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 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 (SGTP), 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 system. San Geronimo and Bon Tempe Plants, with 35 million gallons per day (mgd) and 20 mgd maximum capacity, respectively, treat water originating from the 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.

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 2020. 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. 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 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 watershed lands is more than 75,000 acre-feet.

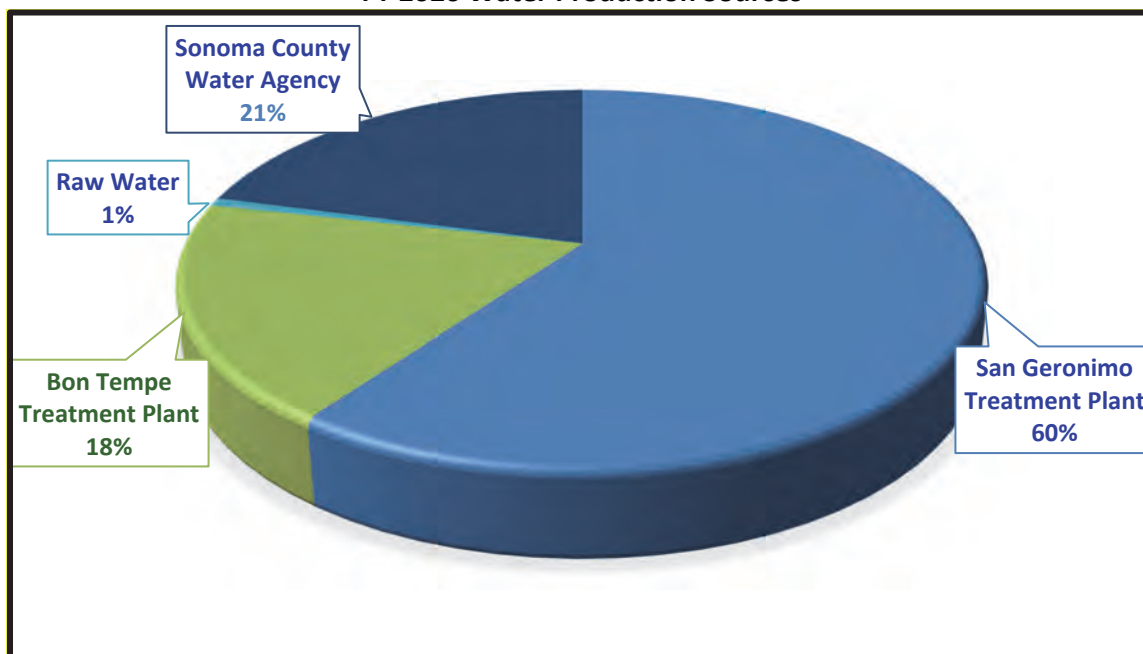
However, year-to-year net runoff figures vary significantly from a high net runoff in 1982/83 of approximately 213,000 acre-feet to a low of approximately 3,000 acre-feet in 1976/77. Today, about 75% of the potable water used by customers comes from the local reservoir system.



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 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 us to take delivery of up to 14,300 acre-feet of water per year. During the fiscal year 2020, the District produced 27,010 acre-feet of water for its customers, including 5,626 acre-feet of water imported from SCWA.

FY 2020 Water Production Sources



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 2.0% in October 2019, which continues to be lower than the State's rate of 3.7%. Of all 58 California counties, Marin County has the second lowest rate of unemployment after San Mateo. This is indicative of the strong local economic activity. Marin County's per capita income realized an annual increase of 4.2 percent from 2018 to 2019, reaching \$141,175, the highest in California. As a comparison, national per capital income reached \$56,490 in 2019. Housing prices in Marin County indicate continued strength. According to Zillow, median single-family home prices within Marin County were stable at \$1.45 million in June 2020, compared to \$1.42 million in June 2019.



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 2019, the reservoir levels were at 79.56% of capacity from the continued water conservation by customers and the winter rainfall events. Due to the shelter-in-place orders related to COVID and a relatively dry year, the water demand has increased to 27,010 acre-feet in the fiscal year ended June 30, 2020, a seven percent increase over the previous fiscal year, which ended with 25,244 acre-feet of gross water sales. 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.

For the fiscal year ended June 30, 2020, water sales increased by \$5 million, or 7% to \$76.5 million from \$71.5 million in the prior year; this increase was due to a 4 percent rate increase and increased demand. The debt coverage ratio for the fiscal year ended June 30, 2020 was 2.1x, which is an increase over the ratio for the year ended June 30, 2019 of 1.39x. The Rate Stabilization Fund maintains a healthy balance of \$9.4 million as of June 30, 2020.

Long-Term Financial Planning



Consistent with Government Finance Officers Association (GFOA) recommendations, the District adopted a five-year strategic plan in 2014 and is in process of developing next five-year strategic plan that addresses challenges the District will face in the next five years, and make the best of future opportunities for the benefit of our customers. The plan will confirm our mission and goals as a public agency dedicated to high quality water delivery and service. It will establish approaches for the preservation of our precious resources for future generations utilizing the principles of sustainability and prudent fiscal practices. It will also outline 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 a long-term financial plan.

Vision Statement

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

Mission Statement

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

Values

The District 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 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 the 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 District’s goals.



FINANCIAL POLICIES

Budgetary Controls

The 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 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 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 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 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 existing debt, we are required to meet an annual debt service ratio of 1.25x annual debt service. The Rate Stabilization Fund balance is \$9.4 million as of the fiscal year ended June 30, 2020.

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 for any other lawful purpose. Establishing this Pension Reserve Fund would enable the District to offset unexpected fluctuations in the 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 our 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.

The 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 debt will generally be issued with call provisions which enable the retirement of debt earlier or enable the refunding of the debt prior to maturity. The District may consider non-call debt when warranted by market conditions and opportunities. For each transaction, we will evaluate the efficiency of call provision 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 December 17, 2019, the Board directed staff to pursue the refunding of the District, Series 2012 (2012 Bonds) as interest rates were historically low and significant cash flow savings were projected on the refunding. The 2012 Bonds were issued in an amount of \$85,000,000. An advanced refunding of these bonds was approved by the Board in 2019 and the bond issue will be called in 2022 for a net present value (NPV) savings of over 14 percent.

The District has covenanted in the 2012 Bond Issue the Rate Stabilization Fund. It allows the deposit of gross revenues from one fiscal year to 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.

Budget

The District adopts biennial budgets and employs long-term planning as the framework for 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 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 bi-annual budget for fiscal years 2019-20 and 2020-21 was adopted on June 18, 2019 and supports the mission, value, goals, and objectives of the strategic plan. The total budget for fiscal year 2010-21 is \$107.9 million, with an operating budget of \$86.2 million and a capital improvement program (CIP) budget of \$21.7 million. The capital budget was decreased to \$21.6 million for fiscal year 2019-20 from \$34.2 million in fiscal year 2018-19, as the District shifted to “Pay-Go” funding of the capital improvement projects without escalating debt. The newly adopted Capital Maintenance Fee (CMF) will generate the needed funding to support capital improvement program.



MAJOR INITIATIVES

The District retained Raftelis Financial Consultants, Inc. to update the 2017 Cost of Service Analysis Study and to review the current rate structure and revenue requirements to determine rates that are in line with the policy objectives. The report, Water Financial Plan and Rates: Update to the May 2017 Cost of Service Analysis Study was to ensure that all rates, charges, and fees are reflective of the costs to provide that service. The main objectives of the updated 2019 COSA include:

- Ensure revenue sufficiency to fund operating and maintenance (O&M) costs and reserve requirements
- Determine a separate capital maintenance fee (CMF) to fully fund capital improvement plan (CIP) costs
- Maintain the current tiers to minimize customer impacts
- Develop rates that are fair and equitable to customers



Based on that evaluation, the Board determined that rate increases were necessary to recover current and projected costs and adopted four-year rate increases on May 28, 2019. The new rates, fees and charges went into effective July 1, 2019, and each July 1 thereafter through go into effective July 1, 2020, 2021 and 2022. The new rates will result in overall annual 4% revenue increases. The increases will allow us to recover the District's costs and to continue to provide safe, reliable drinking water to customers, avoid budget deficits and continue to invest in infrastructure and maintain high service levels. In order to alleviate financial strain on customers caused by the COVID-19 pandemic, the Board deferred the implementation of the July 1, 2020 rate increase until April 1, 2021.

In addition to the increases to the existing rates, the District created the new Capital Maintenance Fee (CMF) based on the size of the meter servicing the property. Using meter size to apportion costs is an accepted industry standard for infrastructure-related fees. This is important because water systems are sized based on potential demand, not current usage. Usage is variable, but potential demand is not. The CMF will annually provide \$16.5 million (2019 dollars) to directly support the \$241 million (\$208 million in 2019) in planned capital improvements over the next ten years, including fire reduction efforts on the watershed.

Historically, capital project costs have been recovered through the District's water rates by financing through issuance of revenue bonds. The CMF will unbundle the capital costs from the water rates, which will now represent the O&M costs of the water system. The CMF may also be used to fund existing or future debt service payments if necessary.

The CMF will be effective July 1, 2019. Each July 1 thereafter through and including July 1, 2023, the CMF may automatically be increased or decreased to keep pace with inflation. The annual increases/decreases will be benchmarked to the industry standard Engineering News-Record (ENR) Construction Cost Index.



The Capital Improvement Program (CIP) consists of the Two-year and the Ten-year Capital Improvement Program Budget. The Ten-year CIP guides long-range policy, prioritizes and schedules capital projects for the ten year period, and establishes a basis for generating the financial resources to complete these capital projects. By adopting the Two-Year CIP Budget, the Board authorizes the initiation of project expenditures after clarifying all finances are available to sanction spending over these immediate fiscal years.

- **Asset Management Program:** This program annually funds the development and implementation projects supporting efforts associated with the condition assessment program. It also drives the decision-making process behind the capital program, and will include software solutions and integrations with current IT infrastructure environments, such as GIS and SAP.
- **Watershed Program:** The District owns and manages over 18,000 acres of land along the wildland and urban interface. From a water supply and fire protection perspective these lands represent a significant holding of natural capital that provides direct and indirect services to adjacent communities and water supply operations. The Mt. Tamalpais watershed's location, topography and flora and fauna all combine to provide water capture, filtration, run-off, and storage that are essential to the water system. The management of vegetation assemblages is a key component of this natural capital as it mitigates the potential for catastrophic fire that could impair water quality and/or destroy adjacent communities. The Natural Capital and Green Infrastructure program acknowledges the importance of investing in natural capital to support ecosystem services and includes \$1,000,000 per year to address fire and fuels management across our lands. Additional projects included in this program include the habitat restoration planning along Lagunitas Creek and the restoration of serpentine soils and vegetation assemblages on Azalea Hill. In addition, in response to the increased risk of wildfire due to the climate change, the District added additional funding of \$1.0 to the bi-annual budget for FY2020 and FY2021 to vegetation management effort.

- **Split Funding Program:** Watershed management and restoration goals of the District frequently align with state and federal agencies dedicated to endangered species protection, water quality improvements, and catastrophic fire mitigation. The Split-Funding program includes projects and programs that are partially funded by outside agencies and the District through executed grant agreements. The primary split-funding project in the 2-year CIP is the Lagunitas Creek Winter Habitat and Floodplain Enhancement project, which will be completed in FY20. The total FY20 project cost of \$1,548,000 is being funded with \$960,000 of funds and \$588,000 from three separate grant agreements.

- **Treatment Plants Upgrade Program:** The three water treatment facilities are an essential element in providing high-quality water for our customers. The oldest facility is the Bon

Tempe Water Treatment Plant, constructed in the 1950s. This plant annually provides about 25% of the potable water supply and has a maximum short term capacity of 20 million gallons per day (mgd). The largest facility is the San Geronimo Water Treatment Plant, originally constructed in 1962, and upgraded



in 1972. This facility is located in the San Geronimo Valley, has a maximum short term capacity of 35 mgd, and annually provides over 50 percent of the potable water supply. The District continues to invest in upgrading these vital facilities.

In light of recent wildfire disasters in Northern California, Pacific Gas & Electric Co. (PG&E) has put customers on notice that in the event of a major storm event, PG&E may preemptively shutoff power to sections of their power grid in an effort to prevent wildfire. SGTP does not have an emergency power source, and a prolonged outage of power to the plant could result in the District being unable to meet drinking water demand. In response to the potential power outage, the District is actively pursuing a project to install a permanent 3 MW emergency generator at the SGTP, that will be operational in summer 2021.

- **Storage Tanks Replacement and Improvement Program:** District has 128 tanks storing the daily water needs of the customers. They contain approximately 82 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 differing maintenance

and capital investment. There are eight riveted steel tanks which date before 1930. Most of the tanks are of welded steel construction. In the past 10 years, the Capital Program has aggressively replaced redwood tanks which are nearing the end of their useful life.

- Pipelines Program: The District has approximately 900 miles of buried water distribution pipelines. Replacement of worn and/or undersized pipe is accomplished through the District's Fireflow Improvement Program and its Capital Improvement Program. These two programs support annual replacement of approximately 5 to 7 miles of pipe.

AWARDS AND ACKNOWLEDGEMENTS

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Marin Municipal Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the fifth consecutive year that the District 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 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 Maze and Associates. 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,



Ben Horenstein
General Manager



Chuck McBride
Finance Director/Treasurer

BOARD COMMITTEES AND OTHER ASSIGNMENTS FOR 2020

STANDING BOARD COMMITTEES

DISTRICT OPERATIONS

Larry Russell, Chair

WATERSHED

Larry Bragman, Chair

FINANCE

Cynthia Koehler, Chair

Jack Gibson, Vice-Chair

COMMUNICATIONS

Cynthia Koehler, Chair

Jack Gibson, Vice Chair

STAFF LIAISON

Mike Ban

Crystal Yezman

Charles McBride

Jeanne Mariani-Belding

OTHER ASSIGNMENTS

Technical Advisory Committee - Lagunitas Creek

Larry Bragman

Cynthia Koehler, Alternate

Gregory Andrew

North Bay Watershed Association

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

Sonoma County Water Agency,

Water Advisory Committee (WAC)

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

North Bay Water Reuse Authority

Jack Gibson

Larry Russell, Alternate

Ben Horenstein

Las Gallinas Recycled Water Ad Hoc Committee

Jack Gibson

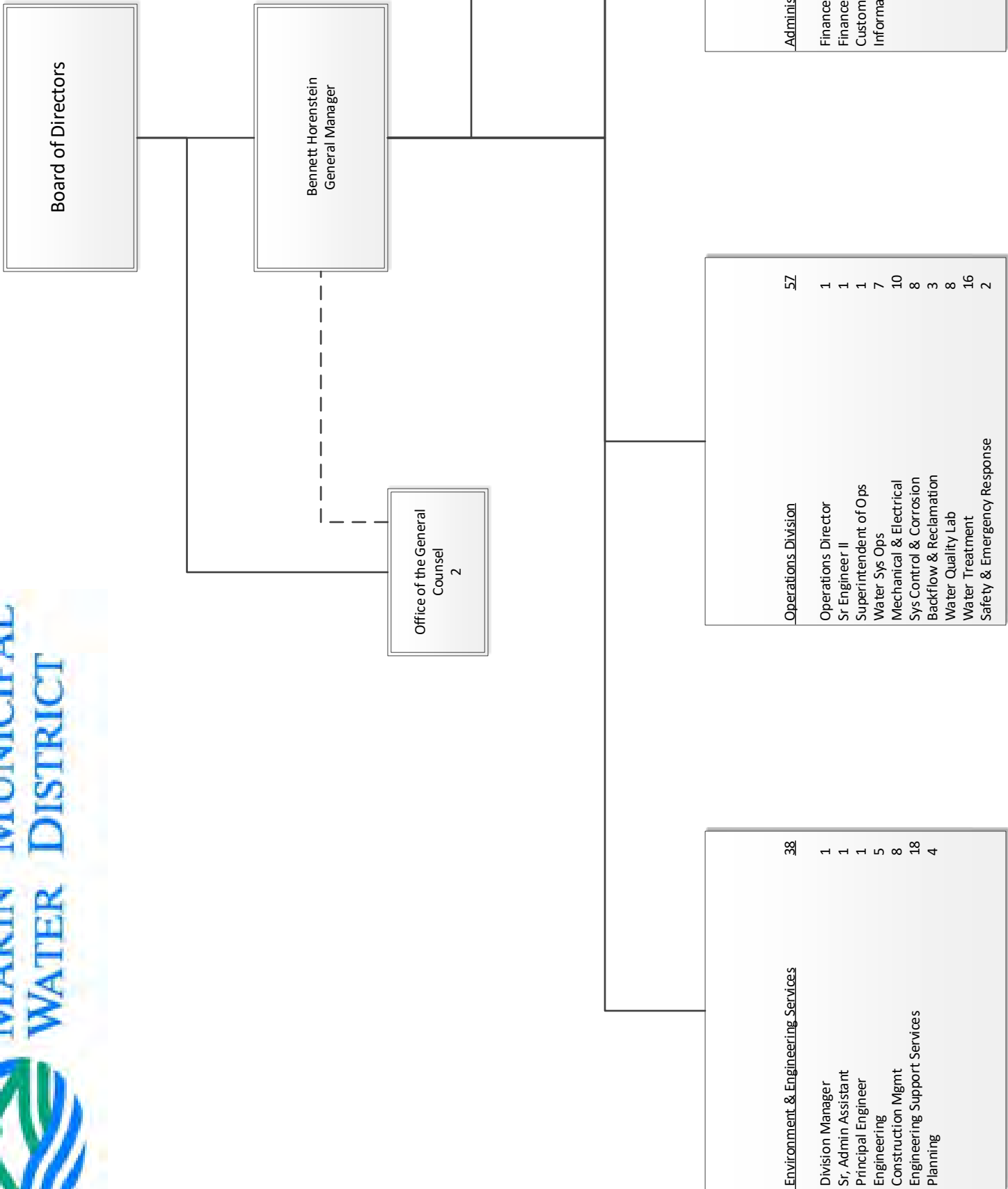
Larry Russell, Alternate

Ben Horenstein

ACWA Federal Affairs Committee

Cynthia Koehler

Ben Horenstein





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Marin Municipal Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Executive Director/CEO

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Marin Municipal Water District (District), California, as of and for the year ended June 30, 2020, 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 the 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 District'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 District'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 opinion.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2020, and the respective changes in the financial position, and where applicable, cash flows thereof for the year 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 and other required supplementary information as listed in the table of contents 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 generally accepted auditing standards 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 and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis are not required part of the basic financial statements.

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.

Maze + Associates

Pleasant Hill, California
January 26, 2021

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, 2020 and 2019. This information is presented in conjunction with the audited basic financial statements, which follow this section. We encourage all readers of the District's financial statements to consider the financial information presented in this section in conjunction with the accompanying financial statements, notes, analyses, and additional information furnished in our letter of transmittal at the opening of this report.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2020 by \$225.4 million (net position), which increased by \$8.5 million or 3.9 percent from \$216.8 million, mainly due to increases in total assets by \$14.6, and net deferred inflows of resources by \$6.3 million. The increases were offset by decreases in net deferred outflows of resources by \$1.4 million, and total liabilities by \$1.7 million.
- The District continued to make steady progress on paying off the corpus of outstanding long term debt with \$3.8 million of principal paid in the year with the majority going towards the 2012 Water Revenue Bonds. While the CalPERS net pension liability was increased by \$5.5 million, Other Post Employment Benefit (OPEB) liability was favorably reduced by \$8.8 million.
- Operating revenues increased by \$19.3 million or 24.7% from \$78.0 million to \$97.3 million primarily due to the implementation of a new fixed fee, "Capital Maintenance Fee" based on meter sizes and a 4% rate increase, which became effective on July 1, 2019.
- Operating expenses increased by \$9.2 million or 11.5% from \$80.2 million to \$89.4 million due to increases in administrative and general expenses, utility and supply costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of Management's Discussion and Analysis and the basic financial statements, including a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows and notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements. The financial statements offer key, high-level financial information about the District's activities.

- *Statement of Net Position:* This statement presents information on all of the District's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- *Statement of Revenue, Expenses and Changes in Net Position:* This statement presents information on the District's current fiscal year's revenue and expense. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

- *Statement of Cash Flows:* This statement provides relevant information about the District's cash receipts and cash payments segregated among operating, capital and related financing, and investing activities.
- *Notes to the Basic Financial Statements:* These notes provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.
- *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 53 of this report.

FINANCIAL ANALYSIS

The Statement of Net Position (pages 10-11) and the Statement of Revenue, Expenses and Changes in Net Position (page 12) provide an indication of the District's financial standing and also indicate whether the financial condition of the District improved during the last fiscal year. Over time, increases in the District's net position is a positive indicator of financial health. Additionally, one needs to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Table 1 - Condensed Statement of Net Position

	FY2020	FY2019	Increase/(Decrease)	
			Amount	%
Assets:				
Current assets	\$ 49,711,320	\$ 43,086,556	\$ 6,624,764	15.38%
Non-current assets	55,875,258	48,291,060	7,584,198	15.71%
Capital assets, net	425,142,746	424,772,300	370,446	0.09%
Total assets	530,729,324	516,149,916	14,579,408	2.82%
Deferred outflows of resources:	19,884,551	21,255,212	(1,370,661)	-6.45%
Total assets and deferred outflows of resources	\$ 550,613,875	\$ 537,405,128	\$ 13,208,747	2.46%
Liabilities:				
Current liabilities	\$ 20,144,930	\$ 19,558,535	\$ 586,395	3.00%
Non-current liabilities	296,598,182	298,869,604	(2,271,422)	-0.76%
Total liabilities	316,743,112	318,428,139	(1,685,027)	-0.53%
Deferred inflows of resources:	8,443,458	2,093,967	6,349,491	303.23%
Total liabilities and deferred inflows of resources	\$ 325,186,570	\$ 320,522,106	\$ 4,664,464	1.46%
Net position:				
Net Investment in capital assets	\$ 265,731,745	\$ 272,816,752	\$ (7,085,007)	-2.60%
Restricted	2,021,206	(1,363,318)	3,384,524	-248.26%
Unrestricted	(42,325,646)	(54,570,412)	12,244,766	-22.44%
Total net position	\$ 225,427,305	\$ 216,883,022	\$ 8,544,283	3.94%

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

The District's total assets increased by \$14.6 million to \$530.7 million compared with the prior year of \$516.1 due to increases in current asset by \$6.6 million, in non-current asset by \$7.6 million and in capital asset by \$0.4 million. It is mainly due to increases in cash and investments by \$11.2 million, and water customer receivables and other receivables by \$2.0 million. Prepaid expenses, supplies and net capital assets were also increased by \$1.4 million.

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, 2020 and 2019 were \$2.8 million and \$3.0 million, respectively. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2020 and 2019 were \$12.0 million and \$13.3 million, respectively. The deferred outflows of resources due to the other postemployment benefits (GASB Statement No. 75) at June 30, 2020 and 2019 were \$5.1 million and \$5.0 million respectively.

For fiscal year ended June 30, 2020, total liabilities reflect a decrease of \$1.7 million due to several factors including a decrease in long term debt from scheduled debt service payments of \$3.8 million, and a reduction of \$8.8 million in OPEB liability, offset by increases in pension liability by \$5.5 million, and in current payables by \$4.6 million and an increase of \$0.8 million in claims and compensated absence payable in non-current liability.

Deferred inflows of resources is the result of pension and OPEB accounting, and is comprised of changes in actuarial 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 and OPEB expenses. The deferred inflows of resources for June 30, 2020 and 2019 were \$8.4 million and \$2.1 million, respectively.

Total net position increase by \$8.5 million from \$216.9 million to \$225.4 million, due to a combination of increased water revenue contributed by the rate increase and partly contributed by the increased consumption due to COVID-19, and a decrease in total liabilities as a result of principal payments made toward 2012 and 2017 Revenue bonds and a reduction in OPEB liability.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

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

Operating Revenues:				
Water sales and service charges	\$ 76,531,646	\$ 71,541,075	\$ 4,990,571	6.98%
Connection charges	810,182	1,178,784	(368,602)	-31.27%
Capital management fee	14,576,055	-	14,576,055	100.00%
Watershed management fee	4,545,973	4,350,066	195,907	4.50%
Other operating revenue	807,338	923,221	(115,883)	-12.55%
Total operating revenue	97,271,194	77,993,146	19,278,048	24.72%
Operating Expenses:				
Electrical power	4,634,313	3,814,233	820,080	21.50%
Water purchased	7,313,211	6,966,684	346,527	4.97%
Other operating expenses	65,238,858	57,348,415	7,890,443	13.76%
Depreciation and amortization	12,256,812	12,108,527	148,285	1.22%
Total operating expenses	89,443,194	80,237,859	9,205,335	11.47%
Net operating income (loss)	7,828,000	(2,244,713)	10,072,713	-448.73%
Non-operating revenues (expenses)				
Non-operating revenue, net	(20,516)	3,235,058	(3,255,574)	-100.63%
Less: Interest expense	(6,659,512)	(7,080,696)	(421,184)	-5.95%
Total nonoperating revenue/(expense)	(6,680,028)	(3,845,638)	(2,834,390)	73.70%
Income (Loss) before capital contributions	1,147,972	(6,090,351)	7,238,323	-118.85%
Capital contributions	7,396,311	5,861,734	1,534,577	26.18%
Change in net position	8,544,283	(228,617)	8,772,900	-3837.38%
Net Position:				
Beginning of year	216,883,022	217,111,639	(228,617)	-0.11%
End of year	<u>\$ 225,427,305</u>	<u>\$ 216,883,022</u>	<u>\$ 8,544,283</u>	<u>3.94%</u>

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, income before capital contributions of \$1.1 million and capital contributions of \$7.4 million resulted in an overall increase of \$8.5 million in net position for the fiscal year ended June 30, 2020.

In fiscal year ended June 30, 2019, loss before capital contribution of 6.1 million, offset by capital contributions of \$5.9 million resulted in an overall decrease of \$0.2 million in net position.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

For fiscal year ended June 30, 2020, Table 2 indicates that the District's total operating revenues increased by \$19.3 million or 24.7% to \$97.3 million from \$78.0 million in the prior year. This was due to a \$5.2 million increase in water sales and fee increase as a result of 4% rate increase, which became effective July 1, 2019, and increased water consumption due to COVID-19. In addition, the District approved a new fixed fee, "Capital Maintenance Fee" (CMF) on May 28, 2019, which became effective on July 1, 2019. The new CMF generated \$14.6 million contributing to the increase in operating revenues, which was offset by a decrease in other non-operating revenue by \$0.5 million.

Total operating expenses increased by \$9.2 million or 11.5% from \$80.2 million to \$89.4 million. A combination of increases in water treatment and system operation costs by \$5.5 million, and in administrative and customer service costs by \$5.5 million were offset by reductions in watershed maintenance and water conservation costs by \$1.8 million.

Table 3 - Capital Assets, Net of Accumulated Depreciation

	FY2020	FY2019	Increase/(Decrease)	
			Amount	%
Plant, buildings and equipment, net	\$ 344,457,160	\$ 353,815,737	\$ (9,358,577)	-2.65%
Land	13,638,944	13,536,978	101,966	0.75%
Construction in progress	54,243,726	44,138,330	10,105,396	22.89%
North Marin Water Right, net (AEEP)	2,751,556	2,889,134	(137,578)	-4.76%
Sonoma County Water Rights, net	4,389,638	4,518,746	(129,108)	-2.86%
Recycled Water Rights, net (LGVSD)	5,661,722	5,873,375	(211,653)	-3.60%
Total	<u>\$ 425,142,746</u>	<u>\$ 424,772,300</u>	<u>\$ 370,446</u>	<u>0.09%</u>

As of June 30, 2020, the District's capital assets, net of accumulated depreciation totaled \$425.1 million, which is an increase of \$0.4 million or 0.1% over the capital asset balance of \$424.8 million at June 30, 2019. The increase in capital assets was primarily due to increased activities in construction in progress by \$10.1 million offset by a disposal of Las Gallinas recycling treatment plant, net asset balance of \$3.4 million and net increase of capital asset depreciation over net additions to the capital assets by \$6.3 million. 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 5 starting on page 30 of the financial statements.

Marin Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

Table 4 - Long-Term Debt

	2020	2019	Increase/(Decrease)	
			Amount	%
2012 Water Revenue Bonds	\$ 78,590,000	\$ 80,580,000	\$ (1,990,000)	-2.47%
2016 Water Refunding Bonds	31,380,000	31,380,000	-	0.00%
2017 Water Revenue Bonds	34,775,000	35,385,000	(610,000)	
Clean Renewable Energy Bonds (CREBs)	489,000	611,250	(122,250)	-20.00%
Aqueduct Energy Efficiency Project (AEEP)	2,224,108	2,365,246	(141,138)	-5.97%
LGVSD-Recycled Water Buy-in	4,913,211	5,252,393	(339,182)	-6.46%
Unamortized costs, net	15,700,955	16,282,761	(581,806)	-3.57%
	\$ 168,072,274	\$ 171,856,650	\$ (3,784,376)	-2.20%

As of June 30, 2020 the District had total long-term debt outstanding of \$168.1 million, net of unamortized costs, a decrease of \$3.8 million over the prior year. Outstanding balance of 2016 Water Refunding Bonds remains the same at \$31.4 million as the first principal payment is scheduled to occur on July 1, 2030. Additional information on the District's long-term debt is provided in Note 6 starting on page 32 of the financial statements.

The District is required by bond covenants to maintain principal, interest and reserve funds for each bond issue outstanding. In addition, the District is required to set rates and charges to yield revenues equal to at least 125% of the current annual debt service requirements of the outstanding revenue bonds. The coverage of annual debt service for the year ended June 30, 2020 and 2019 were 210% and 139% respectively. The coverage of annual debt service was significantly improved mainly due to the implementation of CMF (Capital Maintenance Fee) on July 1, 2019. The District received \$14.6 million for the CMF.

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 Finance Manager, Marin Municipal Water District, 220 Nellen Avenue, Corte Madera, CA 94925, or telephone (415) 945-1410.

BASIC FINANCIAL STATEMENTS

Marin Municipal Water District
Statement of Net Position
Enterprise Fund
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and investments	\$30,162,068	\$27,359,342
Receivables:		
Customer - billed (net of allowances for doubtful account of \$873,371 and \$408,944 in 2020 and 2019, respectively)	8,795,904	5,594,041
Customer - unbilled	6,058,392	7,375,646
Interest and other	1,641,490	675,039
Employee computer loans receivable	34,094	27,495
Materials and supplies	2,829,359	2,054,993
Prepaid expenses	190,013	
Total current assets	49,711,320	43,086,556
Noncurrent assets:		
Restricted cash and investments	19,384,110	23,431,814
Designated cash and investments	35,443,078	23,020,817
Deposits and advances cash and investments	1,048,070	1,838,429
Total restricted cash and investments	55,875,258	48,291,060
Capital Assets:		
Land and land rights	13,638,944	13,536,978
Depreciable assets	607,759,976	612,301,802
Construction in progress	54,243,727	44,138,334
Total capital assets	675,642,647	669,977,114
Less accumulated depreciation	250,499,901	245,204,814
Total capital assets, net of accumulated depreciation	425,142,746	424,772,300
Long-term portion of Employee computer loans		
Total noncurrent assets	481,018,004	473,063,360
Total assets	530,729,324	516,149,916
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	2,761,176	2,998,314
Deferred outflow of resources-pension actuarial	3,304,072	5,662,727
Deferred employer OPEB contributions	5,095,199	4,965,000
Deferred employer pension contributions	8,724,104	7,629,171
Total deferred outflows of resources	19,884,551	21,255,212

See accompanying Notes to Basic Financial Statements.

Marin Municipal Water District
Statement of Net Position
Enterprise Fund, Continued
June 30, 2020 and 2019

	2020	2019
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	6,157,547	5,416,324
Accrued payroll and payroll expenses	1,321,493	1,168,487
Compensated absences	3,334,255	3,563,447
Customer and other deposits	403,591	404,424
Long-term debt - due within one year	3,210,852	3,202,570
Accrued interest payable	3,379,726	3,418,776
Agency deposits payables	330,112	273,405
Customer advances for construction	1,559,406	1,633,066
Claims payable	447,948	478,036
Total current liabilities	20,144,930	19,558,535
Long-term liabilities:		
Claims payable- due in more than one year	8,882,571	4,376,171
Compensated absences- due in more than one year	1,420,192	1,118,863
Long-term debt - due in more than one year	164,861,422	168,654,080
Net OPEB liability	24,128,077	32,881,000
Net pension liability	97,305,920	91,839,490
Total long term liabilities	296,598,182	298,869,604
Total liabilities	316,743,112	318,428,139
DEFERRED INFLOWS OF RESOURCES		
OPEB related amounts	6,641,217	691,000
Pension related amounts	1,802,241	1,402,967
Total deferred inflows of resources	8,443,458	2,093,967
NET POSITION		
Net investment in capital assets	265,731,745	272,816,752
Restricted for fire flow parcel fee program	2,021,206	(1,363,318)
Unrestricted	(42,325,646)	(54,570,412)
Total net position	\$225,427,305	\$216,883,022

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, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Water sales and service charges	\$76,806,241	\$71,541,075
Connection charges	810,182	1,178,784
Capital Maintenance Fee	14,301,460	
Watershed Management Fee	4,545,973	4,350,066
Other operating revenue	807,338	923,221
Total operating revenues	97,271,194	77,993,146
OPERATING EXPENSES		
Water Purchases	7,313,211	6,966,684
Watershed Maintenance	4,905,934	6,167,936
Water Treatment	11,693,750	10,551,829
Pumping	3,707,450	3,051,386
Transmission and distribution	25,876,763	22,501,682
Customer service and meter operation	4,378,528	3,888,932
Water Conservation	1,907,387	2,470,477
Administrative and general	17,403,359	12,530,404
Depreciation and amortization (Note 5)	12,256,812	12,108,529
Total operating expenses	89,443,194	80,237,859
Operating income (loss)	7,828,000	(2,244,713)
NONOPERATING REVENUES (EXPENSES)		
Federal, state and other grants	173,811	12,154
Investment income	322,461	57,764
Interest income	1,384,318	1,598,276
Other income (Note 10)	1,629,114	1,608,748
Interest & other expense	(6,659,512)	(7,080,696)
Gain (loss) from sale of capital assets (Note 10)	(3,530,220)	(41,884)
Total nonoperating revenues (expenses), net	(6,680,028)	(3,845,638)
Total income (loss) before capital contributions	1,147,972	(6,090,351)
Fire flow parcel fee (Note 10)	4,520,242	4,526,384
Contributions in aid of construction (Note 10)	2,876,069	1,335,350
Total capital contributions	7,396,311	5,861,734
Net income	8,544,283	(228,617)
NET POSITION:		
Beginning of year	216,883,022	217,111,639
End of year	\$225,427,305	\$216,883,022

See accompanying Notes to Basic Financial Statements.

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Marin Municipal Water District
Statements of Cash Flows
Enterprise Fund
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$92,838,430	\$76,231,813
Other operating revenue	807,338	923,221
Cash payments to employees	(43,379,363)	(41,002,858)
Rent and watershed permits and other income	1,629,114	1,608,748
Cash payments to suppliers for goods and services	(24,168,653)	(24,228,125)
Net cash provided by operating activities	27,726,866	13,532,799
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state and other grant revenues	173,811	12,154
Net cash provided by noncapital financing activities	173,811	12,154
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(3,784,376)	(3,825,058)
Interest paid on long-term debt	(6,659,512)	(7,080,696)
Acquisition and construction of capital assets	(16,188,731)	(18,578,777)
Proceeds from sale of capital assets	3,530,220	41,884
Increase (decrease) in customer advances for construction	(73,660)	(1,164,739)
Proceeds from fire flow parcel fee	4,520,242	4,526,384
Cash Contributions in aid of construction	2,876,069	1,335,350
Net cash provided (used) by capital and related financing activities	(15,779,748)	(24,745,652)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	(3,423,584)	1,551,160
Interest received on investments	1,706,779	1,656,040
Net cash provided by investing activities	(1,716,805)	3,207,200
Net change in cash and cash equivalents	10,404,124	(7,993,499)
CASH AND CASH EQUIVALENTS:		
Beginning of year	75,633,202	83,626,701
End of year	<u><u>\$86,037,326</u></u>	<u><u>\$75,633,202</u></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, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$7,828,000	(\$2,244,713)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,256,812	12,108,529
Rent and watershed permits and other income	1,629,114	1,608,748
(Increase) decrease in assets :		
Receivables, net	(2,851,060)	(350,104)
Materials and supplies	(774,366)	(675,315)
Prepaid expenses		187,307
Deferred outflow of resources-actuarial	2,358,655	5,833,984
Deferred employer OPEB contributions	(130,199)	(211,000)
Deferred employer pension contributions	(1,094,933)	(1,005,880)
Increase (decrease) in liabilities:		
Accounts payable	741,223	(726,651)
Accrued payroll and payroll expenses	225,143	204,146
Claims payable	4,476,312	(270,438)
Customer deposits	(833)	(36,593)
Net Pension Liabilities	5,466,430	(680,487)
Net OPEB Liabilities	(8,752,923)	(1,097,000)
Deferred inflows of resources - OPEB	5,950,217	50,000
Deferred inflows of resources - pension	399,274	838,266
Net cash provided by operating activities	27,726,866	\$13,532,799
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Unrestricted	30,173,268	27,359,342
Restricted	19,384,110	23,431,814
Designated	35,443,078	23,020,817
Deposits and advances	1,048,070	1,838,429
Total cash and investments	86,048,526	75,650,402
Less investments with original maturities in excess of three months	(11,200)	(17,200)
See accompanying Notes to Basic Financial Statements.	\$86,037,326	\$75,633,202
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in fair value of investments	(\$6,000)	(\$47,200)
Capitalized interest		

See accompanying Notes to Basic Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

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**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 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. The Financing Corporation does not issue separate financial statements. See Note 6 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 2012, the 2012 Series A, Water Revenue Bonds, the 2016 Refunding Revenue bonds in November 2016 and the 2017 Revenue Bonds in August 2017. The Financing Authority does not issue separate financial statements. See Note 6 for additional information.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 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 District applies all applicable GASB pronouncements 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

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.

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

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

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

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

G. Compensated Absences

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

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

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

I. Net Position

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

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

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

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

J. Water Sales Revenue

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

K. Use of Estimates

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

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

O. Summarized Prior Year Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statement for the year ended June 30, 2019 from which the summarized information was derived.

P. New Governmental Accounting Standards Board Statement Pronouncements

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

Q. Reclassification

For the year ended June 30, 2020, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2020 presentation.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 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
Bankers' Acceptances	180 days	AAA	40%
California Local Agency Investment			\$75 million per
	N/A	N/A	account
Commercial Paper	270 days	A-1	15%
Medium Term Corporate Notes	5 Years	A	30%
Money Market Mutual Funds	N/A	AAA	10%
Negotiable Certificates of Deposit	180 days	AA	20%
Repurchase Agreements	90 days	N/A	10%
Time Certificates of Deposits	180 days	AA	20%
U.S. Treasury Bonds/Notes/Bills	365 Days	N/A	No limit
U.S. Government Agency Obligations	5 years	N/A	No limit

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments made by the District are summarized below as of June 30:

	2020	2019
	Business-Type Activities	Business-Type Activities
Cash in banks	\$5,169,270	\$2,895,558
Corporate Bond - In Default	11,200	18,108
Money Market	2,171,171	8,116,496
Cash & Cash Equivalent- Bond Funds:		
2010 Water Revenue Bond	8	8
2012 Water Revenue Bond	4,839,018	4,800,218
2016 Water Revenue Bond	742,362	741,587
2017 Water Revenue Bond	1,459,170	4,452,901
Overnight Investment - Cash Sweep	4,440,927	12,431,308
Local Agency Investment Fund	67,204,200	42,194,218
Total	<u>\$86,037,326</u>	<u>\$75,650,402</u>
 Cash and investments, unrestricted	 \$30,162,068	 \$27,359,342
Cash and investments, restricted	19,384,110	23,431,814
Cash and investments, designated	35,443,078	23,020,817
Cash and investments, deposits and advances	1,048,070	1,838,429
Total	<u>\$86,037,326</u>	<u>\$75,650,402</u>

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 fair 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, 2020 and 2019 was \$5,169,270 and \$2,895,558, respectively. The bank balance of deposits as of June 30, 2020 and 2019 was \$4,063,549 and \$3,757,361, 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, 2020 and 2019. 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 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.

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, 2020 and 2019, the District's pooled cash and investments had the following maturities:

2020		
Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$67,204,200	\$67,204,200
Money Market Fund	2,171,171	2,171,171
Corporate Bond - In Default	11,200	11,200
Held with Trustee:		
Money Market Funds	7,040,558	7,040,558
Overnight Investment - Cash Sweep	4,440,927	4,440,927
Total Investments	<u>\$80,868,056</u>	<u>\$80,868,056</u>
2019		
Investment Type	12 Months or less	Total
Corporate Bond - In Default	\$18,108	\$18,108
California Local Agency Investment Fund	42,194,218	42,194,218
Money Market Fund	8,116,496	8,116,496
Held with Trustee:		
Money Market Funds	6,994,714	6,994,714
Overnight Investment - Cash Sweep	12,431,308	12,431,308
Investment Agreement	3,000,000	3,000,000
Total Investments	<u>\$72,754,844</u>	<u>\$72,754,844</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 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, for each investment type as of June 30:

2020		
Investment Type	AAA	Total
Money Market	\$2,171,171	\$2,171,171
Held with Trustee:		
Money Market Funds	7,040,558	7,040,558
Total	<u>\$2,171,171</u>	9,211,729
Not Rated:		
California Local Agency Investment Fund		67,204,200
Corporate Bond - In Default		11,200
Held with Trustee:		
Overnight Investment - Cash Sweep		<u>4,440,927</u>
Total Investments		<u>\$80,868,056</u>

2019		
Investment Type	AAA	Total
Money Market	\$8,116,496	\$8,116,496
Held with Trustee:		
Money Market Funds	6,994,714	6,994,714
Total	<u>\$8,116,496</u>	15,111,210
Not Rated:		
California Local Agency Investment Fund		42,194,218
Corporate Bond - In Default		18,108
Held with Trustee:		
Overnight Investment - Cash Sweep		12,431,308
Investment Agreement		<u>3,000,000</u>
Total Investments		<u>\$72,754,844</u>

The District is a 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 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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. As of June 30, 2020, these investments matured in an average of 191 days.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30:

2020		
Investment Type	Level 2	Total
Corporate Bond - In Default	\$11,200	\$11,200
Investments Measured at Amortized Cost:		
Money Market Mutual Funds	\$2,171,171	\$9,211,729
Overnight Investment - Cash Sweep		4,440,927
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		67,204,200
Total Investments		\$80,868,056

2019		
Investment Type	Level 2	Total
Corporate Bond - In Default	\$18,108	\$18,108
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		15,111,210
Investment Agreement		3,000,000
Overnight Investment - Cash Sweep		12,431,308
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		42,194,218
Total Investments		\$72,754,844

Corporate Bond totaling \$11,200 classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 3 – RESTRICTED AND DESIGNATED CASH AND INVESTMENTS (Continued)

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

	2020	2019
Restricted cash and investments:		
2010 Revenue Bonds, 2012 Revenue Bonds, 2016 Refunding Revenue Bonds and 2017 Water Revenue Bond:		
Principal and interest fund	\$8,124,605	\$4,640,206
Reserve fund	1,008,090	997,312
Project fund	5,900,097	16,884,209
Agency deposits	330,112	273,405
Pension reserve fund	2,000,000	2,000,000
Fire Flow Parcel Fee Program	2,021,206	(1,363,318)
Total restricted cash and investments	<u>19,384,110</u>	<u>23,431,814</u>
Designated cash and investment:		
Capital projects	19,355,078	7,072,817
Rate stabilization	9,400,000	9,400,000
Liability claims	6,688,000	6,548,000
Total designed cash and investment	<u>35,443,078</u>	<u>23,020,817</u>
Deposits and advances	<u>1,048,070</u>	<u>1,838,429</u>
Total restricted and designated cash and investments	<u><u>\$55,875,258</u></u>	<u><u>\$48,291,060</u></u>

NOTE 4 – LOANS RECEIVABLE

Employee Computer Loans Receivable:

The District provides loans to its employees for the purchase of personal computers. These loans are payable through payroll deductions until the loan is paid off. The interest rate associated with the loan is based of the most current Local Agency Investment Fund (LAIF) rate. The maximum amount each employee may borrow is \$2,000. As of June 30, the remaining amount of loans outstanding is \$34,094 and \$27,495 for the fiscal years ending June 30, 2020 and 2019, respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS

Capital Assets balances and activity are summarized below as of June 30, 2020 and 2019:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land and land rights	\$13,536,977			\$101,967	\$13,638,944
Construction in progress	44,138,334	\$15,691,794		(5,586,401)	54,243,727
Total capital assets not being appreciated	57,675,311	15,691,794		(5,484,434)	67,882,671
Capital assets being depreciated:					
Water Rights	16,755,852		(\$457,118)		16,298,734
Buildings	24,446,991			17,050	24,464,041
Dams and reservoirs	115,118,366			1,199	115,119,565
Pumping plants	39,855,409			279,234	40,134,643
Water treatment plants	47,756,388		(9,498,027)	244,687	38,503,048
Transmission and distribution	335,058,643		(412,473)	4,942,264	339,588,434
Vehicles	8,446,342	105,331	(155,577)		8,396,096
Equipment	24,863,812	391,603			25,255,415
Total capital assets being depreciated	612,301,803	496,934	(10,523,195)	5,484,434	607,759,976
Less accumulated depreciation for:					
Water Rights	3,474,597	478,339	(457,118)		\$3,495,818
Buildings	14,347,269	822,389			15,169,658
Dams and reservoirs	40,570,142	2,171,485			42,741,627
Pumping plants	22,639,902	1,321,767			23,961,669
Water treatment plants	32,214,210	1,170,736	(6,099,480)		27,285,466
Transmission and distribution	104,745,210	4,976,937	(249,550)		109,472,597
Vehicles	6,416,602	457,565	(155,577)		6,718,590
Equipment	20,796,882	857,594			21,654,476
Total accumulated depreciation	245,204,814	12,256,812	(6,961,725)		250,499,901
Net depreciable assets	367,096,989	(11,759,878)	(3,561,470)	\$5,484,434	357,260,075
Total capital assets, net	\$424,772,300	\$3,931,916	(\$3,561,470)		\$425,142,746

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land and land rights	\$12,675,559			\$861,419	\$13,536,978
Construction in progress	51,212,783	\$17,722,853	(\$78)	(24,797,224)	44,138,334
Total capital assets not being appreciated	63,888,342	17,722,853	(78)	(23,935,805)	57,675,312
Capital assets being depreciated:					
Water Rights	19,623,196		(2,867,344)		16,755,852
Buildings	23,437,365		(5,222)	1,014,848	24,446,991
Dams and reservoirs	114,482,162			636,204	115,118,366
Pumping plants	33,793,514			6,061,895	39,855,409
Water treatment plants	47,028,517		(22,664)	750,535	47,756,388
Transmission and distribution	320,953,558		(181,332)	14,286,416	335,058,642
Vehicles	8,176,284	470,923	(200,865)		8,446,342
Equipment	23,356,823	385,001	(63,919)	1,185,907	24,863,812
Total capital assets being depreciated	590,851,419	855,924	(3,341,346)	23,935,805	612,301,802
Less accumulated depreciation for:					
Water Rights	5,481,706	403,120	(2,410,229)		3,474,597
Buildings	13,563,959	788,532	(5,222)		14,347,269
Dams and reservoirs	38,390,837	2,179,305			40,570,142
Pumping plants	21,346,842	1,293,060			22,639,902
Water treatment plants	30,979,056	1,257,818	(22,664)		32,214,210
Transmission and distribution	99,995,089	4,861,889	(111,768)		104,745,210
Vehicles	6,137,799	479,668	(200,865)		6,416,602
Equipment	20,013,543	845,137	(61,798)		20,796,882
Total accumulated depreciation	235,908,831	12,108,529	(2,812,546)		245,204,814
Net depreciable assets	354,942,588	(11,252,605)	(528,800)	\$23,935,805	367,096,988
Total capital assets, net	\$418,830,930	\$6,470,248	(\$528,878)		\$424,772,300

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – 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, to pay a total of \$3,622,882, 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.

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Amount due within one year
2012 Water Revenue Bonds, 2.00% - 5.00%, Due 7/1/2052	\$85,000,000	\$80,580,000	\$1,990,000	\$78,590,000	\$2,045,000
2016 Water Refunding Revenue Bonds, 3.25% - 5.00%, Due 7/1/2040	31,380,000	31,380,000		31,380,000	
2017 Series Subordinate Revenue Bonds, 2.00% - 5.00%, Due 7/1/2047	36,120,000	35,385,000	610,000	34,775,000	625,000
Original bond premium/discount, net		16,282,761	581,806	15,700,955	
Aqueduct Energy Efficiency Project 0.00% , Due 7/1/2032	4,080,000	2,365,246	141,138	2,224,108	144,968
<i>Direct borrowing:</i>					
Clean Renewable Energy Bonds 0.00% - 0.00%, Due 9/30/2023	1,956,000	611,250	122,250	489,000	122,250
LGVSD - Recycled Water Buy-in 4.00%, Due 7/1/2042	6,349,595	5,252,393	339,182	4,913,211	273,634
Total Long-Term Debt		171,856,650	\$3,784,376	168,072,274	\$3,210,852
Less:					
Amount Due within one year		3,202,570		3,210,852	
Total Long-Term Debt, net		\$168,654,080		\$164,861,422	

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

2010 Water Revenues Bonds, Series A

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 during the year ended June 30, 2017.

2012 Water Revenues Bonds, Series A

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 Certificate 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 bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately. 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 Certificate 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 Certificate 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$2,045,000	\$3,524,734	\$5,569,734
2022	2,130,000	3,443,790	5,573,790
2023	2,205,000	3,354,334	5,559,334
2024	2,295,000	3,250,102	5,545,102
2025	2,415,000	3,132,353	5,547,353
2026-2030	14,020,000	13,691,815	27,711,815
2031-2035	2,530,000	11,770,664	14,300,664
2036-2040	3,205,000	11,076,250	14,281,250
2041-2045	13,715,000	9,235,750	22,950,750
2046-2050	19,925,000	5,184,894	25,109,894
2051-2053	14,105,000	915,981	15,020,981
Total payments due	<u>\$78,590,000</u>	<u>\$68,580,667</u>	<u>\$147,170,667</u>

2016 Refunding Revenue Bonds

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 bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately. 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 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 \$265,485,528 payable through June 2053. For FYE 19/20 principal and interest paid, and total net revenues of Water Systems received, were \$9,351,603 and \$20,053,564, respectively. For FYE 18/19 principal and interest paid, and total net revenues of Water Systems received, were \$9,481,203 and \$13,098,874 respectively.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021		\$1,481,975	\$1,481,975
2022		1,481,975	1,481,975
2023		1,481,975	1,481,975
2024		1,481,975	1,481,975
2025		1,481,975	1,481,975
2026-2030		7,409,875	7,409,875
2031-2035	\$12,360,000	5,950,863	18,310,863
2036-2040	15,475,000	2,765,001	18,240,001
2041-2044	3,545,000	88,625	3,633,625
Total payments due	<u>\$31,380,000</u>	<u>\$23,624,239</u>	<u>\$55,004,239</u>

2017 Subordinate Revenue Bonds

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 the 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. The bonds also contain a provision that in an event of default, the principal amount of all Bonds outstanding and the interest accrued thereon shall be due and payable immediately.

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$625,000	\$1,655,000	\$2,280,000
2022	650,000	1,626,250	2,276,250
2023	685,000	1,592,875	2,277,875
2024	720,000	1,557,750	2,277,750
2025	755,000	1,520,875	2,275,875
2026-2030	4,355,000	7,004,350	11,359,350
2031-2035	5,435,000	5,909,050	11,344,050
2036-2040	6,735,000	4,571,225	11,306,225
2041-2045	8,570,000	2,674,250	11,244,250
2046-2048	6,245,000	424,000	6,669,000
Total payments due	<u>\$34,775,000</u>	<u>\$28,535,625</u>	<u>\$63,310,625</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(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, to pay a total of \$3,622,882, 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 \$205,320 to the North Marin Water District, each July 1, from 2015 through 2032 as fair compensation for the AEEP capital cost.

The annual debt service requirements is as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$144,968	\$60,352	\$205,320
2022	148,902	56,418	205,320
2023	152,942	52,378	205,320
2024	157,092	48,228	205,320
2025	161,355	43,965	205,320
2026-2030	874,878	151,722	1,026,600
2031-2033	583,971	31,975	615,946
Total payments due	<u>\$2,224,108</u>	<u>\$445,038</u>	<u>\$2,669,146</u>

Clean Renewable Energy Bonds

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.

The annual debt service requirements are as follows:

For The Year Ending June 30	Principal	Total
2021	\$122,250	\$122,250
2022	122,250	122,250
2023	122,250	122,250
2024	122,250	122,250
Total payments due	<u>\$489,000</u>	<u>\$489,000</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT(Continued)

Las Gallinas Valley Sanitary District (LGVSD) – Water Buy In

On April 1, 2017, the District entered into an agreement with the Las Gallinas 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 Gallinas 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.

The annual debt service requirements are as follows:

For The Year Ending June 30	Principal	Interest	Total
2021	\$273,634	\$189,761	\$463,395
2022	285,532	177,736	463,268
2023	221,297	167,437	388,734
2024	204,252	159,796	364,048
2025	212,592	151,855	364,447
2026-2030	1,184,220	636,799	1,821,019
2031-2035	998,367	419,307	1,417,674
2036-2040	1,051,402	225,866	1,277,268
2041-2043	481,915	29,114	511,029
Total payments due	\$4,913,211	\$2,157,671	\$7,070,882

Authorized but Unissued Debt

On January 29, 2020, the District entered into a forward delivery purchase agreement with Morgan Stanley for the Refunding Revenue Bonds, Series 2022 in the amount of \$67,505,000. Proceeds of the Bonds will be used to refund the outstanding balance of the 2012 Water Revenue Bonds, Series A.

NOTE 7 – 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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

	FY 19-20 Miscellaneous	FY 18-19 Miscellaneous
Benefit formula	2.7% @ 55	2.7% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	7.570%	7.702%
Required employer contribution rates	10.103%	9.524%
Required unfunded liability payment	\$6,241,309	\$7,629,171

Beginning in Fiscal Year 2016 CalPERS collects employer contributions for the plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the District can elect a lump sum payment option. The District required contributions for the unfunded liability in the miscellaneous plan for the year ended June 30, 2020 were \$6,241,309, respectively, which were made under the lump sum payment option.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of June 30:

	2020 Miscellaneous	2019 Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	343	329
Inactive employees entitled to but not yet receiving benefits	118	112
Active employees	228	228
Total	689	669

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Contributions – Section 20814(C) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by 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 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.

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 each Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 as of the June 30, 2019 measurement date were determined using the following actuarial assumptions:

	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary increase	Varies by Entry Age and Service(1)	Varies by Entry Age and Service(1)
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)	Derived using CalPERS Membership Data for all Funds(3)
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018, valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

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

The table following reflects the long-term expected real rate of return by asset class.

Asset Class (a)	2020			2019		
	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)	New Strategic Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	100%			100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability as of June 30 is as follows:

	2020		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$256,014,989	\$164,175,499	\$91,839,490
Changes in the year:			
Service cost	4,139,447		4,139,447
Interest on the total pension liability	18,179,208		18,179,208
Differences between actual and expected experience	3,223,248		3,223,248
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		7,629,171	(7,629,171)
Contribution - employees		1,806,979	(1,806,979)
Net investment income		10,756,100	(10,756,100)
Net Plan to Plan Resource Movement			
Administrative expenses		(117,159)	117,159
Benefit payments, including refunds of employee contributions	(14,106,613)	(14,106,613)	
Other Miscellaneous Income/(Expense)		382	(382)
Net changes	11,435,290	5,968,860	5,466,430
Balance at June 30, 2019 (Measurement Date)	\$267,450,279	\$170,144,359	\$97,305,920

	2019		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (1)	\$248,948,823	\$156,428,846	\$92,519,977
Changes in the year:			
Service cost	4,139,805		4,139,805
Interest on the total pension liability	17,386,830		17,386,830
Differences between actual and expected experience	621,197		621,197
Changes in assumptions	(1,853,303)		(1,853,303)
Changes in benefit terms			
Contribution - employer		6,623,291	(6,623,291)
Contribution - employee		1,763,930	(1,763,930)
Net investment income		13,294,839	(13,294,839)
Net Plan to Plan Resource Movement		(382)	382
Administrative expenses		(243,759)	243,759
Benefit payments, including refunds of employee contributions	(13,228,363)	(13,228,363)	
Other Miscellaneous Income/(Expense)		(462,903)	462,903
Net changes	7,066,166	7,746,653	(680,487)
Balance at June 30, 2018 (Measurement Date)	\$256,014,989	\$164,175,499	\$91,839,490

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

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

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 19-20 Miscellaneous	FY 18-19 Miscellaneous
1% Decrease	6.15%	6.15%
Net Pension Liability	\$130,152,516	\$123,499,209
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$97,305,920	\$91,839,490
1% Increase	8.15%	8.15%
Net Pension Liability	\$69,865,681	\$65,376,900

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, 2020 and 2019, the District recognized pension expense of \$15,853,530 for the total miscellaneous plan, for total pension expense of \$12,615,054. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY 19-20		FY 18-19	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Miscellaneous Plan:</i>				
Pension contributions subsequent to measurement date	\$8,724,104		\$7,629,171	
Differences between actual and expected experience	2,479,455	(\$21,469)	464,515	(\$128,821)
Changes in assumptions	824,617	(694,989)	4,947,696	(1,274,146)
Net differences between projected and actual earnings on plan investments		(1,085,783)	250,516	
Total	\$12,028,176	(\$1,802,241)	\$13,291,898	(\$1,402,967)

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 7 – EMPLOYEE RETIREMENT PLANS (Continued)

\$8,714,104 reported as deferred outflows of resources 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	FY 19-20	Year Ended	FY 18-19
	Deferred Outflows/(Inflows) of Resources		Deferred Outflows/(Inflows) of Resources
June 30	Miscellaneous	June 30	Miscellaneous
2020	\$1,959,608	2019	\$5,635,165
2021	(598,589)	2020	825,183
2022	(16,869)	2021	(1,733,014)
2023	157,681	2022	(467,574)
Total	<u>\$1,501,831</u>		<u>\$4,259,760</u>

E. Payable to Pension Plans

As of June 30, 2020, and 2019, the District reported a payable of \$270,156 and \$227,790 for the outstanding amount of contributions to the pension plans required for the years ended June 30, 2020 and 2019 respectively.

F. Subsequent Event

Subsequent Event - CalPERS Pension Contribution Rates - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the District's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates

NOTE 8 – 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – 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.

Marin Municipal Water District participates in the California Employer's Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT fund is an agent multiple employer trust that was established by CalPERS and is managed by an appointed governing body not under the control of Marin Municipal Water District. This trust is not considered a component unit of Marin Municipal Water District and has been excluded from these financial statements.

B. Employees Covered

As of the June 30, 2020 and 2019, respectively, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	2020	2019
Active employees	234	206
Inactive employees or beneficiaries currently receiving benefit payments	256	252
Inactive employees entitled to but not yet receiving benefit payments	20	15
Total	<u>510</u>	<u>473</u>

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, 2020, the District's contribution rate for medical coverage was up to \$868.98 and \$1,737.96 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

D. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.75%
Inflation	2.75% annually
Salary Increases	3.0% per year
Investment Rate of Return	6.75%
Mortality Rate	CalPERS 1997-2015 Experience Study
Healthcare Trend Rate	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

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.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

F. Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019 (June 30, 2018 Measurement Date)	\$60,870,000	\$27,988,590	\$32,881,410
Changes Recognized for the Measurement Period:			
Service Cost	1,686,110		1,686,110
Interest on the total OPEB liability	4,115,381		4,115,381
Changes in benefit terms			
Differences between expected and actual experience	(6,428,502)		(6,428,502)
Changes of assumptions	(1,329,877)		(1,329,877)
Contributions from the employer		4,965,000	(4,965,000)
Net investment income		1,843,597	(1,843,597)
Administrative expenses		(12,152)	12,152
Benefit payments	(3,175,000)	(3,175,000)	
Net changes	(5,131,888)	3,621,445	(8,753,333)
Balance at June 30, 2020 (June 30, 2019 Measurement Date)	\$55,738,112	\$31,610,035	\$24,128,077

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1 %	Discount Rate	Discount Rate +1 %
(5.75 %)	(6.75%)	(7.75%)
\$31,106,944	\$24,128,077	\$18,358,913

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, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Trend Rate		
1% Decrease	Current Trend	1% Increase
\$17,814,985	\$24,128,077	\$31,840,458

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$2,161,884 and \$3,719,000, respectively. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$5,095,199	
Differences between actual and expected experience		\$5,168,011
Changes of assumptions		1,069,117
Net differences between projected and actual earnings on plan investments		404,089
Total	<u>\$5,095,199</u>	<u>\$6,641,217</u>

The \$5,095,199 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	(\$1,715,773)
2022	(1,716,773)
2023	(1,553,773)
2024	(1,502,774)
2025	(152,124)
Total	<u>(\$6,641,217)</u>

NOTE 10 – OTHER INCOME/ CAPITAL CONTRIBUTIONS

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

	2020	2019
Rents and royalties	\$1,629,114	\$1,608,748
Net gain (loss) on sale of assets	(3,530,220)	(41,884)
Total other income and gain (loss) on sale of assets	<u>(\$1,901,106)</u>	<u>\$1,566,864</u>
Capital contributions:		
Fire flow parcel fee	\$4,520,242	\$4,526,384
Contributions in aid of construction	2,876,069	1,335,350
Total capital contributions	<u>\$7,396,311</u>	<u>\$5,861,734</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 11 – COMMITMENTS AND CONTINGENCIES
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Capital Budget

The District's fiscal year ended 2020 and 2019 capital budget is approximately \$21.6 million and \$22.8 million respectively of which approximately \$1,548,000 and \$1,880,000 is anticipated to be reimbursed to the District by contractors, users and grants.

Commitments

As of June 30, 2020 and 2019, the District had \$2,473,980 and \$3,194,922, respectively, of outstanding construction contracts and purchase orders. This is the amount that the District will be 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, 2020. 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 11 – 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, 2020 is \$20,350 due in fiscal year 2021.

Summarized audited financial information for the Marin Emergency Radio Authority are as follows as of June 30:

	2019	2018
Total assets & deferred outflows of resources	\$54,642,920	\$51,598,231
Total liabilities	40,601,171	42,951,510
Total net position	14,048,015	8,646,721
Total operating revenues	1,932,154	1,923,710
Total operating expenses	2,478,076	2,618,147
Total non-operating revenues & expenses	5,947,216	5,465,398
Increase/ (decrease) in net position	5,401,294	4,770,961

NOTE 12 – 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. In addition, the District carries \$5,000,000 in the 1st additional excess liability and \$10,000,000 in the 2nd additional excess liability. Settled claims have never exceeded the District's policy limits in any fiscal year.

The District is self-insured for workers' compensation, and has purchased an umbrella policy to cover catastrophic losses. The policy has a self-insured retention of \$750,000 per occurrence with a maximum limit of indemnity per occurrence of \$50,000,000.

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 12 – RISK MANAGEMENT (Continued)

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 are as follows for the years ended June 30:

	2020		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$4,722,000	\$132,207	\$4,854,207
Current year claims and changes in estimate	679,235	4,810,707	5,489,942
Claims payments	(213,235)	(800,395)	(1,013,630)
Balance at the end of year	<u>\$5,188,000</u>	<u>\$4,142,519</u>	<u>\$9,330,519</u>
Due within one year	<u>\$305,429</u>	<u>\$142,519</u>	<u>\$447,948</u>
	2019		
	Workers Compensation	General Liabilities	Total
Balance at the beginning of year	\$4,888,000	\$236,646	\$5,124,646
Current year claims and changes in estimate	44,808	462,294	507,102
Claims payments	(210,808)	(566,733)	(777,541)
Balance at the end of year	<u>\$4,722,000</u>	<u>\$132,207</u>	<u>\$4,854,207</u>
Due within one year	<u>\$345,829</u>	<u>\$132,207</u>	<u>\$478,036</u>

**MARIN MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 13 – 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, 2020 and 2019 resulted from the following:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$4,682,310	\$4,872,377
Additions	3,364,853	3,356,559
Payments	<u>(3,292,716)</u>	<u>(3,546,626)</u>
Ending Balance	<u><u>\$4,754,447</u></u>	<u><u>\$4,682,310</u></u>
Current Portion	<u><u>\$3,334,255</u></u>	<u><u>\$3,563,447</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total Pension Liability						
Service Cost	\$3,643,451	\$3,820,110	\$3,787,617	\$4,182,187	\$4,139,805	\$4,139,447
Interest	14,880,788	15,696,251	16,408,014	16,876,879	17,386,830	18,179,208
Differences between expected and actual experience		2,035,700	599,096	(343,525)	621,197	3,223,248
Changes in assumptions		(3,613,804)		13,193,854	(1,853,303)	
Changes in benefits						
Benefit payments, including refunds of employee contributions	(10,194,990)	(10,335,415)	(11,254,841)	(12,118,818)	(13,228,363)	(14,106,613)
Net change in total pension liability	8,329,249	7,602,842	9,539,886	21,790,577	7,066,166	11,435,290
Total pension liability - beginning	201,686,269	210,015,518	217,618,360	227,158,246	248,948,823	256,014,989
Total pension liability - ending (a)	\$210,015,518	\$217,618,360	\$227,158,246	\$248,948,823	\$256,014,989	\$267,450,279
Plan fiduciary net position						
Contributions - employer	\$4,633,745	\$5,315,722	\$5,636,822	\$5,992,966	\$6,623,291	\$7,629,171
Contributions - employee	1,909,494	1,835,178	1,854,172	1,847,909	1,763,930	1,806,979
Net investment income (1)	22,211,386	3,338,982	807,045	16,103,055	13,294,839	10,756,100
Benefit payments, including refunds of employee contributions	(10,194,990)	(10,335,415)	(11,254,841)	(12,118,818)	(13,228,363)	(14,106,613)
Plan to Plan Resource Movement					(382)	
Administrative Expense		(166,443)	(90,116)	(213,813)	(243,759)	(117,159)
Other Miscellaneous Income/(Expense)					(462,903)	382
Net change in plan fiduciary net position	18,559,635	(11,976)	(3,046,918)	11,611,299	7,746,653	5,968,860
Plan fiduciary net position - beginning	129,316,806	147,876,441	147,864,465	144,817,547	156,428,846	164,175,499
Plan fiduciary net position - ending (b)	\$147,876,441	\$147,864,465	\$144,817,547	\$156,428,846	\$164,175,499	\$170,144,359
Net pension liability - ending (a)-(b)	\$62,139,077	\$69,753,895	\$82,340,699	\$92,519,977	\$91,839,490	\$97,305,920
Plan fiduciary net position as a percentage of the total pension liability	70.41%	67.95%	63.75%	62.84%	64.13%	63.62%
Covered payroll	\$20,899,731	\$22,791,661	\$23,093,818	\$23,117,501	\$24,500,232	\$23,591,969
Net pension liability as percentage of covered payroll	297.32%	306.05%	356.55%	400.22%	374.85%	412.45%

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

Changes in assumptions. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018 and 2019, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction of for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for June 30, 2015 and 2016 measurement dates.

* Fiscal year 2015 was the first year of implementation.

SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$5,315,722	\$5,725,637	\$5,991,703	\$6,623,291	\$7,629,171	\$8,724,104
Contributions in relation to the actuarially determined contributions	(5,315,722)	(5,725,637)	(5,991,703)	(6,623,291)	(7,629,171)	(8,724,104)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$22,791,661	\$23,093,818	\$23,117,501	\$24,500,232	\$23,591,969	\$26,865,090
Contributions as a percentage of covered payroll	23.32%	24.79%	25.92%	27.03%	32.34%	32.47%
Notes to Schedule:						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age					
Amortization method	For details, see June 30, 2016 Funding Valuation Report.					
Remaining amortization period	For details, see June 30, 2016 Funding Valuation Report.					
Asset valuation method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.					
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020.					
Salary increases	Varies by Entry Age and Service					
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, pension plan investment expense, including inflation.					
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.					
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.					

* Fiscal year 2015 was the 1st year of implementation.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN
Last 10 fiscal years*

Measurement Date	2017	2018	2019
Total OPEB Liability			
Service Cost	\$1,589,000	\$1,637,000	\$1,686,110
Interest	3,770,000	3,942,000	4,115,381
Changes in benefit terms			
Differences between expected and actual experience			(6,428,502)
Changes of assumptions			(1,329,877)
Benefit payments	(2,735,000)	(2,956,000)	(3,175,000)
Net change in total OPEB liability	2,624,000	2,623,000	(5,131,888)
Total OPEB liability - beginning	55,623,000	58,247,000	60,870,000
Total OPEB liability - ending (a)	\$58,247,000	\$60,870,000	\$55,738,112
 Plan fiduciary net position			
Contributions - employer	\$4,135,000	\$4,766,000	\$4,965,000
Contributions - employee			
Net investment income	2,242,000	1,955,000	1,843,597
Administrative expense	(11,000)	(45,000)	(12,152)
Benefit payments	(2,735,000)	(2,956,000)	(3,175,000)
Net change in plan fiduciary net position	3,631,000	3,720,000	3,621,445
Plan fiduciary net position - beginning	20,638,000	24,269,000	27,988,590
Plan fiduciary net position - ending (b)	\$24,269,000	\$27,989,000	\$31,610,035
 Net OPEB liability - ending (a)-(b)	\$33,978,000	\$32,881,000	\$24,128,077
 Plan fiduciary net position as a percentage of the total OPEB liability	41.67%	45.98%	56.71%
 Covered payroll	\$26,020,000	\$25,366,000	\$26,298,000
 Net OPEB liability as a percentage of covered-employee payroll	130.58%	129.63%	91.75%

Notes to schedule:

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE-EMPLOYER OTHER POST-EMPLOYMENT BENEFIT PLAN
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$4,246,000	\$4,384,000	\$4,557,000
Contributions in relation to the ADC actuarially determined contribution	4,754,000	4,965,000	5,095,199
Contribution deficiency (excess)	(\$508,000)	(\$581,000)	(\$538,199)
Covered payroll	\$25,366,000	\$26,298,000	\$26,865,090
Contributions as a percentage of covered-employee payroll	18.74%	18.88%	18.97%
Notes to Schedule			
Valuation date:	6/30/2017	6/30/2017	6/30/2019

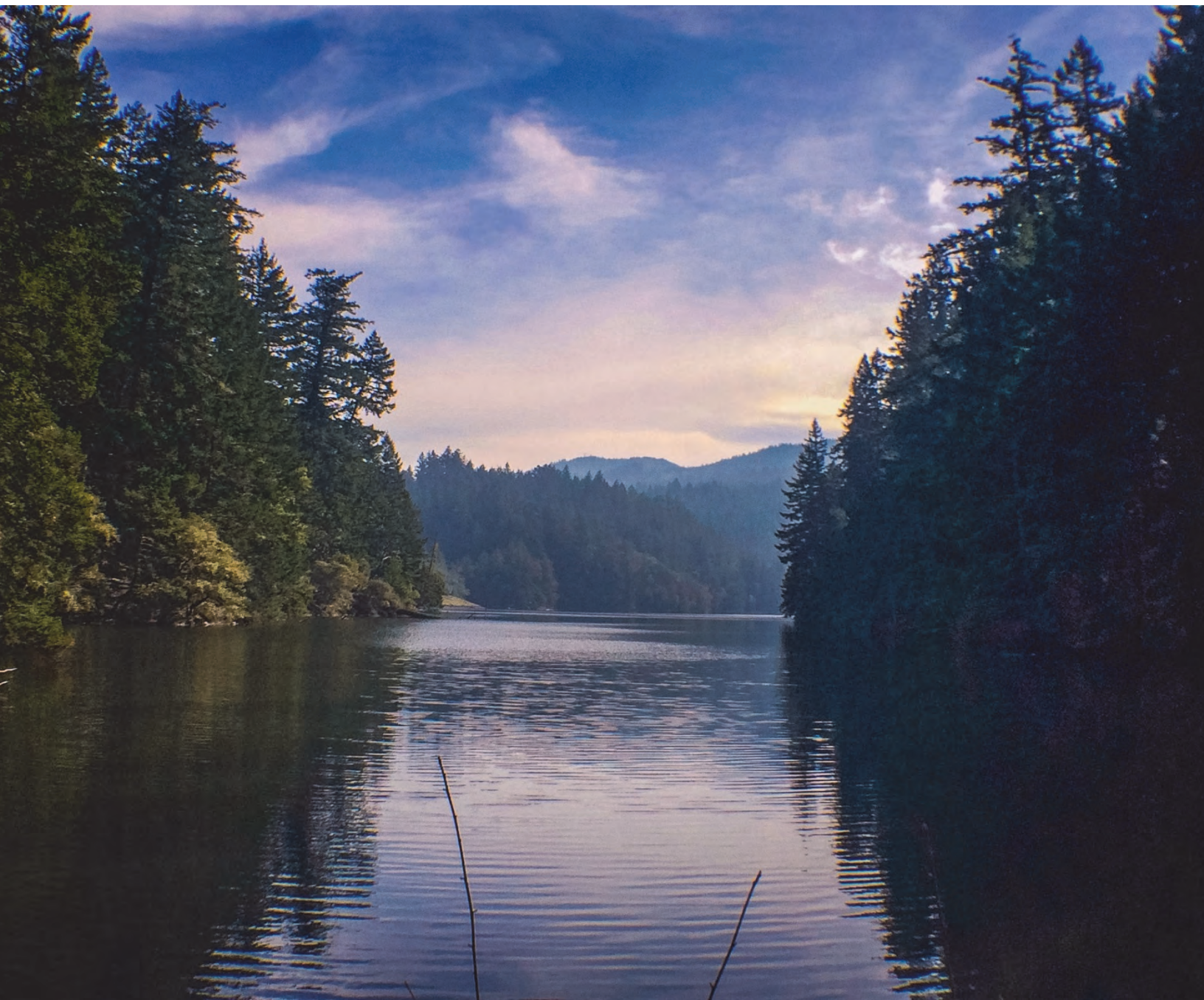
Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Asset Valuation Method	Investment gains/losses spread over 5-year rolling period	Investment gains/losses spread over 5-year rolling period
Inflation	3.00%	2.75%
Discount Rate	7.25%	6.75%
Payroll Growth	3.25%	3.00%
Retirement Age	The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of Retirement are based on CalPERS Experience Study for the period from 1997 to 2015.
Healthcare Trend Rate	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.	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.
Mortality	Mortality projected fully generational with Scale MP-2017.	Mortality projected fully generational with Scale MP-2017.

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

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STATISTICAL SECTION



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**Marin Municipal Water District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Water sales and service charges	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241
Connection charges	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182
Capital Maintenance Fee										14,301,460 ⁽⁷⁾
Watershed Management Fee (1)						1,244,800	3,884,640	4,259,747	4,350,066	4,545,973
Other operating revenue	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561	923,221	807,338
Total operating revenues	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	97,271,194
OPERATING EXPENSES:										
Water Purchases	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211
Watershed Maintenance	3,310,471	3,595,992	4,259,670	4,632,367	4,865,715	4,993,983	5,628,215	6,089,694	6,167,936	4,905,934
Water treatment	7,685,489	7,481,740	7,584,163	7,877,579	7,958,876	8,234,855	8,833,395	9,871,182	10,551,829	11,693,750
Pumping	2,382,117	2,482,649	2,650,674	2,955,530	2,742,815	2,828,355	2,273,533	3,257,344	3,051,386	3,707,450
Transmission and distribution	14,285,488	13,903,544	14,612,947	15,342,857	16,719,105	17,524,368	19,508,203	21,103,668	22,501,682	25,876,763
Customer service and meter operation	2,430,379	2,580,350	2,567,618	2,734,368	2,581,382	2,719,372	3,359,021	3,906,115	3,888,932	4,378,528
Water Conservation	2,323,807	1,936,438	1,832,188	2,601,119	2,799,527	2,725,551	2,608,531	2,660,654	2,470,477	1,907,387
Administrative and general	8,372,959	8,837,654	9,792,493	10,838,586	9,849,746	9,334,828	10,713,742	12,659,776	12,530,404	17,403,359
Depreciation and amortization	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,196	11,348,227	11,665,632	12,108,529	12,256,812
Total operating expenses	56,232,567	57,507,693	59,841,088	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	321,968	736,079	1,113,955	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811
Investment income (loss)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461
Interest income	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318
Other income	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)
Interest expense	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)
Total nonoperating revenues (expenses), net	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)
Capital contributions	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311
Increase in Net Positions	\$ 3,386,718	\$ 5,600,101	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162) ⁽²⁾	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283
% Water rate increase	⁽³⁾ 4.0	6.0	-	-	-	15% & 4% ⁽⁵⁾	-	7.0 ⁽⁶⁾		⁽⁸⁾ 4.0
Number of Employees ⁽⁴⁾	241	228	228	242	235	232	228	228	229	225

(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 increase on July 1, 2017

(7) Capital Management Fee is added to each meter serving the property

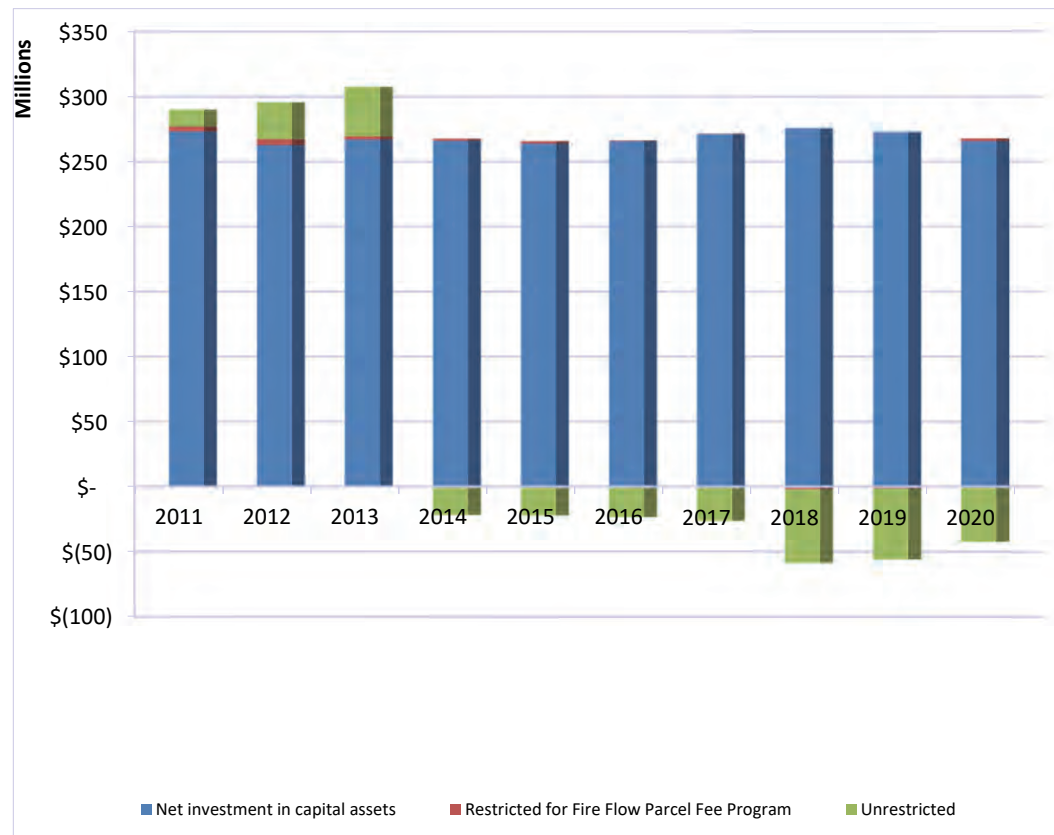
(8) 4% rate increase on July 1, 2019

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Water sales and service charges	\$ 53,969,373	\$ 57,277,794	\$ 64,930,689	\$ 64,677,493	\$ 57,117,530	\$ 56,202,387	\$ 62,376,213	\$ 72,179,644	\$ 71,541,075	\$ 76,806,241
Connection charges	1,009,829	1,034,656	737,597	1,705,549	969,356	1,603,209	1,214,666	999,336	1,178,784	810,182
Capital Maintenance Fee										14,301,460
Watershed Management Fee						1,244,800	3,884,640	4,259,747	4,350,066	4,545,973
Other operating revenue	1,300,208	1,106,286	1,003,823	1,351,687	1,154,210	1,050,151	1,038,399	1,233,561	923,221	807,338
Total operating revenues	56,279,410	59,418,736	66,672,109	67,734,729	59,241,096	60,100,547	68,513,918	78,672,288	77,993,146	97,271,194
OPERATING EXPENSES:										
Personnel services	30,042,858	29,685,634	31,077,225	33,237,254	34,245,965	34,685,884	39,090,743	43,326,422	44,934,887	47,801,027
Materials and supplies	2,062,044	2,194,427	2,413,999	2,331,826	2,173,853	1,976,319	2,029,965	2,313,215	2,114,574	2,414,033
Operations	2,042,623	2,410,100	3,713,314	4,006,611	4,238,295	4,392,449	4,167,867	5,330,599	6,191,352	5,620,809
Water conservation rebate program	94,634	1,175	425	132,019	237,563	332,052	248,029	119,185	120,394	173,107
Electrical power	2,738,066	2,853,620	3,046,751	3,397,161	3,152,661	3,250,983	2,841,917	4,071,680	3,814,233	4,634,313
Water purchased	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,212
Insurance, including claims	1,896,908	1,760,577	1,053,329	1,310,545	1,141,719	1,849,921	1,761,928	1,495,198	1,253,329	5,755,792
General and administrative	1,913,577	1,912,834	1,994,710	2,566,990	2,327,110	1,873,705	2,784,191	2,892,134	2,733,877	3,474,089
Depreciation and amortization	10,480,987	11,270,094	10,935,168	11,324,138	10,776,549	11,032,195	11,348,227	11,665,632	12,108,529	12,256,812
Total operating expenses	56,232,567	57,507,693	59,841,088	65,744,284	65,013,819	65,125,618	70,199,788	78,017,668	80,237,859	89,443,194
NONOPERATING REVENUES (EXPENSES):										
Federal, state and other grants	321,968	736,079	1,113,955	1,137,330	865,443	245,335	506,886	756,220	12,154	173,811
Investment income (loss)	75,634	88,242	75,509	69,251	4,630	4,558	(55,433)	(27,416)	57,764	322,461
Interest income	237,886	124,337	132,261	147,055	171,393	229,316	321,992	1,145,072	1,598,276	1,384,318
Other income	1,407,414	1,590,443	1,744,362	1,584,785	1,172,975	1,922,674	1,619,934	1,475,370	1,566,864	(1,901,106)
Interest expense	(3,887,448)	(3,730,202)	(4,090,263)	(4,686,280)	(4,465,063)	(3,578,557)	(3,950,306)	(6,343,751)	(7,080,696)	(6,659,512)
Total nonoperating revenues (expenses), net	(1,844,546)	(1,191,101)	(1,024,176)	(1,747,859)	(2,250,622)	(1,176,674)	(1,556,927)	(2,994,505)	(3,845,638)	(6,680,028)
Capital contributions	5,184,421	4,880,159	4,903,701	5,863,573	5,748,183	5,574,709	5,569,498	5,618,158	5,861,734	7,396,311
Increase in Net Positions	\$ 3,386,718	\$ 5,600,101	\$ 10,710,546	\$ 6,106,159	\$ (2,275,162)	\$ (627,036)	\$ 2,326,701	\$ 3,278,273	\$ (228,617)	\$ 8,544,283

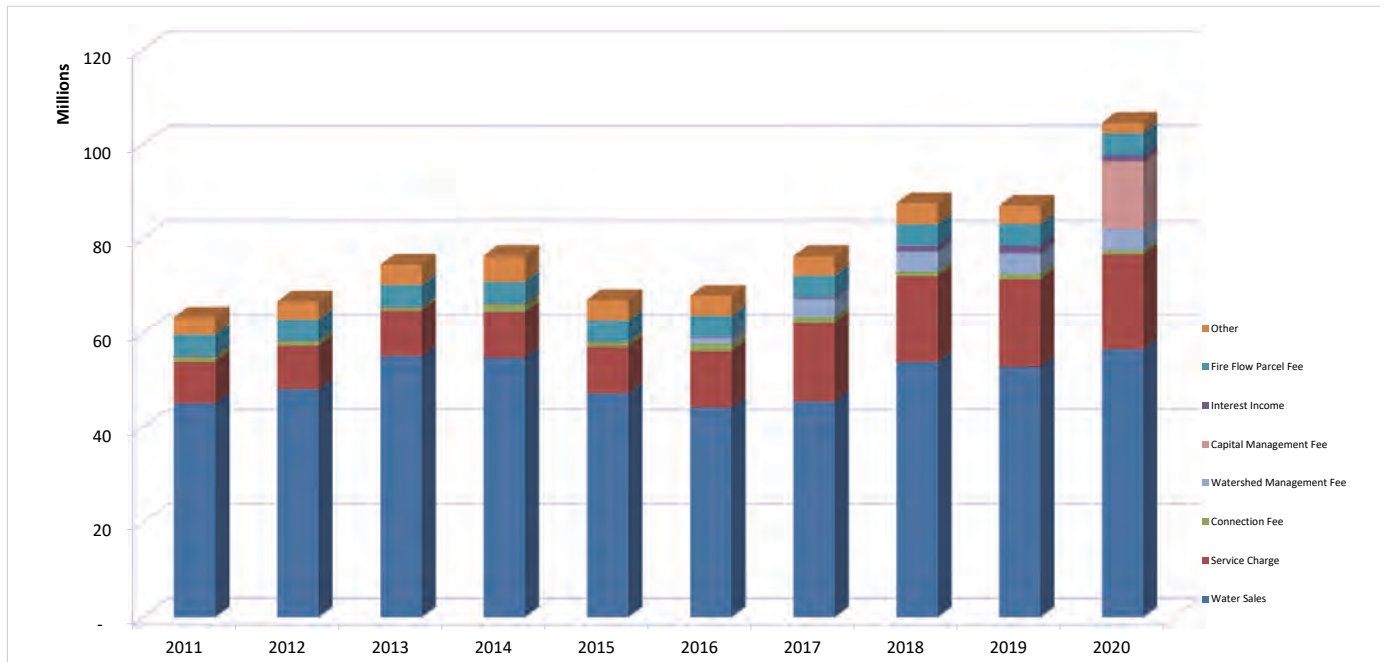
**MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF NET POSITION
Year ended June 30,**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NET POSITION:										
Net investment in capital assets	\$ 273,186,687	\$ 262,581,208	\$ 266,939,799	\$ 265,964,474	\$ 263,879,193	\$ 265,735,569	\$ 271,082,963	\$ 275,806,106	\$ 272,816,752	\$ 265,731,745
Restricted for Fire Flow Parcel Fee Program	3,855,977	4,684,736	2,483,468	1,736,460	1,939,529	656,839	426,571	(1,973,265)	(1,363,318)	2,021,206
Unrestricted	13,112,586	28,489,407	38,167,094	(21,740,132)	(22,133,082)	(23,333,804)	(26,124,229)	(56,721,202)	(54,570,412)	(42,325,646)
TOTAL NET POSITION	\$ 290,155,250	\$ 295,755,351	\$ 307,590,361	\$ 245,960,802	\$ 243,685,640	\$ 243,058,604	\$ 245,385,305	\$ 217,111,639	\$ 216,883,022	\$ 225,427,305



**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	Capital Management Fee	Interest Income	Fire Flow Parcel Fee	Other
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
2019	\$ 87,089,938	52,832,678	18,708,397	1,178,784	4,350,066		1,598,276	4,526,384	3,895,353
2020	\$ 104,646,989	56,563,572	20,242,669	810,182	4,545,973	14,301,460	1,384,318	4,520,242	2,278,573

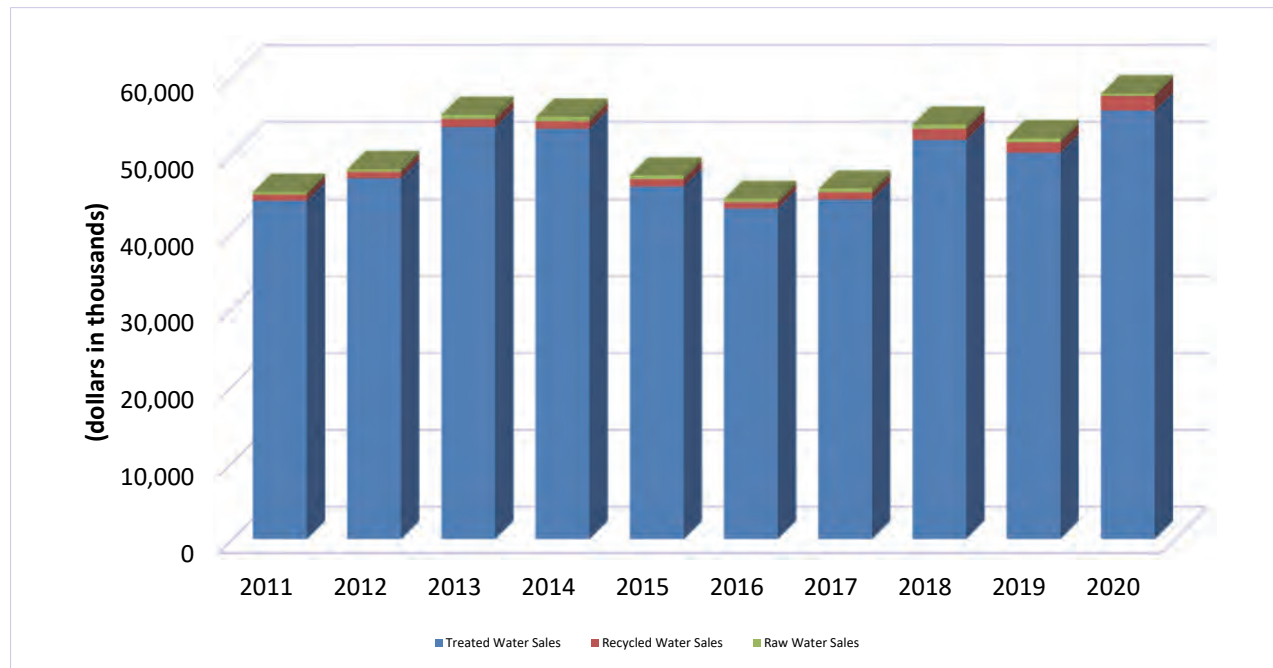


MARIN MUNICIPAL WATER DISTRICT
TEN YEAR SUMMARY OF WATER RATES-BIMONTHLY READINGS AND BILLINGS
Year ended June 30,

Effective Date	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	FY2019 7/1/2017	FY2020 7/1/2019
Single-Family Residential											
Tier 1	\$ 3.53	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.81	\$ 3.96	\$ 3.96	\$ 4.07	\$ 4.07	\$ 4.19
Tier 2	7.06	7.48	7.48	7.48	7.48	6.40	6.66	6.66	7.13	7.13	7.26
Tier 3	14.12	14.97	14.97	14.97	14.97	10.96	11.40	11.4	12.07	12.07	32.25
Tier 4	21.18	22.45	22.45	22.45	22.45	18.85	19.60	19.6	19.45	19.45	19.68
Duplex Residential											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.81	3.95	3.95	4.10	4.10	4.22
Tier 2	7.06	7.48	7.48	7.48	7.48	6.52	6.77	6.77	7.24	7.24	7.38
Tier 3	14.12	14.97	14.97	14.97	14.97	10.69	11.11	11.11	12.02	12.02	12.19
Tier 4	21.18	22.45	22.45	22.45	22.45	18.17	18.89	18.89	18.90	18.90	19.13
Multi-Unit Residential											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.83	3.93	3.93	4.16	4.16	4.27
Tier 2	7.06	7.48	7.48	7.48	7.48	6.33	6.50	6.5	7.07	7.07	7.20
Tier 3	14.12	14.97	14.97	14.97	14.97	10.43	10.71	10.71	11.25	11.25	11.41
Tier 4	21.18	22.45	22.45	22.45	22.45	17.88	18.36	18.36	18.94	18.94	19.16
Business, Institutional and Irrigation											
Tier 1	3.53	3.74	3.74	3.74	3.74	3.65	3.80	3.8	3.98	3.98	4.09
Tier 2	7.06	7.48	7.48	7.48	7.48	9.37	9.75	9.75	10.82	10.82	10.99
Tier 3	14.12	14.97	14.97	14.97	14.97	14.41	14.98	14.98	16.26	16.26	16.46
Single-Family Irrigation											
Tier 1						5.19	5.19	5.19	5.14	5.14	5.27
Tier 2						6.82	6.82	6.82	6.15	6.15	6.29
Tier 3						10.88	10.88	10.88	10.76	10.76	10.94
Raw Water											
Tier 1	3.21	3.40	3.40	3.40	3.40	3.65	3.80	3.8	4.23	4.23	3.82
Tier 2	6.42	6.81	6.81	6.81	6.81	6.45	6.70	6.7	4.23	4.23	3.82
Tier 3	12.84	13.61	13.61	13.61	13.61	14.62	15.21	15.21	4.23	4.23	3.82
Recycled Water											
Tier 1	2.42	2.57	2.57	2.57	2.57	2.65	2.76	2.76	3.17	3.17	3.17
Tier 2	4.84	5.13	5.13	5.13	5.13	7.27	7.56	7.56	10.05	10.05	10.20
Tier 3	9.68	10.26	10.26	10.26	10.26	15.17	15.78	15.78	18.73	18.73	18.94
Bimonthly Service Charges by meter size											
5/8"	20.31	21.53	21.53	21.53	21.53	32.55	33.85	33.85	36.79	36.79	39.66
3/4"	22.46	23.81	23.81	23.81	23.81	41.25	42.90	42.9	46.62	46.62	50.74
1"	31.02	32.88	32.88	32.88	32.88	58.60	60.95	60.95	66.28	66.28	72.89
1.5"	52.51	55.66	55.66	55.66	55.66	101.95	106.05	106.05	115.43	115.43	128.27
2"	78.16	82.85	82.85	82.85	82.85	154.00	160.20	160.2	174.41	174.41	194.72
3"	146.71	155.51	155.51	155.51	155.51	318.85	331.70	331.7	361.18	361.18	405.17
4"	202.54	214.69	214.69	214.69	214.69	561.75	584.40	584.4	636.42	636.42	715.30
6"	437.51	463.76	463.76	463.76	463.76	1,229.70	1,279.30	1279.3	1,393.33	1,393.33	1,568.15
8"	865.94	917.90	917.90	917.90	917.90	2,097.20	2,181.80	2181.8	2,376.33	2,376.33	2,675.75
10"	1,294.38	1,372.04	1,372.04	1,372.04	1,372.04	3,311.70	3,445.30	3445.3	3,752.53	3,752.53	4,226.39
Bimonthly Watershed Management Fee											
5/8"						8.45	8.80	8.8	9.78	9.78	10.29
3/4"						10.15	10.55	10.55	11.69	11.69	12.30
1"						13.45	14.00	14	15.50	15.50	16.30
1.5"						21.80	22.65	22.65	25.02	25.02	26.31
2"						31.80	33.05	33.05	36.45	36.45	38.32
3"						63.50	66.00	66	72.65	72.65	76.36
4"						110.15	114.60	114.6	125.99	125.99	132.42
6"						238.55	248.10	248.1	272.67	272.67	286.57
8"						405.30	421.50	421.5	463.17	463.17	486.77
10"						638.75	664.30	664.3	729.87	729.87	767.05
Capital Watershed Management Fee											
5/8"											27.25
3/4"											40.87
1"											68.12
1.5"											136.24
2"											217.99
3"											476.85
4"											858.34
6"											1,907.42
8"											3,269.86
10"											5,177.29

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	Water Sales
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
2019	50,209	1,357	509	52,075
2020	55,671	1,903 *	306	57,880



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

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City of Mill Valley	City of San Rafael	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 Mill Valley	City of Mill Valley
City of San Rafael	County of Marin	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael	City of San Rafael
County of Marin	Department of Corrections	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin	County of Marin
Department of Corrections	Marin General Hospital	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections	Department of Corrections
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	McInnis Park Golf
Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	Meadow Club	National Park Service	Marin General Hospital	Meadow Club
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	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	San Geronimo Golf Course	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 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	Tamalpais Union HS District	Tamalpais Union HS District

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue										
Parcel fee	\$ 4,483,662	\$ 4,523,329	\$ 4,540,389	\$ 4,524,178	\$ 4,511,604	\$ 4,511,652	\$ 4,523,545	\$ 4,518,478	\$ 4,526,384	\$ 4,520,242
Interest income	18,235	15,067	9,412	3,799	5,327	3,327	2,871	380	(53,314)	(9,896)
	<u>4,501,897</u>	<u>4,538,396</u>	<u>4,549,801</u>	<u>4,527,977</u>	<u>4,516,931</u>	<u>4,514,979</u>	<u>4,526,416</u>	<u>4,518,858</u>	<u>4,473,070</u>	<u>4,510,347</u>
Expenses										
Personnel	1,150,107	1,037,543	1,492,017	1,244,252	1,205,830	1,461,144	1,118,720	981,018	615,233	229,302
Materials and supplies	574,036	468,468	1,100,296	622,091	628,747	513,669	615,591	947,442	338,550	37,968
General and administrative	2,426	3,875	4,083	2,269	4,099	6,861	3,098	3,118	1,248	-
Operations	85,374	85,945	131,484	107,205	43,521	107,233	79,072	90,512	73,723	24,589
Construction contracts	2,753,118	2,056,836	3,974,019	3,248,806	2,379,061	3,571,453	2,846,854	4,859,953	2,790,673	830,161
Professional fees	80,587	56,970	49,169	50,361	52,605	172,708	93,350	36,650	43,696	3,804
	<u>\$ 4,645,648</u>	<u>\$ 3,709,637</u>	<u>\$ 6,751,068</u>	<u>\$ 5,274,984</u>	<u>\$ 4,313,862</u>	<u>\$ 5,833,068</u>	<u>\$ 4,756,685</u>	<u>\$ 6,918,694</u>	<u>\$ 3,863,123</u>	<u>\$ 1,125,823</u>

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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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating and other revenue										
Water sales, connection charges and other operating revenue	\$ 58,008,792	\$ 61,745,258	\$ 69,530,426	\$ 70,456,844	\$ 61,279,514	\$ 62,268,556	\$ 70,640,738	\$ 80,903,878	\$ 79,572,164	\$ 95,543,899
Operating expense										
Source of supply	4,960,870	5,419,232	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,803,603	6,966,684	7,313,211
Other operating expense (1)	<u>40,790,710</u>	<u>40,818,367</u>	<u>43,299,753</u>	<u>46,982,406</u>	<u>47,517,166</u>	<u>48,361,312</u>	<u>52,924,640</u>	<u>59,548,433</u>	<u>61,162,646</u>	<u>69,873,171</u>
Total operating expense	45,751,580	46,237,599	48,905,920	54,420,146	54,237,270	54,093,422	58,851,561	66,352,036	68,129,330	77,186,382
Interest income on operating funds	<u>237,886</u>	<u>124,337</u>	<u>132,261</u>	<u>147,055</u>	<u>171,393</u>	<u>229,316</u>	<u>321,992</u>	<u>1,145,072</u>	<u>1,598,276</u>	<u>1,384,318</u>
Net operating income	<u>12,495,098</u>	<u>15,631,996</u>	<u>20,756,767</u>	<u>16,183,753</u>	<u>7,213,637</u>	<u>8,404,450</u>	<u>12,111,169</u>	<u>15,696,914</u>	<u>13,041,110</u>	<u>19,741,835</u>
Transfer (to)/from Rate Stabilization Fund	<u>-</u>	<u>-</u>	<u>(2,400,000)</u>	<u>(4,900,000)</u>	<u>1,400,000</u>	<u>200,000</u>	<u>(2,300,000)</u>	<u>(1,400,000)</u>	<u>-</u>	<u>-</u>
Net income available for bonded debt service	<u>\$ 12,495,098</u>	<u>\$ 15,631,996</u>	<u>\$ 18,356,767</u>	<u>\$ 11,283,753</u>	<u>\$ 8,613,637</u>	<u>\$ 8,604,445</u>	<u>\$ 9,811,169</u>	<u>\$ 14,296,914</u>	<u>\$ 13,041,110</u>	<u>\$ 19,741,835</u>
Actual annual bonded debt service	\$ 5,675,363	\$ 5,570,990	\$ 6,585,476	\$ 7,422,090	\$ 6,755,140	\$ 6,878,665	\$ 6,483,680	\$ 9,385,045	\$ 9,390,653	\$ 9,382,553
Coverage factor	2.20	2.81	2.79	1.52	1.28	1.25	1.51	1.52	1.39	2.10

(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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2002 Revenue Refunding Bonds (1) 2.5% - 5.00% Maturity: Fiscal Year 2023	17,625	-	-	-	-	-	-	-	-	-
2004 Certificates of Participation (2) 2.5% - 5.25% Maturity: Fiscal Year 2030	28,110	6,760	4,865	2,935	1,915	845	-	-	-	-
Capital Lease Obligation Maturity: Fiscal Year 2010	-	-	-	-	-	-	-	-	-	-
Clean Renewable Energy Bonds Maturity: Fiscal Year 2023	1,589	1,467	1,345	1,223	1,100	978	856	734	611	489
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	80,580	78,590
Original Bond Premium/discount, net**	3,636	10,255	9,933	9,611	9,290	8,968	11,260	16,865	16,283	15,701
Aqueduct Energy Efficiency Project (AEEP) Maturity: Fiscal Year 2032	-	-	-	3,600	3,355	2,865	2,620	2,375	2,365	2,224
2016 Water Revenue Refunding Bonds 3.375%-5.00% Maturity: Fiscal Year 2040							31,380	31,380	31,380	31,380
Las Gallinas Valley Sanitary District-Recycled Water Buy-In 4% Maturity: Fiscal Year 2042							5,671	5,427	5,252	4,913
2017 Subordinate Revenue Bonds 2.00%-5.00% Maturity: Fiscal Year 2047								36,120	35,385	34,775
Total	\$ 82,810	\$ 135,332	\$ 132,993	\$ 134,219	\$ 132,190	\$ 129,856	\$ 136,137	\$ 175,391	\$ 171,856	\$ 168,072
Percentage of Personal Income (4)	0.36%	0.57%	0.53%	0.52%	0.46%	0.43%	0.42%	0.50%	0.47%	unavailable
Per Capita (4)	\$ 312	\$ 528	\$ 515	\$ 515	\$ 506	\$ 498	\$ 522	\$ 675	\$ 664	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)
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	259,666	34,866,708,000	134,275	2.60%
2019	258,826	36,684,680,000	141,735	2.40%
2020	Unavailable	Unavailable	Unavailable	10.10%

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

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

2020			2011		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	3,102	2.60%	County of Marin	2,135	1.64%
Kaiser Permanente Medical Center	2,014	1.69%	San Quentin State Prison	2,058	1.58%
San Quentin State Prison	1,680	1.41%	Kaiser Permanente Medical Center	1,330	1.02%
Marin Health Medical Center	1,279	1.07%	Safeway Inc.	1,200	0.92%
Marin Community College District	1,020	0.85%	Marin General Hospital	1,090	0.84%
Novato Unified School District	800	0.67%	Fireman's Fund Insurance Co.	950	0.73%
City of San Rafael	727	0.61%	Autodesk, Inc.	928	0.71%
Marin County Office of Education	656	0.55%	Novato Unified School District	832	0.64%
Marin Community Clinics	540	0.45%	BioMarin Pharmaceutical	700	0.54%
City of Mill Valley	466	0.39%	Comcast	619	0.47%
	<u>12,284</u>	<u>10.28%</u>		<u>11,842</u>	<u>9.08%</u>
Total County Employment			Total County Employment		
		<u>119,500</u>			<u>130,400</u>

Source:

North Bay Business Journal-private sector employers list, California State Active Employees List, Education Data (www.ed-data.org/marin)
County of Marin, Labor Market Information (www.Labormarketinfo.edd.ca.gov)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Manager Division	25	21	22	24	23	19	21	20	2 (3)	10 (4)
Legal Service Division	2	2	2	2	2	1	1	1	2	2
Finance & Administrative Service Division	34 (1)	33	33	37	34	33	35 (2)	35	53 (3)	45 (4)
Human Resources Division	6	6	6	7	7	7	7	7	5	0 (4)
Environmental & Engineering Service Division	94	90	90	92	92	92	86	92	92	88
Facilities & Watershed Division	80 (1)	76	75	80	77	80	78 (2)	73	75	80
	241	228	228	242	235	232	228	228	229	225

Note: The numbers represent filled positions only.

(1) Meter operations moved from Facilities & Watershed Division to Finance Division starting in FY 2011.

(2) Safety moved from Finance & Administrative Service Division to Facilities & Watershed Division in FY 2017.

(3) Public Information, Water Conservation and IT moved from General Manager Division to Finance & Administrative Service Division in FY 2019.

(4) Human Resource moved to General Manager Division and Public Communication moved from Finance to General Manager Division in FY 2020.

Provided by HR - No of filled positions only

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

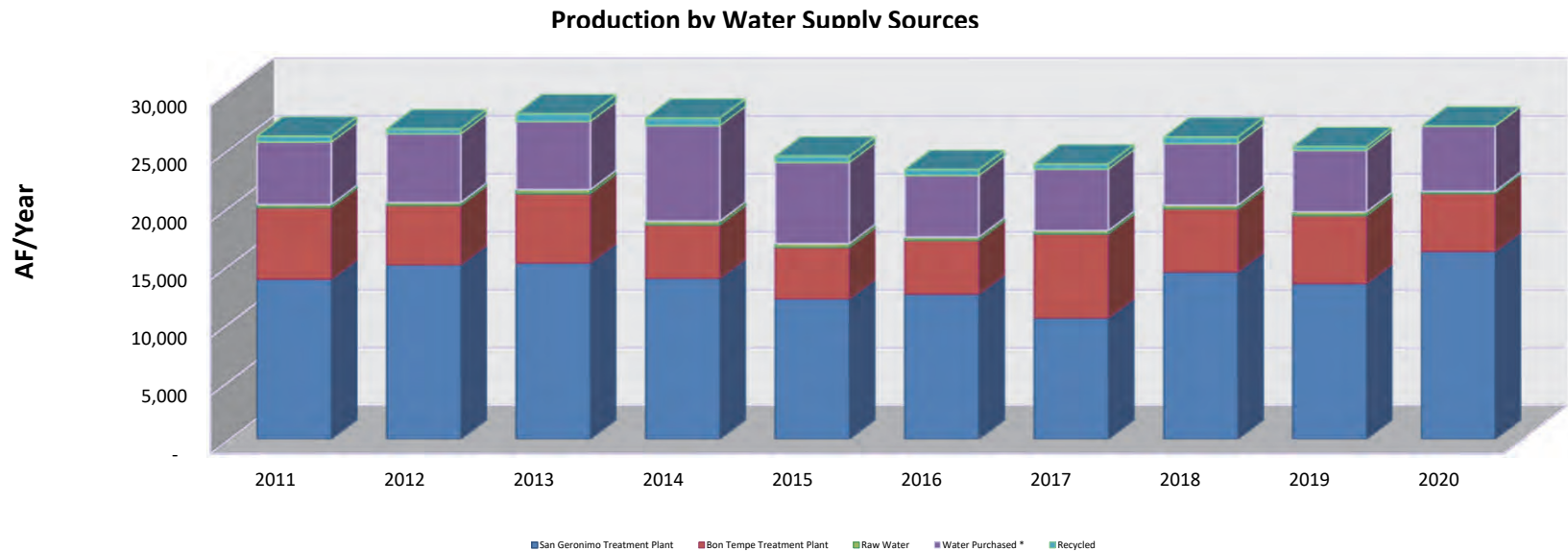
Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Rights	\$ 9,193,601	\$ 9,193,601	\$ 9,193,601	\$ 13,273,601	\$ 13,273,601	\$ 13,273,601	\$ 19,623,196	\$ 19,623,196	\$ 16,755,852	\$ 16,298,734
Land	10,594,873	11,264,770	10,800,399	11,128,405	11,129,340	11,465,962	11,539,660	12,675,559	13,536,978	13,638,944
Buildings	20,664,817	21,211,552	21,756,787	21,999,810	23,184,242	23,435,207	23,435,207	23,437,365	24,446,991	24,464,041
Dams and reservoirs	91,135,326	92,173,162	96,928,260	98,099,616	108,899,065	110,266,491	111,878,050	114,482,162	115,118,366	115,119,565
Pumping plants	24,481,281	27,442,607	30,306,613	32,430,877	32,938,312	33,424,128	33,789,710	33,793,514	39,855,409	40,134,643
Water treatment plants	40,129,254	41,875,744	42,601,382	42,937,155	46,490,317	46,916,968	46,997,576	47,028,515	47,756,388	38,503,048
Transmission and distribution lines	244,575,629	253,902,748	266,691,468	279,241,492	296,140,918	302,385,765	316,617,744	320,953,556	335,058,642	339,588,434
Vehicles	6,761,371	6,781,324	7,100,593	7,123,916	7,515,628	7,755,984	8,114,715	8,176,287	8,446,342	8,396,096
Equipment	21,928,113	21,992,937	22,458,489	21,217,373	21,154,243	21,675,862	22,292,032	23,356,824	24,863,812	25,255,415
Construction in Progress	25,039,690	24,437,387	25,879,384	25,942,572	16,393,442	27,133,846	34,538,754	51,212,783	44,138,334	54,243,727
Total Plant-In-Service	494,503,955	510,275,832	533,716,976	553,394,817	577,119,108	597,733,814	628,826,644	654,739,761	669,977,114	675,642,647
Less Accumulated Depreciation	(166,909,603)	(177,236,557)	(187,872,490)	(195,074,858)	(204,401,491)	(214,197,589)	(225,082,786)	(235,908,831)	(245,204,814)	(250,499,901)
Net Utility Plant	\$ 327,594,352	\$ 333,039,275	\$ 345,844,486	\$ 358,319,959	\$ 372,717,617	\$ 383,536,225	\$ 403,743,858	\$ 418,830,930	\$ 424,772,300	\$ 425,142,746

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
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
2019	13,420	5,869	327	5,299	329	25,244	(817)	-3.1%	191,300	117.8
2020	16,193	5,010	181	5,626	0 **	27,010	1,766	7.0%	195,880	123.1
Total:	137,015	54,582	2,910	59,216	4,625	258,348				
10-YEAR AVERAGE (2011-20)	13,701	5,458	291	5,922	463	25,835				

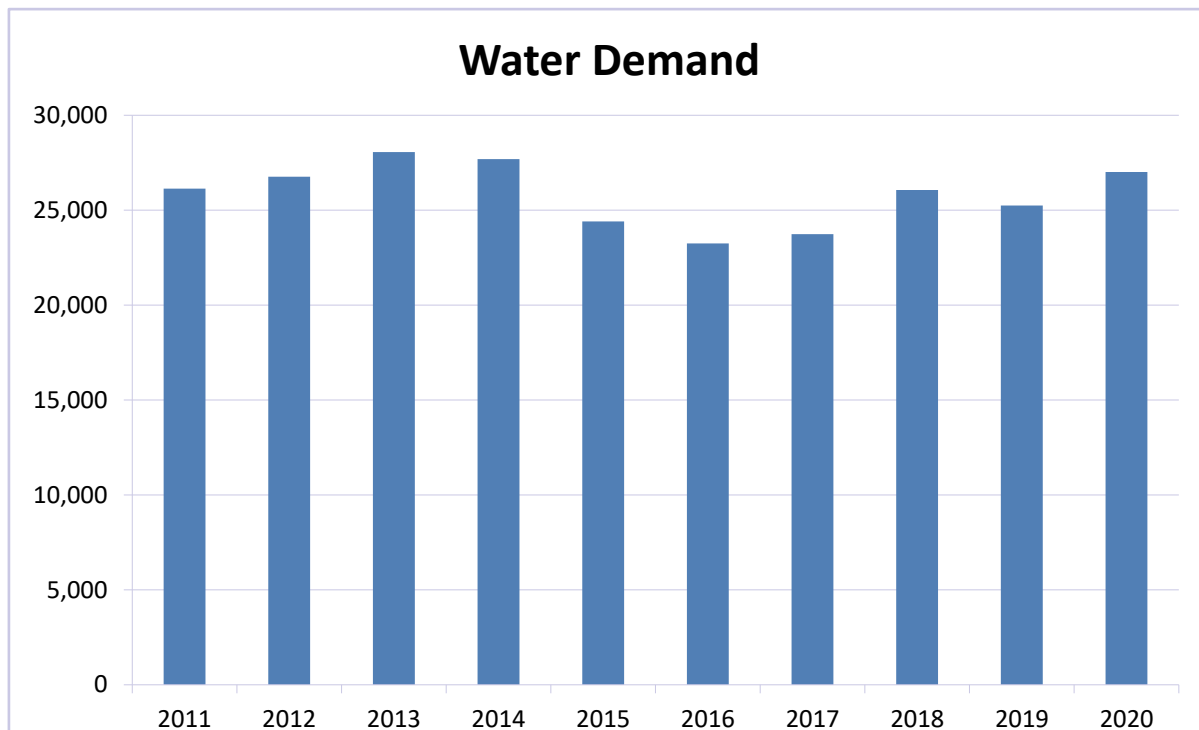
* Purchased water from Sonoma County Water Agency

** The District stopped operating the recycling water treatment plant in October 2018. Customers who have separate recycle water meters were provided with the regular pottable water during FY2020. The District has an agreement to purchase recycled water from Las Gallinas Valley Sanitary District once their recycling water treatment plant construction is complete in 2021.



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

Fiscal Year	Total Water Supply (AF)	Million Gallons Per Day (MGD)
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
2019	25,244.00	22.54
2020	27,010.00	24.11



MARIN MUNICIPAL WATER DISTRICT
MISCELLANEOUS STATISTICS
Year ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Service Area</i>										
Square miles	147	147	147	147	147	147	147	147	147	147
Population	185,500	186,200	186,900	187,500	187,500	189,400	190,300	190,800	191,300	195,880
<i>Water Supply</i>										
Watershed lands (acres)	21,250	21,250	21,635	21,600	21,600	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	61,400	61,400	61,400	61,400	61,400	61,400	61,400	61,400
In millions of gallons	20,012	20,012	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water imported from Russian River (average annual, acre feet)	7,700	7,700	7,400	7,000	7,000	6,200	6,500	6,200	6,000	5,900
Operational yield (acre feet) *	28,500	28,500	28,500	28,500	28,500	29,000	29,000	29,000	29,000	29,000
<i>Water Use</i>										
Service connections (active)	61,266	61,266	61,391	61,675	61,675	61,800	61,800	61,900	61,900	61,900
Residential	55,769	55,769	55,166	55,402	55,402	55,600	55,700	55,800	55,700	55,800
Other	5,497	5,497	6,225	6,273	6,273	6,200	6,100	6,100	6,200	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	29,200	29,200	28,009	27,560	27,560	25,730	25,600	25,200	24,900	25,100
In millions of gallons	9,500	9,500	9,127	8,980	8,980	8,380	8,341	8,200	8,100	8,200
<i>Facilities</i>										
Miles of pipeline	889	889	888	888	887	886	887	887	883	883
Number of storage tanks	124	124	125	125	125	125	125	125	124	124
Total tank storage capacity (millions of gallons)	82	82	82	82	82	82	82	82	82	82
Number of pump stations	90	90	90	95	95	94	94	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	71	71	71	71	71
Average daily treatment plant production (millions of gallons)	25	25	25	25	25	25	21	21	21	22
<i>Recycled Water Facilities</i>										
Miles of pipeline	24	24	24	24	24	24	24	24	24	24
Number of storage tanks	3	3	3	3	3	3	3	3	3	3
Total tank storage capacity (millions of gallons)	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Number of pump stations	5	5	5	5	5	3	3	3	3	3
Number of recycled water treatment plants	1	1	1	1	1	1	1	1	0	0
Maximum daily treatment plant capacity (millions of gallons)	2	2	2	2	2	2	2	2	0	0

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

**MARIN MUNICIPAL WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2020**

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**MARIN MUNICIPAL WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2020

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MEMORANDUM ON INTERNAL CONTROL

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

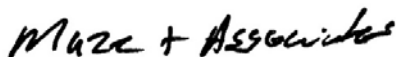
In planning and performing our audit of the basic financial statements of the Marin Municipal Water District (District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze & Associates'.

Pleasant Hill, California
January 26, 2021

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2020-01 New GASB Pronouncements Not Yet Effective

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 92 – Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 93 – Replacement of Interbank Offered Rates

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

GASB 93 – Replacement of Interbank Offered Rates (Continued)

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Marin Municipal Water District (District) for the year ended June 30, 2020. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncement became effective, but did not have a material effect on the financial statements.

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance (Continued)

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The District implemented the provisions of Statement No. 95 in fiscal year 2020.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District's during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

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

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability and deferred outflows/ inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: The District's cash and investments held at June 30, 2020 as measured by fair value are disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2020.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1E to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated January 26, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
January 26, 2021



Item Number: 03
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/Board of Directors (Finance & Administration)

FROM: Charles McBride, Finance Director *CM*

THROUGH: Ben Horenstein, General Manager *BH*

DIVISION NAME: Administrative Services Division

ITEM: Monthly Financial Update- January 2021

SUMMARY

The Monthly Financial Update provides an overview of the fiscal year-to-date financials. As of January 2021, the fiscal year-to-date total revenue is \$68.4 million, or 63.3 percent, of budgeted revenue and total expenditure is \$61.7 million, or 51.4 percent, of budgeted expenditure. The unrestricted/operating fund balance is \$33.7 million, which is 4.7 months of annualized operating budget.

DISCUSSION

Budget to Actual Comparison – All Funds

Attached is the budget to actual comparison for fiscal year 2020-21 as of January 31, 2021. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

For the Operating Fund, total revenues, including other operating revenue, as of January 31, 2021 are \$56.6 million, or 65.9percent, of budget. Total operating expenditures of \$53.1 million, not including depreciation and amortization, are 61.3 percent of budget. For reference, if revenues and expenses tracked linearly, we would expect them to be at 58.3 percent of fiscal year budget at the end of January.

For the Capital and Fire Flow Funds, total revenues are \$11.8 million, or 53.1 percent of budget, and are comprised primarily of CMF funds of \$8.8 million. Spending on capital and fire flow projects is \$8.6 million, or 26 percent, of budget as of January 31, 2021, as CIP projects typically do not follow smooth trends in expenditures. It should be noted, however, that an additional \$5.7 million is encumbered, bringing total expenditures with encumbrances to \$14.3 million, or 43 percent of budget.

Water Sales and Consumption

The fiscal year to date water sales through January 31, 2021 were \$40.6 million, which is 70.8 percent of the annual water sales forecast. When adjusted for seasonality, the District is ahead of budget by only 5 percent. The 4 percent rate increases for the current fiscal year did not go into effect in July, as the District took action to postpone the increase until April 2021. Billed water consumption (in CCFs) through January 31, 2021 was 6,979,267 CCFs, which is 3.8% higher than this time last year.

Year-to-date water sales and fixed charges (Service and Watershed Fees) through January 31, 2021 were \$54.9 million, which is 66.6 percent of total annual revenue forecast of \$82.4 million. Compared to the same period for the previous fiscal year water sales and fixed charges increased by \$2.5 million, or 4.8 percent.

Fund Balances

Per the attached Fund Balance Summary, as of January 31, 2021, the unrestricted/ undesignated - operating fund balance is \$33.7 million, or 4.7 months of annualized projected operating expenses for 2020-21.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Total Water Sales and Fixed Charges & Fees 2019/20 – 2020/21
2. Billed Water Consumption in CCFs FY 2010/11 – 2020/21
3. Budget to Actual Comparison for 2020/21 as of January 31, 2021
4. Fund Balance Summary as of January 31, 2021
5. CIP Budget to Actual Comparison for 2020/21 as of January 31, 2021

**Total Water Sales and Fixed Charges & Fees
Fiscal Years 2019/20 - 2020/21**

Month	Fixed Charges											
	Water Sales			Service Charges			Watershed Fee			Total Water Sales and Fixed Charges		
	19/20 Actual	20/21 Budget	20/21 Actual	19/20 Actual	20/21 Budget	20/21 Actual	19/20 Actual	20/21 Budget	20/21 Actual	19/20 Actual	20/21 Budget	20/21 Actual
July	\$ 4,240,658	4,925,151	5,148,785	\$ 1,293,839	1,268,862	1,408,074	309,362	316,869	322,086	\$ 5,843,859	\$ 6,510,882	6,878,945
August	7,631,675	8,058,623	7,895,489	1,838,474	1,802,982	2,003,459	419,483	428,526	439,014	\$ 9,889,632	10,290,131	10,337,963
September	5,416,429	5,573,664	5,914,501	1,405,160	1,378,034	1,410,774	320,057	327,823	321,167	\$ 7,141,646	7,279,521	7,646,441
October	7,629,972	7,896,812	7,929,363	1,988,987	1,950,590	1,999,359	437,976	448,604	437,890	\$ 10,056,935	10,296,006	10,366,611
November	5,129,041	4,557,920	4,972,294	1,317,852	1,292,411	1,416,372	296,533	303,729	321,717	\$ 6,743,425	6,154,060	6,710,383
December	5,657,491	5,170,659	6,176,240	2,093,152	2,045,577	2,003,627	461,600	472,802	439,033	\$ 8,212,243	7,689,037	8,618,900
January	2,709,958	2,416,218	2,618,563	1,450,762	1,479,666	1,403,429	331,366	352,983	318,498	\$ 4,492,086	4,248,867	4,340,491
February	3,433,278	3,867,971		2,013,019	2,053,125		441,632	470,443		\$ 5,887,929	6,391,539	-
March	2,371,231	2,167,350		1,409,593	1,437,676		324,028	345,166		\$ 4,104,851	3,950,192	-
April	4,435,546	3,858,076		2,021,772	2,062,052		441,609	470,419		\$ 6,898,927	6,390,546	-
May	2,922,075	2,984,667		1,401,455	1,429,376		321,201	342,156		\$ 4,644,731	4,756,199	-
June	6,299,199	5,948,111		2,006,340	2,046,313		440,663	469,410		\$ 8,746,202	8,463,834	-
TOTAL	\$57,876,553	\$57,425,222	40,655,236	\$20,240,403	\$20,246,664	11,645,094	\$4,545,509	\$4,748,930	2,599,404	\$82,662,465	\$82,420,816	\$54,899,734

Original Budget-to-Actual Basis 4.63%
 Actual-to-Actual Basis 4.81%
 % of total budget received 66.61%

**Billed Water Consumption In CCF's
Fiscal Year 2010/11 - 2020/21**

Month	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Actual	19/20 Actual	20/21 Budget	2021 Actual	Monthly Budget Variance	Actual to Actual % Change
July	857,071	806,534	940,774	960,503	857,599	709,164	817,152	841,088	860,335	798,930	838,276	880,691	5.06%	10.23%
August	1,505,682	1,373,824	1,552,514	1,483,888	1,387,986	1,141,147	1,312,021	1,396,443	1,413,528	1,355,462	1,382,214	1,400,611	1.33%	3.33%
September	1,005,679	947,293	1,016,379	977,353	859,553	773,020	844,640	882,952	934,385	919,801	902,101	960,368	6.46%	4.41%
October	1,431,554	1,326,605	1,377,982	1,400,285	1,209,902	1,125,237	1,205,260	1,367,665	1,285,253	1,332,051	1,307,511	1,360,782	4.07%	2.16%
November	709,313	690,404	691,037	840,947	633,520	649,016	583,819	742,758	725,022	800,231	723,654	819,613	13.26%	2.42%
December	777,015	865,208	832,615	1,059,733	864,257	842,995	716,927	833,949	944,610	999,507	894,585	1,053,175	17.73%	5.37%
January	466,489	522,634	437,843	584,601	463,934	431,637	396,528	410,458	432,628	516,723	446,625	504,027	12.85%	-2.46%
February	707,803	809,417	731,899	869,459	719,107	631,478	606,381	763,871	664,283	677,929	696,075			
March	417,369	469,932	458,940	453,943	456,655	362,406	368,448	431,947	383,010	481,219	422,457			
April	714,398	730,127	878,103	708,756	832,060	639,191	598,740	702,023	621,690	820,020	703,350			
May	575,547	551,643	721,094	569,555	600,821	464,956	475,565	540,290	533,115	600,326	547,425			
June	1,118,447	1,215,077	1,377,068	1,150,742	1,020,910	1,079,197	1,052,513	1,095,760	1,023,236	1,180,698	1,097,201			
TOTAL	<u>10,286,367</u>	<u>10,308,698</u>	<u>11,016,248</u>	<u>11,059,765</u>	<u>9,906,304</u>	<u>8,849,444</u>	<u>8,977,994</u>	<u>10,009,204</u>	<u>9,821,095</u>	<u>10,482,897</u>	<u>9,961,472</u>	<u>6,979,267</u>		
													Budget-to-Actual Basis	<u>7.46%</u>
													Actual-to-Actual Basis	<u>3.82%</u>
													% of total budget	<u>70.06%</u>

Marin Municipal Water District
Budget to Actual Comparison for 2020/21 - All Funds
Actual as of January 31, 2021
Unaudited

Revenues and Expenditures	2020/21 Adjusted Budget	Actual as of January 31, 2021	% of Budget
Revenues:			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 57,425,222	\$ 40,655,236	70.8%
Service Charge	20,246,664	11,645,094	57.5%
Watershed Management Fee	4,748,930	2,599,404	54.7%
Total Water Sales and Service Charge	82,420,816	54,899,734	66.6%
<i>Other Revenues:</i>			
Rents	740,000	394,859	53.4%
Grants	-	-	
Watershed Rents	920,000	548,652	59.6%
Watershed Payments	420,000	318,177	75.8%
Late Payment and Special Read Charges	370,000	89,020	24.1%
Interest	336,247	277,125	82.4%
Miscellaneous	750,000	113,573	15.1%
Total Other Revenues	3,536,247	1,741,406	49.2%
Total Operating Revenues	85,957,063	56,641,140	65.9%
Expenditures:			
Personnel services	52,630,875	31,213,433	59.3%
Materials and supplies	3,044,866	1,525,523	50.1%
Operations	6,645,159	3,059,022	46.0%
Water conservation rebate program	358,258	127,908	35.7%
Electrical power	5,214,145	3,309,664	63.5%
Water purchased	8,375,000	6,361,824	76.0%
Insurance, including claims	1,180,000	1,040,733	88.2%
General and administrative	3,583,127	2,961,380	82.6%
Debt service - interest and principal	10,241,859	5,974,418	58.3%
Overhead cost allocated to capital	(4,700,000)	(2,526,973)	53.8%
Total Operating Expenditures	86,573,289	53,046,932	61.3%
Transfer out to Capital Fund (PayGo)	-	-	
Net Operating Fund Increase(Decrease)	\$ (616,226)	\$ 3,594,208	
Operating Fund Balance			
Opening Fund Balance	\$ 26,162,068	\$ 26,162,068	
Net Operating Fund Increase(Decrease)	-	3,594,208	
Accrual adjustments	-	3,990,564	
Ending Fund Balance	\$ 26,162,068	\$ 33,746,840	

Capital and Fire Flow Funds

Revenues and Expenditures	Budget	Actual as of January 31, 2021	% of Budget
Revenues:			
Customer Reimbursement Project	\$ 380,990	\$ 282,269	74.1%
Interest Income	227,416	20,216	8.9%
Transfer-in from Operating (PayGo)	-	-	
Contributed Capital:			
Fire Flow	4,518,450	2,497,234	55.3%
Capital Maintenance Fee	16,763,500	8,790,296	52.4%
Capital Connection Fee		128,475	
Capital Grants & Contribution	300,000	70,805	
Total Revenues and Contributed Capital	22,190,356	11,789,295	53.1%
Capital Expenditures:			
Capital Projects - District	24,031,964	6,802,061	28.3%
Capital Projects - Fire Flow	6,510,859	1,160,451	17.8%
Capital equipment purchases	2,836,498	657,725	23.2%
Total Capital and Fire Flow Expenditures	33,379,321	8,620,237	25.8%
Net Capital and Fire Flow Fund Increase(Decrease)	\$ (11,188,965)	\$ 3,169,058	-28.3%
Capital Fund Balance			
Capital Fund			
Opening Fund Balance	\$ 25,255,175	\$ 25,255,175	
Net Capital Fund Increase(Decrease)		2,490,000	
Capital equipment purchases		(657,725)	
Accrual adjustments	-	(3,302,098)	
Ending Fund Balance	\$ 25,255,175	\$ 23,785,352	
Fire Flow Fund			
Opening Fund Balance	\$ 2,021,206	\$ 2,021,206	
Net Fire Flow Fund Increase(Decrease)	-	1,336,782	
Accrual adjustments	-	(3,532)	
Ending Fund Balance	\$ 2,021,206	\$ 3,354,456	

Fund Balance Summary

	Audited		Preliminary	Projected
	6/30/2018	6/30/2019	6/30/2020	1/31/2021
Restricted	\$ 6,443,970	\$ 7,653,646	\$ 6,959,570	\$ 3,278,053
Board Designated	10,425,446	6,643,705	14,239,307	15,468,957
Watershed Fund	114,515	-	-	-
Rate Stabilization Fund	9,400,000	9,400,000	9,400,000	9,400,000
Pension Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000
Fire Flow Fund	(1,973,265)	(1,363,318)	2,021,206	3,354,456
Capital Fund	37,040,971	23,957,026	25,255,175	23,785,352
Unrestricted/undesignated - Operating	<u>22,264,665</u>	<u>27,359,341</u>	<u>26,162,068</u>	<u>33,746,840</u>
Total	<u>\$ 85,716,302</u>	<u>\$ 75,650,400</u>	<u>\$ 86,037,326</u>	<u>\$ 91,033,659</u>

**Months Operating Fund
Unrestricted - Operating to
Annualized Actual Expenditure**

3.45	4.19	3.69	4.67
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Debt Coverage Ratio

1.52	1.39	2.10	3.00
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As of January 31, 2021	Principal	Interest	Total
2012 Bond	76,545,000	65,055,930	141,600,930
2016 Bond	31,380,000	22,142,263	53,522,263
2017 Bond	34,150,000	26,880,625	61,030,625
Total Bond Debt	142,075,000	114,078,818	256,153,818
CREB	366,750		366,750
AEEP	2,079,140	384,686	2,463,826
LGVSD	4,831,290	2,136,310	6,967,600
Total Other Debt	7,277,180	2,520,996	9,798,176
Total Outstanding Debt	<u>149,352,180</u>	<u>116,599,813</u>	<u>265,951,993</u>

CIP Projects	FY2020/21 Adjusted Budget	Capital Projects YTD Actual Expenditures As of 01/31/21	Encumbered for Contracts As of 01/31/21	Total Capital & Fire Flow As of 01/31/21
District Pipeline Replacement / Improvement	\$ 7,771,849	\$ 3,061,757	\$ 1,405,421	\$ 4,467,177
Replacements - Tank Maintenance & Replacement	\$ 650,000	\$ 51,452	\$ 49,640	\$ 101,092
Replacements - Treatment Plant Facilities	\$ 3,859,271	\$ 273,798	\$ 42,657	\$ 316,455
Replacements - Dam/Pump/Control System	\$ 2,433,146	\$ 716,628	\$ 359,118	\$ 1,075,745
Fire Chief's Fund	\$ 295,242	\$ 190	-	\$ 190
Program Management- Asset Mangement	\$ 824,869	\$ 133,541	694,408	\$ 827,949
System Improvements	\$ 487,710	\$ 86,781	-	\$ 86,781
Watershed - Minor Structures I/R/R	119,995	-	4,288	\$ 4,288
Watershed - Ranger Residence & Minor Structures	573,700	3,500	-	\$ 3,500
Watershed - Trail Repair and Improvement	52,000	-	50,000	\$ 50,000
Watershed - Road Repair & Improvement	1,808,127	1,405,512	143,574	\$ 1,549,085
Watershed - Natural Resource Project	1,701,451	101,018	958,228	\$ 1,059,246
Reimbursable Grant Projects	1,479,024	295,780	177,676	\$ 473,455
Reimbursable Customer Projects	\$ 1,209,659	\$ 653,834	\$ 29,658	\$ 683,493
Information Technology - Capital Equipment	\$ 765,920	\$ 18,270	\$ 67,449	\$ 85,719
Fire Flow Replacement	\$ 6,510,859	\$ 1,160,451	\$ 1,538,337	\$ 2,698,788
Capital Equipment Purchases	\$ 2,836,498	\$ 657,725	\$ 181,457	\$ 839,182
Total Capital Projects	\$ 33,379,321	\$ 8,620,237	\$ 5,701,909	\$ 14,272,146



Item Number: 04
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee /
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/ Board of Directors (Finance & Administration)

FROM: Charles McBride, Finance Director/Treasurer

THROUGH: Ben Horenstein, General Manager

DIVISION NAME: Administrative Services Division

ITEM: Monthly Investment Report - January 2021

SUMMARY

Pursuance to District Investment Policy No. 33, the monthly investment report is submitted to the Board for the month ending January 31, 2021.

The District's investment portfolio (pooled cash) carried a market value of \$89.9 million as of January 31, 2021. The investments held included \$74.5 million on deposit in the Local Agency Investment Fund (LAIF), \$10.2 million on deposit in the Fidelity Government Money Market Fund, and \$5.1 million in the District's general checking account. Fiscal year to date interest earned as of January on the District's portfolio totaled \$297,845.

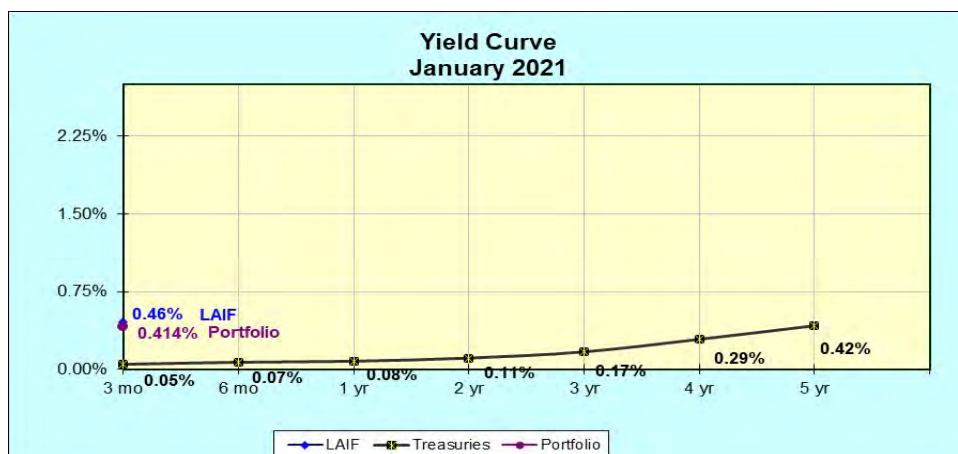
Pursuant to provision (2) of California Government Code section the District portfolio complies with the District's investment policy. Pursuant to provision (3) of California Government code section 53646, the District establishes that it is able to meet its pooled expenditure requirements for the next six months.

ATTACHMENT(S)

1. Schedule of Investments and Yield Curve as of January 31, 2021

**Marin Municipal Water District
Schedule of Investments
As of January 31, 2021**

	Beginning Balance	Purchases / Deposits	Investment Income/(Loss)	Withdrawal	Ending Balance	Fiscal YTD Accrued Interest	Yield
LOCAL AGENCY INVESTMENT							
Balance	74,268,236				74,268,236		
Accrued Interest	248,977		48,816		297,793	297,793	0.458%
Purchase	-		-		-		
Balance	74,517,213	-	48,816		74,566,029	297,793	
DISTRICT INVESTMENTS:							
Fidelity Gov't Money Market Fund	8,172,300	2,000,000	23		10,172,323	52	0.010%
Corporate Obligations	11,200				11,200		
US Bank Checking Account Included Sweep Account	3,995,172	8,335,200		(7,180,531)	5,149,841		
TOTAL INVESTMENTS	86,695,885	10,335,200	48,839	(7,180,531)	89,899,393	297,845	0.414%





Item Number: 05
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Review and Refer for Board Approval

TO: Finance & Administration Committee/Board of Directors (Finance & Administration)

FROM: Charles McBride, Finance Director *CM*

THROUGH: Ben Horenstein, General Manager *BH*

DIVISION NAME: Administrative Services Division

ITEM: Amendment to Board Policy No. 33 Investment Policy

SUMMARY

Investment Policy No. 33 is updated periodically to conform to the California Government Code, §53601 through §53609. Staff reviewed the codes and found no recent changes. The only recommendation is to change the title of Administration Services Division Manager to Finance Director, and the reporting requirement from Monthly to Quarterly in accordance with California Government Code §53646. Staff is recommending that this item be referred to a regular bi-monthly Board meeting for approval.

DISCUSSION

The District's investment policy strives to appropriately manage overall investment risk exposure. The investment policy defines allowable investments by type of security, type of issuer, dollar amount, overall percentage of portfolio and maturity. We practice a "buy and hold" strategy of investing and generally do not sell securities prior to maturity. Situations where we would sell prior to maturity are: 1) to meet current cash flow needs; 2) if an opportunity to swap from one investment to another does not impede our current cash flow needs and enhances our overall investments; and 3) to minimize losses due to a downgrade of a security below investment grade (Ba1 or BB+ rating or lower).

Staff reviewed California Government Codes §53601 through §53609 and found no recent changes. Under the current policy, the management and oversight responsibility for the investment program is delegated to the Administrative Services Division Manager/Treasurer. The District updated the Administrative Services Division Manager title to Finance Director/Treasurer during the year, and the change is reflected in the updated policy. Additionally, the currently policy states that the investment portfolio update is prepared

monthly. Staff proposes that the monthly reporting is changed to quarterly to be in compliance with the California Government Code §53646.

Staff recommends that this item be referred to a regular bi-monthly Board meeting for approval.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Board Policy No. 33 Investment Policy



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY No. 33

DATE: Reviewed 1-6-10
Revised 1-5-11
Revised 1-5-12
Revised 1-23-13
Revised 2-7-17
Revised 1-25-18
Reviewed 3-13-19
Revised 1-21-20
Revised 21

SUBJECT: INVESTMENT POLICY

I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

The investment policies and practices of the Marin Municipal Water District ("District") are based on State law and prudent money management. All funds will be invested in accordance with the District's Investment Policy and the authority governing investments for local agencies as set forth in the California Government Code, §53601 through §53659.

II. Scope

It is intended that this policy cover all funds and investment activities of the District, except investments governed by employment retirement funds and bond documents. The provisions of relevant bond documents will restrict the investment of bond proceeds.

III. Prudence

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds shall act with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

IV. Objectives

The primary objectives, in priority order, of the District's investment activities shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. The District's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
2. **Liquidity.** The District's investment portfolio will remain sufficiently liquid to enable the District to meet its cash flow requirements.
3. **Return on Investment.** The District's investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.
4. **Public Trust.** All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

It is the District's intent at time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars.

V. Delegation of Authority

The management and oversight responsibility for the investment program is hereby delegated to the Finance Director (Administrative Services Division)/Treasurer who shall monitor and review all investments for consistency with this investment policy. This delegation of authority shall remain in place until revoked by the Board of Directors. The Finance Director/Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program. No person may engage in an investment transaction except as provided under the limits of this policy.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. Selection of Financial Institutions and Broker/Dealers

The Finance Director/Treasurer shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment purposes in the State of California, and who have proof of National Association of Security Dealers certification. It shall be the policy of the District to purchase securities only from authorized institutions or firms. All authorized firms must also provide certification that they have received and read the District's Investment Policy.

VIII. Permitted Investment Instruments

1. Direct obligations for which the full faith and credit of the United States Government is pledged for the payment of principal and interest.
2. Obligations issued by Agencies or Instrumentalities of the United States Government.
3. Repurchase Agreements used solely as short-term investments not to exceed 90 days.
 - a. The following collateral restrictions will be observed: Only United States Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the District's custodian bank vs. payment. The market value of securities that underlay a Repurchase Agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be reviewed on a regular basis and adjusted no less than quarterly. Collateral shall not include strips, zero-coupon instruments or instruments with maturities in excess of five years. The right of substitution will be granted, provided that permissible collateral is maintained.
4. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's Investors Services or by Standard & Poor's Corporation.
 - a. Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the District's surplus money. However, no more than 30% or \$2,000,000 of the District's surplus funds, whichever is less, may be invested in the Banker's Acceptance of any one commercial bank.

5. Commercial paper issued by an entity meeting the following conditions in Option 1 or Option 2 below:

Option 1:

1. Is organized and operating in the United States as a general corporation and has total assets in excess of \$500 million.
2. Has debt other than commercial paper, if any, that is rated “A” or higher by a nationally recognized rating agency.

Option 2:

1. Is organized within the United States as a special purpose corporation, trust or limited liability company.
 2. Has program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit or surety bond.
 3. Has commercial paper that is rated “A-1” or higher by a nationally recognized rating agency.
- a. Purchases of eligible commercial paper may not exceed 270 days to maturity nor represent more than 10 percent or \$1,000,000 from an issuing corporation, whichever is less.
 - b. Purchases of commercial paper may not exceed 15 percent of the District's surplus money that may be invested.
6. Medium term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium term corporate notes shall, at the time the note is purchased, be rated as follows:
- a.

1 year or less	A rating by two major rating agencies
1 - 2 years	AA rating by at least one major rating agency
2 - 4 years	AA rating by two major rating agencies
4 - 5 years	AAA rating by two major rating agencies
 - b. Investments will be limited to a maximum of 30 percent of the District's portfolio.

7. Federal Deposit Insurance Company (FDIC) insured or fully collateralized time certificates of deposit in financial institutions located in California, including United States branches of foreign banks licensed to do business in California. The maximum maturity of a time deposit shall not exceed 180 days. All time deposits must be collateralized in accordance with California Government Code §53651 and §53652, either at 150 percent by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under Section 53651(m) or 110 percent by eligible marketable securities listed in subsections (a) through (l), (n) and (o) of §53651, or 105% of letters of credit issued by the Federal Home Loan Bank of San Francisco per subsection (p) of §53651.
8. Negotiable certificates of deposit or deposit notes issued by a nationally or State chartered bank or a State or Federal savings and loan association or by a Federally licensed or State licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.
 - a. Purchase of negotiable certificates of deposit may not exceed 20 percent of the District's surplus money.
9. State of California's Local Agency Investment Fund. Investment in LAIF may not exceed \$75 million per account.
10. Shares of beneficial interest issued by diversified management companies (Money Market Mutual Funds) investing in the securities and obligations authorized by sections (a) through (l) of California Government Code §53601. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services; or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by California Government Code §53601 and with assets under management in excess of \$500,000,000.

The purchase price of shares shall not exceed 10 percent of the District's surplus money and no more than 10 percent invested in shares of any one mutual fund.
11. Registered state warrants or treasury notes or bonds of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency, or authority of California.

12. Bonds, notes or warrants or other evidences of indebtedness of a local agency within the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the by the local agency, or by a department, board, agency, or authority of the local agency of California.

The following summary of maximum percentage limits, by instrument, are established for the District's total investment portfolio:

<u>Investment Type</u>	<u>Percentage</u>
Repurchase Agreements.....	0 to 10%
Local Agency Investment Fund	\$65,000,000 per account
U.S. Treasury Bonds/Notes/Bills	0 to 100%
U.S. Government Agency Obligations.....	0 to 100%
Banker's Acceptances	0 to 40%
Commercial Paper.....	0 to 15%
Negotiable Certificates of Deposit	0 to 20%
Time Certificates of Deposit	0 to 20%
Medium Term Corporate Notes	0 to 30%
Registered State Warrants or Local Agency Indebtedness	0 to 20%

IX. Safekeeping of Securities and Internal Controls

To protect against fraud, embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the District shall be held by an independent third party safekeeping institution, acting as agent for the District under the terms of a custody agreement or PSA agreement (repurchase agreement collateral). All trades executed by a dealer will settle on a delivery vs. payment ("DVP") basis to ensure that securities are deposited in the District safekeeping institution prior to the release of funds.

The safekeeping institution shall annually provide a copy of its most recent report on internal controls – Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011).

Securities held in custody for the District shall be monitored by the Finance Director/Treasurer to verify investment holdings.

Management shall establish a system of internal controls, which shall be documented in writing and reviewed with the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District.

X. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the District to meet all projected obligations.

The maximum maturity will not exceed five years.

XI. Ineligible Investments

Security types which are prohibited include, but are not limited to:

- (a) "Complex" derivative structures such as range notes, dual index notes, inverse floaters, leveraged or de-leveraged floating rate notes, or any other complex variable rate or structured note.
- (b) Interest only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.
- (c) Reverse Repurchase Agreements.

XII. Portfolio Adjustments

Portfolio percentage limitations for each investment category are applicable only at the date of purchase. Should an investment percentage limitation be exceeded due to an incident such as a fluctuation in portfolio size, the Finance Director/Treasurer is not required to sell the affected securities.

Should a security held in the portfolio be downgraded below the minimum criteria included in this Investment Policy, a determination will be made by the Finance Director/Treasurer whether to sell the investment. Any sale of an investment due to a downgrade will be done in a manner to minimize losses on sale of such

If a security is downgraded to a level that is less than investment grade (rating less than Ba1 or BB+), the Finance Director/Treasurer shall sell such affected security immediately. If the immediate liquidation of the security is not in the best interest of the District, the Finance Director/Treasurer, in consultation with an ad hoc committee made up of the General Manager and the Finance Committee President, may dispose of the security in an orderly and prudent manner considering the circumstances, under terms and conditions approved by the ad hoc committee.

The description and amounts of any securities downgraded below the District investment criteria are to be included in the quarterly investment report.

XIII. Reporting Requirements

The Finance Director/Treasurer shall render to the District Board a quarterly investment report as per California Government Code §53646, which shall include, at a minimum the following information for each individual investment:

Type of investment instrument (i.e., Treasury Bill, medium term note)

- Issuer name (i.e., General Electric)
- Purchase date (settlement date)
- Maturity date
- Par value
- Purchase price
- Current market value and the source of the valuation (quarterly)
- Overall portfolio yield based on cost

The quarterly report also shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the District's funds, investments or programs that are under the management of contracted parties, including lending programs, (iii) description of investments downgraded below the District's investment criteria or below investment grade and hold or sell status and (iv) include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

This quarterly report shall be submitted within 30 days following the end of the quarter.

The Finance Director/Treasurer shall annually render to the Board a statement of investment policy, which the Board shall consider at a public meeting.

GLOSSARY OF TERMS

Bankers Acceptances. Are negotiable time drafts or bills of exchange drawn on and accepted by a commercial bank. Acceptance of the draft obligates the bank to pay the bearer the face amount of the draft at maturity. In addition to the guarantee by the accepting bank, the transaction is identified with a specific commodity. The sale of the underlying goods will generate the funds necessary to liquidate the indebtedness. Banker's Acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and the storage of readily marketable staple commodities. Banker's Acceptances are sold at a discount from par and the amount and maturity date are fixed. Bankers Acceptances have the backing of both the bank and the pledged commodities with no known principal loss in over 70 years. State law permits agencies to invest 40 percent of a portfolio and 30 percent with a single issuer in Bankers' Acceptances with a maximum maturity of 180 days.

Certificate of Deposit. A deposit insured up to \$250,000 by the FDIC, or collateralized at a minimum of 110 percent by the financial institution if over \$250,000, at a set rate for a specified period of time.

Collateral. Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Corporate Medium Term Notes. Are unsecured promissory notes issued by corporations operating within the United States. The notes are in the one-to-five year maturity range. Notes must have at least an "A" rating by a nationally recognized rating service. State law permits agencies to invest 30 percent of the total portfolio and 10 percent with a single issuer in corporate medium term notes with a maximum maturity of 5 years.

Commercial Paper. Is an unsecured promissory note of industrial corporations, utilities and bank holding companies having assets in excess of \$500 million and an "A" or higher rating for the issuer's debentures. Interest is discounted from par and calculated using the actual number of days on a 360-day year. The notes are in bearer form, mature from one to 180 days and generally start at \$100,000. There is a secondary market for commercial paper and an investor may sell them prior to maturity. Commercial paper is backed by unused lines of credit from major banks. State Code permits agencies to invest 25 percent and 10 percent with a single issuer in commercial paper with a maximum maturity of 270 days.

Credit Risk. Defined, as the risk of loss due to failure of the issuer of a security shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.

Current Yield. The interest paid on an investment expressed as a percentage of the current price of the security.

Custody. A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP). Delivery of securities with a simultaneous exchange of money for the securities.

Fannie Mae. Trade name for the Federal National Mortgage Association (FNMA), a United States sponsored corporation.

Federal Reserve System. The central bank of the United States which consists of a seven member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC). Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Freddie Mac. Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a United States sponsored corporation.

Ginnie Mae. Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the United States Government.

Interest Rate. The annual yield earned on an investment, expressed as a percentage.

Liquidity. Refers to the ability to rapidly convert an investment into cash.

Local Agency Investment Fund (LAIF) Demand Deposit. Established by the State to enable financial managers to place idle funds in a pool for investment. Each agency is currently limited by LAIF to an investment of \$50 million plus any bond proceeds.

Market Risk. Defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.

Market Value. The price at which a security is trading and could presumably be purchased or sold.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio. Collection of securities held by an investor.

Purchase Date. The date in which a security is purchased for settlement on that or a later date.

Rate of Return. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO). Contractual arrangement between a financial institution or dealer and an investor. The investor puts up their funds for a certain number of days at a stated yield. In return, they take title to a given block of securities as collateral. At maturity, the securities are repurchased and the funds are repaid with interest.

Reverse Repurchase Agreement (Reverse REPO). A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Sallie Mae. Trade name for the Student Loan Marketing Association (SLMA), a United States sponsored corporation.

Treasury Bills (T-Bills). United States Treasury Bills which are short-term, direct obligations of the United States Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

United States Government Agencies. Instruments issued by various United States Government Agencies most of which are secured only by the credit worthiness of the particular agency.



Item Number: 06
Meeting Date: 02-25-2021
Meeting: Finance &
Administration Committee/
Board of Directors (Finance &
Administration)

Informational Item

TO: Finance & Administration Committee/ Board of Directors (Finance & Administration)

FROM: Charles McBride, Finance Director *CM*

THROUGH: Ben Horenstein, General Manager *BH*

DIVISION NAME: Administrative Services Division

ITEM: Report on Capital Maintenance Fee (CMF) for the period of July 1, 2019 to December 31, 2020

SUMMARY

This report provides an overview of revenues and expenditures for the Capital Maintenance Fee (CMF) adopted by the District and put into effect on July 1, 2019.

DISCUSSION

The CMF was enacted in 2019 to provide needed funding for District capital improvements. The CMF was projected to provide approximately \$16.5 million in funding per year and rates were set based on meter size, similar to the structure of other fixed fees.

The following chart on page 2 provides an overview of revenues and expenditures for the CMF, since inception, for the full Fiscal Year (FY) 2019-2020 and the current FY 2020-21 through December.

	FY 2020-21 <u>(Dec 31, 2020)</u>	FY 2019-20
CMF Revenue	7,750,981	14,301,460
<u>CMF Expenditures</u>		
Cathodic Protection	44,803	
Distribution Pipe Replacement	636,638	
Transmission Pipe Replacement	9,322	
Treatment Plant Improvement	56,715	
Dam & Reservoir & Tank	10,404	
Minor Facility Improvement	79,753	
Pump Replacement	82,210	
Asset Management Program	23,350	
System Improvement	21,995	
Watershed Improvement	362,864	
Fuel Reduction	101,018	790,349
Total Expenditures	1,429,073	790,349
Revenue less Expenditures	6,321,908	13,511,111

CMF revenue for FY 2019-20 were approximately \$14.3 million. These revenues were short of the projected \$16.5 million because of the lag in billing that occurred after the CMF was established; although the CMF was enacted in July 2019, revenues were not realized until September 2019. Expenditures in the first year were approximately \$790,000 and remaining funds were carried forward.

For the current FY, CMF revenues collected through December 2020 were approximately \$7.75 million and expenditures totaled \$1.4 million planned, with an additional \$5.7 million encumbered. The remaining fund balance in CMF is approximately \$14.1 million and will be used for planned and future capital improvement projects.

FISCAL IMPACT

None

ATTACHMENT(S)


None




Item Number: 07
Meeting Date: 02-25-2021
Meeting: Finance and
Administration Committee/
Board of Directors (Finance
and Administration)

Review and Refer for Board Approval

TO: Finance and Administration Committee/ Board of Directors (Finance and Administration)

FROM: Molly MacLean, General Counsel 
Jerrad Mills, Staff Attorney

THROUGH: Ben Horenstein, General Manager 

DIVISION NAME: General Counsel's Office

ITEM: Repeal of Specified Board Policies and District Code Provisions Contained in the Board Handbook

SUMMARY

At the February 16, 2021 regular bi-monthly meeting of the Board of Directors, the Board adopted the Marin Municipal Water District Board of Directors' Handbook (Board Handbook). With the Board's adoption of the Board Handbook, several existing Board policies and District Code provisions are no longer needed because they are duplicative of the information contained in the Board Handbook or have been replaced by new language in the Board Handbook. Staff recommends repealing these duplicative and/or outdated Board Policies and District Code provisions.

DISCUSSION

During previous discussions regarding the Board Handbook, staff has informed the Board that adoption of the Board Handbook would serve as the first step in a larger effort to review and revise District policies, procedures and code provisions. The proposed action to repeal certain Board Policies and District Code provisions, discussed below, which are addressed in the Board Handbook, will ensure that the information is contained in only one District governing document, instead of being in multiple sources. This will allow for more efficient and more frequent review of all policies, procedures and code provisions. It will also prevent conflicting information from potentially being included in different locations due to one item being updated while others are potentially not addressed.

Proposed Board Policy/ District Code Updates

As discussed at the February 16, 2021 meeting, staff explained that the approval of the Board Handbook was the first step in an effort to review and update all District policies, procedures and code provisions. With the Board's adoption of the Board Handbook, we recommend repealing several Board Policies that are now included and addressed in the Board Handbook. Additionally, we recommend repealing certain provisions of the District Code that are addressed in and duplicative of the Board Handbook and/or Brown Act provisions (i.e., Government Code Sections 54950 *et seq.*) By repealing these duplicative, outdated and unnecessary Board Policies and District Code provisions, this will allow staff to more efficiently and regularly review all Board Policies and District Code provisions to ensure continued compliance with applicable laws and alignment with best practices.

Staff has identified the following Board Policies (BP) and District Code Sections as being ripe for repeal because they are now addressed in the Board Handbook and in some cases duplicative of provisions of the Brown Act as noted below:

Board Policies recommended for repeal due to inclusion in the Board Handbook:

- BP 1- District's Mission and Goal Statement (Board Handbook pp. 2-3)
- BP 15- Distribution of Board Packets & Reports (Board Handbook p. 9)
- BP 28- Board Meeting Agenda Items (Board Handbook pp. 11-12)
- BP 34- Board Requests for Information (Board Handbook p. 8)
- BP 37- Distribution of District Electronic Data & Software (Board Handbook p. 17)

District Code Provisions Recommended for Repeal due to inclusion in Board Handbook*:

- 2.10.010- Regular Meetings (Government Code Section 54954; Board Handbook pp. 8-9)
- 2.10.020- Special Meetings (Government Code Section 54956; Board Handbook p. 9)
- 2.10.030- Notice of Special Meetings (Government Code Section 54956; Board Handbook p. 9)
- 2.10.050- Nonattendance-Adjournment (Government Code Section 54955; Board Handbook p. 9)

(* Many of these District Code provisions are also duplicative of current Brown Act requirements set forth in Government Code Sections 54950 *et seq.* and are therefore superfluous as the District follows all applicable laws.)

In addition to the proposed repeals cited above, staff will continue to review all Board Policies and District Codes to determine if additional repeal, revision or the adoption of new policies or code provisions are appropriate for legal compliance, clarity of operational function and to meet best practices.

At this time, staff recommends that the Finance and Administration Committee review and refer this item to a future bi-monthly meeting of the Board with the committee's recommendation to repeal the specified Board Policies and adopt the attached draft ordinance repealing the aforementioned provisions of the District Code.

FISCAL IMPACT

None

ATTACHMENT(S)

1. Board Policies Recommended for Repeal
2. District Code Sections Recommended for Repeal (with applicable sections highlighted)
3. Board Handbook (with applicable sections highlighted)
4. Draft Ordinance No. 448



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 1

DATE: Revised: 2-22-78,
10-31-90, 11-22-93,
5-2-07, 2-26-09
Reviewed: 7-16-13

SUBJECT: DISTRICT'S MISSION AND GOALS STATEMENT

MISSION

It is the purpose of the Marin Municipal Water District to manage our natural resources in a sustainable manner and to provide our customers with reliable, high-quality water at a reasonable price.

VALUES

- Promote environmental stewardship and sustainability
- Conduct business with integrity and in an ethical manner
- Ensure fair, open and responsive interactions with MMWD customer and other members of the public
- Promote diversity in and equitable treatment of our employees
- Provide a healthy work environment
- Work cooperatively with other public agencies and groups
- Treat all individuals with fairness, dignity and respect
- Continuously improve through the promotion of initiative, leadership, personal development and training
- Exercise responsible financial management

DISTRICT GOALS

- Assure that water produced is of high quality and protects public health from source to the customer's tap
- Provide a long-term reliable water supply for MMWD customers
- Maintain the District's infrastructure in a cost-effective manner to assure reliable operation
- Provide a water rate structure which is fair and reasonable and which adequately funds the long-term maintenance and capital needs of the District's supply and delivery systems
- Promote conservation and water recycling programs and other practices which encourage the efficient use of water.

BOARD POLICY NO. 1

February 26, 2009

Page 2

- Provide responsible stewardship of land under district management, balancing existing mandates to safeguard ecological integrity, protect against wildfire, and maintain water quality
- Provide for visitor access and activities on watershed lands consistent with the constraints of watershed stewardship
- Maintain excellent communications with customers and assure responsive customer service
- Ensure a stable and talented workforce to do the District's work today and into the future



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 15

Date: 9/28/77

Revised 10/31/90

Revised 7/13/94

Subject:

DISTRIBUTION OF BOARD PACKETS AND REPORTS

The Directors' packets for Board meetings and all reports shall be made available, at the same time they are sent to Directors, at MMWD offices, and at the Civic Center and one or more other appropriate libraries in the District. Reports should be clearly marked "Draft" or "Preliminary" if they have not yet been acted upon by the Board.



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 28

Date: 2/27/91

Revised 3/23/94

Subject:

BOARD MEETING AGENDA ITEMS

To standardize procedures and to ensure that Board Members, staff and the public have adequate time to study, research and respond to Board agenda items before they are discussed in public, the following guidelines are hereby adopted:

Board Member Requested Board Agenda Items

Board members shall request items for placement on agendas at regular Board meetings under Future Agenda Items. In the case of an urgent item, Board members may request the General Manager, up to nine days prior to a meeting, to place an item on the next Board meeting agenda.

Staff Requested Board Agenda Items

Division Managers shall request the General Manager to place an item on the agenda for the next appropriate Board meeting.

Items Discussed at Committee

A Board member shall consult with the President of the Board if he/she desires to place an item on the Board agenda that was rejected at the Committee level. The President shall direct the General Manager to place the item on the agenda for an appropriate Board meeting.

Items Discussed at a Board Meeting

Agenda items reviewed by the Board will not be considered again for one year, unless there is either a compelling reason (new information, for example) or a majority of Directors who wish to place the item on the agenda.



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 34

Date: 10-14-93

Revised 4-12-95

Subject: BOARD REQUESTS FOR INFORMATION

Purpose:

It is the responsibility of the Board to provide guidance to the District through the development of policies and setting of the District's general direction and goals. To fulfill this responsibility the Board works through the District's General Manager and Division Managers to develop or modify policies and programs. Part of this process may find Board members requesting information be provided by staff. This policy is prepared to speak to these types of request.

Policy:

Any requests from individual Board members which will generate a staff assignment to develop information or reports, oral or otherwise, are to be directed only to the General Manager or Division Managers. Responses from staff shall be communicated through the General Manager's office to the Board member. If, in the opinion of the General Manager, the information may be of general interest to all Directors, the information will be provided to all Directors and appropriate staff.

This policy does not apply to requests for routine information, e.g. lake storage status, stream flows, fire conditions on the watershed, etc. This general information will be provided to any Board member in the same way that it is provided to the general public.



MARIN MUNICIPAL WATER DISTRICT

BOARD POLICY

No.: 37

Date: 5-17-95

Subject: DISTRIBUTION OF DISTRICT ELECTRONIC DATA AND SOFTWARE

Purpose:

The District has made a significant investment in its information system activities over the past several years and considers all software, information and applications as proprietary. The Public Records Act does not consider software and programs as public records. This, coupled with the possible misuse or demands on staff to respond to the use of and manipulation of these materials, has been the basis of the District's refusal to release these types of materials.

Policy:

The District's employees are given access to the District's software, information and applications to perform the functions of the District. Information and applications developed by employees are added to the District's overall information system.

The District purchased data for the District's Geographic Information System from the County. The County's License Agreement states that the District "may use the Parcel Base Map and data for its internal use only and for purposes of carrying out its function as a public agency." The Board believes this is a reasonable approach to the District's use of its data and related software.

Board Members are regarded as "District employees" with respect to use of these various materials. As with any District employee, the use is only constrained by the need to keep these materials restricted to use for District business and to assure no dissemination of the materials to the public.

Any requests for use of District's electronic data and software will be subject to the approval of the General Manager.

Chapter 2.10

BOARD OF DIRECTORS

Sections:

- 2.10.010 Regular meetings.**
- 2.10.020 Special meetings.**
- 2.10.030 Notice of special meetings.**
- 2.10.040 Quorum.**
- 2.10.050 Nonattendance—Adjournment.**
- 2.10.060 Compensation.**
- 2.10.070 Expenses.**

2.10.010 Regular meetings.

Regular meetings shall be held at 7:30 p.m. on the first and third Wednesdays of each month unless otherwise specified by the board of directors at the first meeting of each year. The meetings will be held in the Board Room of the Administration Building of Marin Municipal Water District at 220 Nellen Avenue, Corte Madera, California. (Ord. 369 §1, 1996; Ord. 300 §1, 1989)

2.10.020 Special meetings.

Special meetings of the board of directors may be called at any time on the order of the president or of three directors, and notice thereof shall be given in the manner required by Section 54956 of the Government Code of California. (Ord. 300 §1, 1989)

2.10.030 Notice of special meetings.

Each director shall register his address with the secretary, and notices of meetings mailed to such address shall be deemed valid notices thereof. (Ord. 300 §1, 1989)

2.10.040 Quorum.

A majority of the board shall constitute a quorum for the transaction of business; however, no ordinance, motion or resolution shall be passed to become effective without the affirmative vote of a majority of the members of the board, but a majority of those present at the time and place of any stated or special meeting, although less than a quorum, may adjourn the same from time to time, or from day to day, without further notice, until a quorum shall attend, and when a quorum shall attend, any business may be transacted which might have been transacted at the meeting had the same been held on the day on which the same was originally appointed or called. (Ord. 300 §1, 1989)

2.10.050 Nonattendance—Adjournment.

In the event no member of the board of directors shall be present at the time and place of any regular or special meeting, the secretary or assistant secretary of the district may adjourn such meeting

without further notice, to any time or place which shall then be publicly announced. (Ord. 300 §1, 1989)

2.10.060 Compensation.

Each director shall receive as compensation two hundred dollars per day for each day's attendance at meetings of the board or for each day's service rendered as a member of the board by request of the board. No director may receive compensation for more than 10 days in any calendar month. (Ord. 435 §2, 2016; Ord. No. 426 §2, 2013; Ord. No. 411 §2, 2009; Ord. 397 §2, 2003; Ord. 371 §7, 1996; Ord. 367, 1995; Ord. 362 §1, 1994; Ord. 307 §1, 1990; Ord. 300 §1, 1989)

2.10.070 Expenses.

Each director shall be reimbursed for all reasonable board authorized or requested expenses actually incurred in the performance of his or her duties. (Ord. 300 §1, 1989)



Board of Directors Handbook

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MARIN MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS HANDBOOK

February 16, 2020

SECTION 1: Introduction/Purpose

Introduction

This handbook is compiled as a guidance document to provide incumbent and newly elected members of the Marin Municipal Water District (“District”) Board of Directors (“Board”) with general information and specific authorities regarding oversight of the District. This handbook is intended to facilitate the handling of Board affairs, assist the Board in complying with open meeting laws, and is complementary to applicable laws and other requirements.

The District is an independent special district, formed pursuant to the Municipal Water District Law of 1911 and approved by voters to provide specific services to residences within the District’s service area. The District is a single function, enterprise special district because it charges its customers for the service provided. The District is governed by a five-member Board elected by voters within a specified limited boundary or division. Each Board member must be a resident of the division from which he or she is elected. Regular elections for Board members are held every 2 even years for staggered 4-year terms (i.e., divisions I, III & IV are elected in one 2-year election cycle and divisions II & V in the other 2-year election cycle).

The Board holds publicly noticed meetings in accordance with the Brown Act where citizens may address the Board regarding matters within the subject matter jurisdiction of the District.

Governing Laws and Regulations

The District was formed pursuant to California Water Code Section 71000 *et seq.*, commonly known as the Municipal Water District Law of 1911. The California Government Code contains a number of provisions applicable to the District and Board member activities including, but not limited to: the Ralph M. Brown Act (Open Meetings Law), Public Records Act (Public Access to Information), Government Code Section 1090 and the Political Reform Act (Conflict of Interest), Assembly Bill 1234 (Ethics), and Assembly Bill 1661 (Sexual Harassment Prevention).

Board Policies and Administrative Procedures

The mission of the District, as established by the Board of Directors, is to manage its natural resources in a sustainable manner and to provide its customers with reliable, high-quality water at a reasonable price. The Board communicates its direction, or its philosophy, toward fulfilling this mission by developing and periodically reviewing its values and goals, and creating and updating various policies and procedures to ensure that the District's customers and the public are treated in a fair and consistent manner. In most instances, policy is established by at least a majority vote of the Board, and a decision of the majority of the Board generally binds the District to a given course of action. However, some circumstances may necessitate the approval of a supermajority of the Board. The District's General Counsel will advise the Board of the approval requirements necessary to bind the Board to a given course of action.

Current District values and goals are listed below:

VALUES

- Promote environmental stewardship and sustainability
- Conduct business with integrity and in an ethical manner
- Ensure fair, open, and responsive interactions with MMWD customers and other members of the public
- Promote diversity in and equitable treatment of our employees
- Provide a healthy work environment
- Work cooperatively with other public agencies and groups
- Treat all individuals with fairness, dignity, and respect
- Continuously improve through the promotion of initiative, leadership, professional development and training
- Exercise responsible financial management

DISTRICT GOALS

- Assure that water produced is of high quality and protects public health from source to the customer's tap
- Provide a long-term reliable water supply for MMWD customers
- Maintain the District's infrastructure in a cost-effective manner to assure reliable operation
- Provide a water rate structure that is fair and reasonable, and that adequately funds the long-term maintenance and capital needs of the District's supply and delivery systems
- Promote conservation and water recycling programs and other practices which encourage the efficient use of water
- Provide responsible stewardship of land under district management, balancing existing mandates to safeguard ecological integrity, protect against wildfire, and maintain water quality

- Provide for visitor access and activities on watershed lands consistent with the constraints of watershed stewardship
- Maintain excellent communications with customers and assure responsive customer service
- Ensure a stable and talented workforce to do the District's work today and into the future

District governing documents include but are not limited to: the Marin Municipal Water District Code, Board Policies, Administrative Policies, Administrative Procedures, and applicable state and federal laws, which collectively constitute the policies and procedures which District staff follow when carrying out their day-to-day duties.

District administrative and operating procedures are approved by the General Manager pursuant to the authority delegated by the Board and are implemented to ensure that the District operates in a uniform and businesslike manner, and in accordance with the established policies of the Board.

SECTION 2: Board Officers and Board Appointed Staff

Board Officers and General Board Duties

Appointment of Officers and Duties

At its first meeting in January of each year the Board elects one of its members President and one of its members Vice President. The Board President and Vice President have no additional powers beyond those of any other Board member except that all committees of the Board are appointed by the President, with the advice and consent of other Board members.

The following are the responsibilities of the Board President:

- Serve as presiding officer of all Board meetings and maintain proper and appropriate parliamentary procedure (Robert's Rules of Order) and agenda management (e.g. ensure that actions are taken with proper motions and seconds);
- Run effective and efficient Board meetings and keep the Board discussions focused on agenda items to steadfastly move the Board toward making decisions true to its proper role and responsibility;
- Maintain proper conduct at Board meetings and diplomatically facilitate appropriate public participation in the activities of the Board in accordance with the Brown Act, while managing time and avoiding diversions from the agenda or disruptions in conducting District business;
- Allow other Board members to complete their comments on an item before offering his or her own;
- Vote, discuss, and make motions the same as other Board members; however, the President only makes motions and seconds when other Board members are reluctant to do so;

- Sign various Board-approved documents, including every original ordinance and resolution passed and adopted by the Board; and
- Act as the official representative of the District for ceremonial purposes, unless unavailable or delegated to another Board member or the General Manager.

The Vice President exercises the powers and responsibilities of the President in his or her absence.

General Board Duties

The Board is collectively the unit of authority within the District. Apart from a Board member's normal function as a part of this unit, an individual Board member has no authority to bind the District to a specific course of action.

The Board, as governing body of the District, is charged with full jurisdiction over all water works necessary for the acquisition, storage, treatment, sale and distribution of water served to District customers. The General Manager is charged with carrying out this responsibility on a day-to-day basis. Among other duties the Board has the authority to:

- Acquire or sell real District property, to construct and operate facilities, to purchase equipment and enter into contracts;
- Adopt and oversee annual District budgets and finances, set water rates and charges, and approve the purchase of resources needed by management to carry out District policies; and
- Appoint and conduct annual performance evaluations of the General Manager and General Counsel, and approve compensation for all District employees.

Communication to/from the Board

The tone and content of all communications should reflect the highest degree of professionalism and respect. Board members are responsible for the content of all text, audio, or images that they place or send, including those sent over the District computer network. Messages with fraudulent, harassing, abusive, obscene, vulgar, profane, offensive, or sexually suggestive content are prohibited. Messages with derogatory or inflammatory remarks related to a person's membership in any protected class are also prohibited.

When a Board member receives a complaint or inquiry from the public regarding the District's services and/or staff, the Board member should acknowledge the complaint or inquiry without making any promise or commitment as to what will happen on behalf of the District and forward the message to the General Manager. Board members are encouraged to engage the public on matters of District interest and concern but cannot guarantee an outcome or result before the Board has acted.

Emails/ Text Messages

The District provides each Board member his or her own District email address. Routine communication should be by District email. Board members should refrain from using any

communication method that may result in a serial meeting. For example, Board members should refrain from using the “reply all” function to respond to emails sent to the Board and should not use email or other means of communication to develop a consensus on any issue within the Board’s subject matter jurisdiction outside of a public meeting. (See later reference to the Brown Act, Section 3)

Email messages related to District business, sent from either District email accounts or personal accounts, are considered “public records” and accordingly, unless exempt from disclosure pursuant to the provisions of the California Public Records Act, may be disclosed in response to a public records request. These emails may also be subpoenaed as evidence in litigation. The District reserves the right to access and disclose all messages sent over its computer network and email system for any lawful purpose. The use of personal email accounts and personal electronic devices for District business is still subject to the disclosure requirement of the Public Records Act or a subpoena. Board members should carefully consider whether the use of personal email for District business is appropriate.

Board members are responsible for checking their incoming email frequently, reading its contents and responding in a timely manner. Messages transmitted over the District email system should only involve District-related activities for the accomplishment of business-related tasks or any communication directly related to District business, administration or practices. The District email system should not be used for personal correspondence. All email messages received at or sent through the District server system, including emails sent and received by Board members’ District email addresses, are property of the District and are not private.

Board members should remain aware that the rules applicable to emails also apply to text message communications. Therefore, Board members should use good judgment when sending and receiving electronic communications of any kind, including text messages. Board members should refrain from sending any electronic communications regarding matters within the subject matter jurisdiction of the Board during Board or committee meetings. Instead, Board member comments and discussions should occur aloud during the meeting in order to ensure members of the public may properly observe their elected official’s opinions on District matters.

Social Media

Board members may use social media to engage in separate conversations or communications on an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding matters that are within the subject matter jurisdiction of the Board provided that a majority of the members of the Board do not use the internet-based social media platform to discuss among themselves business within the subject matter jurisdiction of the Board. Board members should remain aware that the phrase “discuss among themselves” is broadly defined to include any communications made, posted, or shared on an internet-based social media platform between members of the Board, including comments or use of digital icons that express reactions to communications made by other members of the Board, such as “like”. For this reason, Board members should not comment or use any digital icons (i.e., like, dislike, etc.) expressing reactions to fellow Board members’ social

media posts related to District business. Board members should also refrain from taking positions on social media regarding any matter that is pending or may become before the Board.

Contact with Media

Because the public receives much of its information regarding District programs, policies and operations through the media, it is important that the District provide the media with the most complete and accurate sources of information available. Thus, the General Manager or his designee shall serve as the District's primary spokesperson and the media's primary source of contact with the District. Media inquiries about official District business, including requests for explanations of District policy, should be directed to the General Manager or his designee.

Board member communications with the media in which the District is a subject matter of discussion shall be clearly identified as an expression of personal opinion of the individual Board member who is expressing his or her opinion to the media.

Use of Title/ Advocacy on Non-Board Approved Matters

Elected or appointed officials may not take positions on behalf of the District without the express prior permission and direction of the Board. When Board members are asked for the District's opinion on an issue, the response should reflect the position of the Board. Any position of the Board is developed through a collective action taken by the entire Board.

It is the preference of the Board that Board members refrain from using their titles to engage in advocacy on matters that do not reflect the position of the Board. If, however, an individual Board member elects to engage in producing any correspondence, public comment or oral presentation or to engage in advocacy on matters other than in representation of a Board position, the Board member should not use his or her Board title, or otherwise suggest or imply that their positions reflect the position of the Board or the District.

If a Board member produces or engages in advocacy that does not reflect a collective action taken by the entire Board and finds that it is necessary to make reference to their Board title, the advocacy must be accompanied by a clear and prominent disclaimer stating that the position being expressed is that of the individual Board member and does not reflect the position of the District or the Board.

Board Appointed Staff

General Manager

The General Manager is appointed by and reports to the Board to carry out the day-to-day activities of the District pursuant to adopted ordinances, resolutions and policies. The General Manager has full charge and control of the maintenance, operation and construction of the waterworks system of the District and authority to employ and discharge employees, except those appointed by the Board, and determine employee duties necessary to carry out these responsibilities. The General Manager shall provide a written monthly report to the Board

summarizing the work performed during the month and other items of importance or interest to the Board, and approve, or appropriately delegate, all requisitions for materials, supplies, equipment and services necessary for carrying out the work, with Board approval where required.

General Counsel

The General Counsel is appointed by and reports to the Board, and is the legal advisor to the District regarding all legal matters pertaining to the District. The General Counsel performs such duties in relation to the District's legal matters as the General Manager, or Board may request. The General Counsel is authorized to retain outside counsel from time to time to represent the District in various matters.

Board Secretary

The Board Secretary is appointed by the Board and reports to the General Manager and attends all Board meetings and committee meetings; keeps a complete record of the proceedings including attendance; prepares and maintains official correspondence as directed; maintains custody of the District seal; countersigns all District warrants; maintains oaths of office of all appointed or elected officials and performs such other duties as may be required by the Board.

Finance Director/Treasurer

The Finance Director/Treasurer is appointed by the Board and reports to the General Manager and is the chief financial officer of the District. He or she supervises and administers the financial accounts, records and accounting controls in accordance with generally accepted accounting procedures regarding the financial status and requirements of the District.

Consulting Auditor

The Consulting Auditor shall be an independent public accountant annually retained by and reporting solely to the Board to make an examination of the District's financial position in accordance with generally accepted accounting and auditing standards. The Consulting Auditor may perform other services as requested by the Board from time to time. The Consulting Auditor is not an employee of the District and is engaged on a fee basis for the services rendered.

Evaluation of Board Appointed Staff

Annually, the Board should meet and discuss the performance of the General Manager and prepare a documented performance appraisal to be shared individually with the General Manager in closed session.

Annually, the Board should meet and discuss the performance of the General Counsel and prepare a documented performance appraisal to be shared individually with the General Counsel in closed session.

District Organization and Communications between Board Members and Staff

Organization

The District is organized into four divisions with each division leader reporting directly to the General Manager. The four divisions are as follows:

- Administrative Services Division, including functional responsibilities of Finance, Customer Service & Meters, and Information Technology;
- Engineering & Environmental Services Division, including functional responsibilities of Engineering;
- Facilities and Watershed Division, including functional responsibilities of Facility Maintenance & Support, Watershed Management, and Water Conservation; and
- Operations Division, including Water Treatment and Distribution, Distribution System Maintenance, Water Quality and Laboratory Services, and Safety/Emergency Response.

Additionally, the District's Human Resources and Communications & Public Affairs Departments report directly to the General Manager. The General Counsel's Office reports directly to the Board and provides ongoing support to the General Manager and District staff regarding legal and related matters.

Communication between Board Members and Staff

All communication between Board members and staff regarding District business should be coordinated through the General Manager, including requests from individual Board members. The General Manager will then generate a staff assignment to develop information or reports responsive to the Board member(s) request.

Responses from staff shall be communicated through the General Manager's Office or designee to the requesting Board member(s) and, if the General Manager believes that the information may be of general interest, the response may be sent to all Board members. This does not apply to requests for routine information (e.g. lake storage status, stream flows, fire conditions on the watershed, etc.). Routine information will be provided to Board members in the same way that it is provided to the general public.

SECTION 3: Board Meetings

Scheduling Meetings

Regular Meetings

The principal type of meeting at which District business is conducted is at a regular bi-monthly meeting of the Board. Regular bi-monthly meetings of the Board of Directors will be held the first and third Tuesdays of each month, to begin at or after 6p.m., but normally at 7:30p.m., in the boardroom located at the District office (220 Nellen Avenue, Corte Madera, California) unless

otherwise stated in a Board adopted calendar for the upcoming year, prior to January 31st of each year.

Meeting notices and agendas for regular meetings are posted online at marinwater.org, and physically posted at the District office in Corte Madera, and at the Corte Madera, Fairfax, Mill Valley and San Rafael Civic Center public libraries on the Friday (at least 72 hours) before each meeting. Reports and other materials related to the agenda items are posted on the District's website and hard copies are available for review at the District office.

Special Meetings

Occasionally, special meetings of the Board are held to consider a particular topic, conduct a workshop or study session or, if necessary, hold a meeting at a time or date other than a regularly scheduled Board meeting. Agendas for special Board meetings must be posted in a public place and online at least one-day (24 hours) prior to the meeting. However, the District makes every effort to provide more than one-day (24 hours) notice prior to the meeting, when possible.

Regular and special meetings of the Board should generally be held within the boundaries of the District's jurisdiction with certain exceptions. The Board may adjourn a regular or special meeting to another place, date or time if the business considered at that particular Board meeting has not yet been completed and/or if Board deliberations would benefit from re-convening the meeting to another place, date or time.

Emergency Meetings

When an emergency occurs, such as a crippling disaster, work stoppage or other activity that severely impairs public health, safety or both, as determined by a majority of the Board, an emergency meeting may be called. Notice of an emergency meeting must be given to local media at least one hour prior to the meeting. However, in the case of a dire emergency such as mass destruction, terrorist act, or threatened terrorist activity posing peril so immediate and significant that providing one-hour notice may endanger public health, safety or both, as determined by a majority of the Board, notice need only be provided at or near the time that notice is provided to members of the Board.

Public Hearings

Public hearings are held on matters of special importance when required by law.

Closed Sessions

Meetings of the Board are either fully open or fully closed, and there is nothing in between. The Brown Act strongly favors open meetings and private discussions among a majority of the Board members are prohibited, unless expressly authorized by the Brown Act. Closed sessions are an exception to open meeting requirements, and the authority for such sessions is narrowly construed. The fact that material may be sensitive, embarrassing or controversial does not justify consideration in a closed session unless authorized by a specific statutory exception(s) to the Brown Act. The most commonly cited exceptions relate to litigation (including threat of), real property negotiations, public employment issues, and labor negotiations.

Closed sessions are generally held immediately prior to or following regular bi-monthly meetings of the Board but may also be scheduled at other designated times. Only individuals having an official role in the closed session subject matter may attend and the confidential information discussed during the closed session is explicitly prohibited from unauthorized disclosure. It is incumbent upon those attending closed sessions to protect the confidentiality of those discussions.

Following a closed session the Board shall reconvene in open session and publicly report out final decisions and the votes for or against any final decisions. The Board President or General Counsel generally makes these public reports.

Committee Meetings

Board committees act in an advisory capacity to the Board. Two Board members (Chair and Member) are annually appointed to each committee by the Board President with the advice and consent of other Board members.

Committee meetings are typically held in the boardroom at the District office, 220 Nellen Avenue, Corte Madera, California, unless otherwise noticed. Committee meeting notices and agendas are prepared and posted in accordance with the Brown Act similar to regular Board meetings and minutes are prepared for each meeting. The minutes are included in the next committee meeting agenda packet and approved by the committee during a subsequent meeting of the committee.

The District dually notices all committee meetings as both committee meetings and special meetings of the Board. This ensures that a quorum of the Board may attend and participate in the committee meeting, while maintaining compliance with the Brown Act. If less than a quorum of the Board (less than three Board members) participates in the meeting, it is a committee meeting. When a quorum of the Board (three or more Board members) participates in the meeting, it is a Board meeting. The Board, as a practice, generally does not take final action on items during committee meetings, unless District staff determines the urgency of the item requires immediate action that cannot be delayed until a subsequent regular bi-monthly Board meeting. This practice generally allows members of the public multiple opportunities to submit comments and participate in the Board's decision-making process prior to the Board taking final action on an item.

Currently there are four Board committees:

- Communications Committee, which meets quarterly on the 3rd Wednesday of the month in February, May, August and November;
- Finance Committee, which meets on the 3rd Thursday of each month;
- Operations Committee, which meets on the 3rd Friday of each month; and
- Watershed Committee, which meets quarterly on the 3rd Thursday of the month in March, June, September and December.

From time-to-time the Board may establish ad hoc committees to address issues with a limited scope and duration. The Board President may appoint Board members to ad hoc committees. These committees are not subject to the Brown Act.

Additionally, Board members may be assigned to represent the District before other broad based regional groups including: Tamalpais Lands Collaborative Executive Committee, Lagunitas Creek Sediment and Riparian Management Plan Technical Advisory Committee, North Bay Watershed Association, Tomales Bay Watershed Council, Sonoma County Water Agency Water Advisory Committee, North Bay Water Reuse Authority, Las Gallinas Recycled Water Committee, and Association of California Water Agencies.

Preparation of Agenda and Order of Business

Agendas

Meeting agendas specify the date, time and location of the meeting, in accordance with Brown Act requirements, and must contain a brief general description of each item of business to be transacted or discussed at the meeting. It should be clear from the agenda wording what will be discussed and what action is being proposed so members of the public can determine if they would like to observe or participate in the meeting. The Brown Act generally prohibits any Board action or substantive Board discussion of items that are not on the agenda.

Most items on the agenda originate from the General Manager and District staff. Staff maintains a detailed list of upcoming agenda items that is updated after each Board and committee meeting. Typical types of agenda items include the following:

- Policy direction from the Board;
- Public hearings;
- Items with overarching policy implications (e.g. strategic planning, budgeting, labor negotiations);
- Actions required by law;
- Actions on the overall implementation of a Board approved project or program (e.g. award of construction contracts, consideration of an environmental review document, etc.);
- Discretionary decisions for which authority has not been delegated to the General Manager; and
- Informational items to update the Board and public on District matters.

A draft agenda for regular Board meetings is developed by the General Manager and reviewed by the Board President prior to the agenda being publicly posted. The Board formally adopts the agenda for each meeting as an initial order of business after each meeting is called to order.

Future Agenda Items

Board members may request that items be placed on agendas during discussion of the “Future Agenda Items” portion of the agenda. A motion by a Board member and a second by another Board member will initiate bringing the item to a future meeting for discussion and consideration.

Urgency Items

In rare cases, a legitimate urgent need may arise that must be acted upon even though the item was not included on a posted agenda. The General Counsel shall be consulted on all urgency items. In order for the Board to take action on an urgency item, two determinations must be approved by a two-thirds vote of the Board members present (or by unanimous vote if less than two-thirds (2/3) but more than a quorum of members are present):

- There is an immediate need to take action; and
- The need for action arose after the agenda-posting deadline.

If the above requirements are met, the Board may vote to add the urgency item to the agenda.

Attendance, Conduct, Quorum & Voting, Rules of Order, Brown Act

Board members should strive to attend all Board and committee meetings in person. If a Board member will be absent, he or she should notify the General Manager and Board President as soon as possible.

Teleconferencing

A Board member may participate in meetings via teleconference when not able to attend in person. For each meeting that a Board member will participate by teleconference, the Board member should notify the Board Secretary of his or her teleconference location prior to the agenda being posted, so that the agenda for the meeting will properly identify the teleconference location. All teleconference locations must be accessible to the public, have a copy of the agenda posted, and allow members of the public to address the Board at the teleconference location. When a Board member or members, participate via teleconference meeting all votes must be taken by roll call.

Quorum/ Board Action

A majority of Board members (three or more members) constitutes a quorum necessary for conducting business at a Board meeting. The Board shall act only by motion, resolution or ordinance. As long as a quorum of Board members is present, a simple majority of those Board members present is satisfactory to approve routine agenda items, such as approving the expenditure of funds, or passing an ordinance or resolution not requiring a supermajority. A supermajority of votes is necessary to consider an urgency item not previously posted on the Board meeting agenda or to take certain actions in response to an emergency situation. The District utilizes the parliamentary procedure from Robert’s Rules of Order to conduct Board meetings.

Brown Act (Opening Meetings Law)

In compliance with the Ralph M. Brown Act (“Act”), all meetings of the Board are to be held in open session, unless a closed session is expressly permitted by the Act, and the general public is permitted to attend all open sessions. In order to ensure proper public participation and that all decisions are reached only during public meetings, Board members should refrain from participating in phone calls or emails that:

- Discuss issues within the Board’s subject matter jurisdiction and are directed to a majority of the Board members;
- Take a position or make commitments on matters yet to be decided by the Board; and/or
- Communicate his/her position on a matter pending before the Board to all other members of the Board.

Meeting Minutes

Draft meeting minutes are prepared by the Board Secretary and presented to the Board and/or committee for approval at a next meeting of the Board or applicable committee.

SECTION 4: Conference, Training, Reporting Requirements

Conferences

In accordance with Board policy, Board members may elect to attend conferences, meetings and other functions from which the District derives specific benefit through attendance, including those affiliated with District membership in various associations. After attending the conference, meeting or training, the Board member who attended on behalf of the District should provide a brief oral report during the Directors’ and General Manager’s Announcements portion of the agenda to share information about the event with fellow Board members and the public.

Mandatory Ethics and Sexual Harassment Prevention Training

The Board Ethics Policy promotes awareness of ethics, integrity and fidelity as critical elements in Board members’ conduct and in achievement of the District’s mission. The proper operation of the District requires that Board members remain objective and responsive to the needs of the public they serve, make decisions within the proper channels of governmental structure, and not use public office for personal gain. Pursuant to the Board Ethics Policy and provisions of the California Government Code set forth in Assembly Bill 1234, Board members are required to receive two hours of ethics training within the first six months of taking office and every two years thereafter.

Board members must also receive two hours of sexual harassment prevention training within the first six months of taking office and every two years thereafter. The District’s current Sexual

Harassment Policy is intended to prevent sexual harassment in the work environment and provides procedures for resolving complaints of sexual harassment.

Public Records Act Training

All records of the District, except those exempt from disclosure pursuant to the California Public Records Act and/or other applicable laws, are public records. Any person may examine public records during regular business hours of the District or may obtain a copy of requested records in accordance with the California Public Records Act. For convenience to the public, the District has a Public Records Act Request form on its website and provides electronic records at no charge to the public.

The Board Secretary maintains a records retention policy and works with the General Counsel's Office in responding to Public Records Act requests. The Board Secretary and the General Counsel conduct periodic in-house trainings pertaining to the California Public Records Act. Board members are encouraged to participate in said training.

The Board Secretary maintains certificates of completion and a training log for all Board member training. The Board Secretary keeps Board members informed of all training requirements and applicable due dates to ensure compliance with applicable laws.

Conflict of Interest/Form 700

State laws attempt to eliminate any action by a Board member that may implicate a conflict of interest. The purpose of such laws and regulations is to ensure that all actions taken are in the public interest. The Political Reform Act of 1974 requires public officials and designated employees to disclose financial interests that could cause a conflict of interest. Public officials may be required to disqualify themselves from making, participating in, or attempting to influence any decision that will materially affect their financial or economic interest. If a Board member is unsure whether or not he or she may have a disqualifying economic interest, he or she should consult the General Counsel as soon as possible.

Economic interests include, but are not limited to, those items public officials are required to report on the Form 700, Fair Political Practices Commission ("FPPC") "Statement of Economic Interest" and include sources of income, business interests and real estate investments. The Form 700 also requires the annual reporting of all gifts received that are valued at \$50 or greater in a calendar year. The Political Reform Act precludes the acceptance of any gifts with a value totaling more than \$500 in a calendar year. These Form 700s are provided to Board members each calendar year, and within 30 days of assuming or leaving office, and filed with the Board Secretary who forwards them to the FPPC and makes them available for public inspection and reproduction.

Conflict of Interest Reporting at Board Meetings

A Board member may be disqualified from participating in agenda items that present a financial conflict of interest. If a Board member is disqualified due to a financial conflict, he or she must abstain from the item, state the reason for the disqualification, and leave the room during the agenda item (unless the item is listed on the consent calendar).

SECTION 5: Compensation/Benefits

Board Compensation

The District has adopted a policy regarding Compensation of Elected or Appointed Officials to address Board member compensation.

Each Board member shall receive as compensation \$200 per day for each day's attendance at meetings of the Board or for each day's service rendered as a Board member by request of the Board. No Board member may receive compensation for more than 10 days in any calendar month. The District authorizes payment to Board members at the daily compensation rate for attending Board meetings and committee meetings. In addition, pursuant to Board policy, the District authorizes payment of the daily compensation rate to Board members for attendance at other specified meetings or attendance at other District business as authorized by the General Manager.

Additionally, Board members receive medical and dental benefits consistent with other District employees.

Travel Authorization and Reimbursement of Travel Expenses

In accordance with Board policy, Board members may attend, travel and seek reimbursement of all normal and necessary expenses incurred while attending conferences, training, meetings and other functions from which the District derives a specific benefit through attendance. Only that travel/attendance which serves a District purpose and is deemed necessary and/or advantageous to the District shall be approved and reimbursed. Travel shall be by means most economical to the District. Board members are expected to exercise sound judgment in the incurring and submittal of travel expenses in keeping with the standards and proprieties of a visible and accountable public agency.

Reimbursement of costs shall be based on the minimum number of days and hours required to transact District business. Early departures and late arrivals shall be at the Board member's own expense, except where savings to the District can be demonstrated. Reimbursement will not be allowed for travel between a Board member's residence and the location of a meeting that does not exceed the Board member's normal commute distance to the District's office.

Items of a personal nature are not reimbursable, including but not limited to: movies, entertainment, premium television services, alcoholic beverages, dry cleaning, spas, gyms, barber, magazines, shoe shines, travel insurance, purchase of clothing or toiletries, loss of tickets, fines or traffic violations, excess baggage costs, spouse and/or guest expenses/ accommodations, repairs to personal vehicles, and office equipment. Optional tours, banquets or other activities not related to District business offered through a conference, but as an additional cost to registration, are solely at the discretion of the Board member and will be considered a personal expense.

SECTION 6: Other Related Information

Human Resources

The Board has established a District Human Resources (HR) goal to “*Ensure a stable and talented workforce to do the District’s work today and into the future.*” This goal is based on District values of promoting diversity in and equitable treatment of its employees; providing a healthy work environment; and continuously improving through the promotion of initiatives, leadership and personal development and training. Ensuring District HR policy is current and consistent with this strategy is a shared responsibility between staff and the Board. Board members should be familiar with key HR documents including but not limited to: the Equal Employment Opportunity Policy, labor agreements with both represented and non-represented employees, benefit summaries, job descriptions and salary schedules.

Risk Management and Emergency Operations

The District maintains a range of insurance coverage to limit financial risks, which may occur from an uncertain event or loss. The District’s insurance portfolio includes both a self-insured component and third party insurance coverage. The third-party insurance coverage provides coverage for the following: Property Damage, General & Auto Liability (including vehicle physical damage), Public Officials Errors and Omissions (E&O) and Employee Practices Liability, Employee Fidelity, Workers’ Compensation and Cyber Liability coverage.

The Public Officials E&O coverage insures Board members and District officers against claims made against them for “breach of duty” occurring through negligence, error or unintentional omission. Violations of certain laws and regulations by a Board member, such as discrimination, harassment or fraud, may result in that individual member being personally liable for damages that may not be covered by this insurance policy.

All insurance coverage is annually reviewed and approved by the Board. Additionally, District contract language for procuring equipment, supplies and services (including consultant services), includes general provisions that reduce potential risks to the District. These contracting provisions include, but are not limited to, the following topics: indemnification, insurance, nondiscrimination and conflict of interest.

The District maintains an active emergency preparedness program that includes an Emergency Operations Plan (EOP) to help manage District critical functions during an emergency and ensure the safety of staff. The EOP has been prepared to provide a plan of action in response to various emergencies that may involve the District and/or its facilities. The plan primarily addresses the possible emergencies of earthquake, electrical power failure, fire, flood, hazardous or toxic spills, potential water contamination, vandalism and sabotage, and vehicle or personnel accidents. The District coordinates its EOP, functions and response with first responders from other public and private entities and organizations, and the District designates staff as liaisons with general-purpose government Emergency Operations Centers as necessary. The General Manager, or his designee, may request mutual aid assistance from other local government or public agencies, or commit District resources to other agencies requesting aid. The General Manager provides regular reports to the Board on the District's response to emergency situations and presents annual reports on the District Emergency Preparedness Program. Each Board member receives a copy of the EOP, which is updated from time to time.

When an emergency situation arises, the General Manager may award necessary contracts without competitive bidding. The Board must ratify the emergency contract award within 14 days.

Electronic Equipment, Data and Software

The District's employees are given access to the District's software, information and applications to perform the functions of the District. Information and applications developed by employees are added to the District's overall information system. The District purchased data for the District's Geographic Information System from the County of Marin.

Board members are regarded as "District employees" with respect to the use of District electronic equipment, data and software and should follow the same rules as District employees. As with any District employee, Board members should only use these materials for District business and assure no dissemination of the materials to the public. Any requests for use of District electronic data and software will be subject to approval by the General Manager.

Community Outreach

Supplementing Board member assignments to participate in broad based regional groups, the District provides extensive community outreach programs through its Water Conservation, Watershed Management and Public Information departments. Outreach activities and opportunities can be located on the District's website and through its social media accounts.

Association Memberships

The District holds memberships in and attends meetings of associations, which have applicability to District functions, and looks upon such memberships as opportunities for in-service training. Board members may participate in the following associations with which the District holds memberships: the American Water Works Association (AWWA), the Association of California Water Agencies (ACWA) and the Water Environment Association (WEA). Board members who

vote or hold a formal position in these associations recognize that they are representing the District when attending these functions.

When Board members are attending meetings on their own accord, and are not requested to attend by the Board, Board members are cautioned that they are not authorized to officially represent the District at those meetings.

Orientation of New Board Members

Newly elected Board members are subject to the Brown Act immediately upon being elected to office, even though their swearing in does not occur until noon on the first Friday in December. Current and newly elected Board members should remain cognizant of this when communicating with each other in order to prevent an unintentional serial meeting from occurring, which would constitute a violation of the Brown Act.

The Board Secretary is the point of contact for newly elected Board members regarding:

- Filing an assuming office Statement of Economic Interests Form 700 with the FPPC within 30 days of taking office;
- Completing mandatory Ethics and Harassment training;
- Procuring a suitable photograph and developing a brief biography to be posted on the District website;
- Completing employee on-boarding, payroll and benefit paperwork and setting up a District email account; and
- Providing important reading materials including the Board of Directors Handbook, District policies, recent water rate information and Cost of Service Analysis, budgets, capital improvement program information and Water Resources Plan.

The General Manager is the point of contact for newly elected Board members to tour District offices, meet staff, visit key facilities and address pertinent questions.

The General Counsel is the point of contact for all legal matters, including conflicts of interest and the Brown Act.

**MARIN MUNICIPAL WATER DISTRICT
ORDINANCE NO. 448**

**AN ORDINANCE REPEALING CERTAIN PROVISIONS OF TITLE 2 CHAPTER 2.10
ENTITLED “BOARD OF DIRECTORS” OF THE MARIN MUNICIPAL WATER
DISTRICT CODE REGARDING REPEAL OF DUPLICATIVE PROVISIONS OF THE
DISTRICT CODE**

**BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE MARIN MUNICIPAL
WATER DISTRICT AS FOLLOWS:**

SECTION 1. Purpose: On February 16, 2021, the Marin Municipal Water District Board of Directors adopted the Marin Municipal Water District Board of Directors’ Handbook (Board Handbook). Following adoption of the Board Handbook, a review of the District Code indicates that several provisions are now addressed in the Board Handbook rendering these provisions duplicative and unnecessary. Further, some of the provisions in the Chapter of the District Code are outdated or made unnecessary because they are reflective of state law. The purpose of this Ordinance is to repeal duplicative and outdated provisions of the District Code to allow more efficient and regular review and compliance with legal requirements and industry best practices.

**SECTION 2. Repealing Sections 2.10.010, 2.10.020, 2.10.030 and 2.10.050 of the Marin
Municipal Water District Code:**

The following Sections of the Marin Municipal Water District Code are hereby repealed:

Section 2.10.010 entitled “Regular meetings”;
Section 2.10.020 entitled “Special meetings”;
Section 2.10.030 entitled “Notice of special meeting”; and
Section 2.10.050 entitled “Nonattendance-Adjournment”.

**SECTION 3. Findings: After considering all of the information, documents and testimony
at the public hearing the Board of Directors finds as follows:**

- A. On February 16, 2021, the Board of Directors adopted the Marin Municipal Water District Board of Directors’ Handbook (Board Handbook) during an open and public meeting.
- B. The Board Handbook contains the same information or revised information addressing certain of the matters in the District Code provisions being repealed by this Ordinance.
- C. Many of the District Code provisions being repealed by this Ordinance are also duplicative of current legal requirements set forth in Government Code Section 54950 *et seq.* Therefore, the District will continue to follow these legal requirements regardless of their inclusion in or exclusion from the District Code.
- D. Elimination of duplicative and outdated policies, procedures and District Code provisions ensures more efficient District operations, reduces the potential for confusion amongst staff and promotes effective governance.

SECTION 4. Severability: If any section, subsection, sentence, clause, phrase, portion or part of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such section shall not affect the validity of the remaining portions of this code. The Board of Directors hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections subsections, sentences, clauses, phrases, parts or portions be declared invalid or unconstitutional and, to that end, declares the provisions of this Ordinance severable from one another.

SECTION 5. Effective Date: This Ordinance shall take effect 30 days following its adoption.

SECTION 6. Reservation of Powers: Nothing in this Ordinance shall prevent the District from exercising any of its powers under the California Water Code or other applicable law including but not limited to its power to adopt Ordinances, resolutions, rules or regulations in response thereto.

PASSED AND ADOPTED this __ th day of __, 2021, by the following vote of the Board of Directors:

AYES:

NOES:

ABSENT:

President, Board of Directors

ATTEST:

Board Secretary