

Marina Coast Water District

Marina, California

Annual Comprehensive Financial Report

For The Fiscal Years Ended

June 30, 2023 and 2022



11 Reservation Road, Marina California 93933

**Marina Coast Water District
Annual Comprehensive Financial Report
For the Years Ended June 30, 2023 and 2022**

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MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: www.mcwd.org

TEL: (831) 384-6131

FAX: (831) 883-5995

DIRECTORS

JAN SHRINER
President

HERBERT CORTEZ
Vice President

BRAD IMAMURA
THOMAS P. MOORE
GAIL MORTON

October 16, 2023

Board of Directors
Marina Coast Water District
Marina, California

It is a pleasure to submit the Marina Coast Water District's (MCWD or District) Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2023, and 2022. The ACFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MCWD's financial statements by a Certified Public Accountant (CPA). The District's financial statements have been audited by The Pun Group LLP, Certified Public Accountants (auditor). The auditor's opinion is included in the financial section of this ACFR.

The ACFR is believed to be accurate in all material respects and is presented in a manner designed to clearly present the financial position, the changes in financial position, and cash flows for the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. While the independent auditors have expressed an unmodified ("clean") opinion that MCWD's financial statements are presented in conformity with the U.S. generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

District Overview

The District is a special district formed in 1960 under the County Water District Act for the purpose of installing and operating a water supply, water distribution system, and wastewater collection system for the City of Marina. The District serves approximately 41,000 residents through approximately 11,000 connections in its Marina and Ord Communities.

The District currently pumps all of its supply or approximately 3,555 Acre Feet of potable water (both Marina and Ord Community systems) annually from groundwater wells.

The District's Recycled Water System has approximately 13 miles of pressurized pipe and one (1) 2 million gallon storage tank. The District began delivering its recycled water to its first account, Bayonet and Black Horse Golf Course in November 2022. The District has delivered over 195 Acre Feet of irrigation water to Bayonet and Black Horse Golf Course for FY2023.

The District owns and operates twenty (20) sewer lift stations, more than 155 miles of gravity pipeline, and 7 miles of force main to convey in excess of two million gallons per day of sewage to the Monterey One Water Treatment Plant. Monterey One Water (M1W), operates the regional wastewater treatment plant. M1W is a joint powers agency formed in 1972, which the District is a member. The District owns 4.22 MGD of capacity and participates as a share member based on the District's service population. Sewage is conveyed to an interceptor and measured at the M1W pump station for Central Marina and the Flume structure for Ord Community.

The District's system encompasses approximately 215 miles of water pipeline and owns and operates seven (7) production wells and one (1) standby well, with an estimated capacity of approximately twenty (20) million gallons per day. District water storage includes eight (8) water storage tanks with a combined capacity of eleven million (11) gallons and six (6) booster pump stations. In addition, monitoring wells are strategically located along the coast to monitor water quality and groundwater levels in the aquifers that are the source of the District's water supply. All wells are sampled to identify the presence of chemicals, the threat of saltwater intrusion, and to monitor water levels.

The District has an authorized staff of 48 full-time employees providing services to its six (6) service area funds: Marina Water, Marina Sewer, Ord Water, Ord Sewer, Recycled Water, and Groundwater Sustainability Agency (GSA).

Governance

MCWD is a public agency (special district) governed by a five-member independently elected Board of Directors (Board) serving staggered four-year (4) terms elected from within the District's service area. The District began service in 1958. The Ord Community was annexed into the District's service area in July 2019 and as such was able to participate in the November 2020 election. Annually, a President and Vice President are chosen among the Board members. MCWD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies.

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 6:30 p.m. at the Imjin Office Park, 920 2nd Avenue Suite A, Marina, California. Board meetings are open to the public.

Budget Process

Annually, the District prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both serve as the District's financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services, and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented, and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manager has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program.

Long-term Financial Planning

The District contracted with Carollo Engineers to prepare a five-year rate study and financial plan (Study) for the District. The Study was completed in January 2018 and identified those resources necessary for the District to properly fund its operations and capital program for the fiscal years 2019 through 2023. The Study provides the appropriate means to obtain the needed resources through a combination of rate increases and project financing. A full version of the Study can be viewed on the District's website www.mcwd.org. The District has begun the process to update its 2018 Rate Study.

MCWD also conducted a formal Cost Allocation Plan, which was completed by Carollo Engineers, documenting their review of how MCWD overhead costs are allocated among its four cost centers. The study determined that MCWD's approach not only meets State and Federal requirements, but also achieves best management principles of financial statements that are reasonable, consistent, repeatable, and documented.

In 2022, the District also contracted with Raftelis Financial Consultants to prepare the Recycled Water Rate Study Report. The rate study was conducted to establish new recycled water rates for FY2022/23 through FY2026/27 that was intended to equitably recover costs for the newly operational recycled water system.

Major Initiatives

The District completed its water, sewer, and recycled water master plans in May 2020. These plans are long-term planning documents that provide hydraulic models of the District's existing systems used to evaluate the capacity of the existing systems and recommend improvements. The plans also assist in determining future water and recycled water demands and supply requirements for the District and to identify the water facilities needed to produce, deliver, store and transport this supply to its customers as well as determine future sewer flows for the District and identify sewer facilities

needed to collect and convey sewer flows to the existing District discharge locations. The full version of each plan can be viewed on the District's website www.mcwd.org.

The Marina Coast Water District's Marina and Ord Community service areas overlies portions of the Monterey Subbasin, the 180/400 Foot Aquifer Subbasin, and part of the Seaside Adjudicated Basin. Three of the District wells are located in Marina and five (5) wells are in the Ord Community. The California Department of Water Resources (DWR) granted the District exclusive Groundwater Sustainability Agency (GSA) status within its jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin. Since the District has been determined to be an exclusive GSA in both the Monterey Subbasin and the 180/400 Subbasin, the MCWD GSA will be engaged in the development of Groundwater Sustainability Plans (GS plans) for the entirety of these two Subbasins, in coordination with other GSAs within these Subbasins. The 180/400 Aquifer Subbasin GS was prepared on January 31, 2020, and the Monterey Subbasin GS plan was prepared on January 31, 2022.

Internal Control

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

Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are can be invested in the State Treasurer's Local Agency Investment Fund (LAIF), Certificates of Deposits, United States Treasury Securities, and guaranteed investment contracts (GIC).

Water Rates and District Revenues

District policy direction ensures that all revenues from user charges generated from District customers must support all District operations. Accordingly, water rates are reviewed periodically.

Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.

During the FY2022-23, water and sewer rate increased in January 1, 2023, for both the Central Marina and the Ord Community as stated in the Proposition 218 notification, and approved by the

Board through the adoption of Resolution No. 2018-12 on March 12, 2018.

Independent Audit

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm The Pun Group, LLP has conducted an audit of the District's financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

Other References

More information is contained in the District's management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.

Awards and Acknowledgements


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2021. This was the fourteenth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

As of this date, GFOA has not awarded the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ended June 30, 2022. We are confident that our ACFR for FY2021-22 will be awarded this certificate. We also believe our current ACFR continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Marina Coast Water District's fiscal policies.

Respectfully submitted,


Remleh Scherzinger, MBA, CSDM, P.E.
General Manager


Mary Lagasca, CPA
Director of Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Marina Coast Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Government Finance Officers Association

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Presented to

**Marina Coast Water District
California**

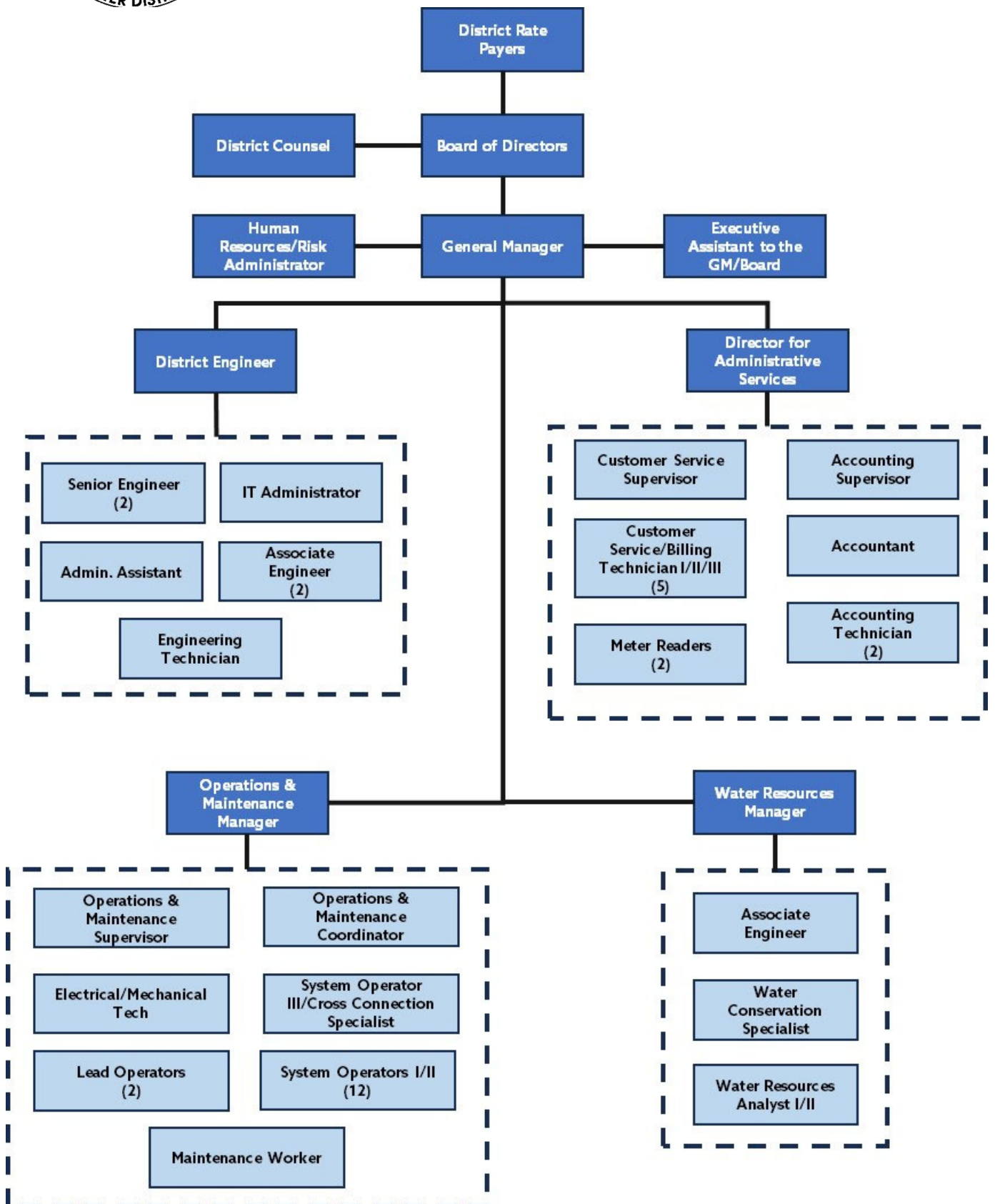
For its Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

is still pending on Government Finance Officers Association's review



MCWD ORGANIZATIONAL CHART



Marina Coast Water District

Directory

Board of Directors

June 30, 2023

Jan Shriner	President
Herbert Cortez	Vice-President
Thomas P. Moore	Director
Gail Morton	Director
Brad Imamura	Director

Management Staff

Remleh Scherzinger	General Manager
Mary Lagasca	Director of Administrative Services
Garrett Haertel	District Engineer
Derek Cray	Operations & Maintenance Manager
Patrick Breen	Water Resources Manager



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Marina Coast Water District
Marina, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Marina Coast Water District, California (the "District"), which comprise the statements of net position as of June 30, 2023 and 2022 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of Contributions – CalPERS Miscellaneous Rate Plan, and the Schedules of Changes in the Total OPEB Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 Combining Schedule of Net Position – Proprietary Funds, the Combining Schedule of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, and the Combining Schedule of Cash Flows – Proprietary Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position – Proprietary Funds, the Combining Schedule of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, and the Combining Schedule of Cash Flows – Proprietary Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Santa Ana, California
October 12, 2023

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the Marina Coast Water District
Marina, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marina Coast Water District, California (the "District"), which comprise the statements of net position as of June 30, 2023 and 2022 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

To the Board of Directors
of Marina Coast Water District
Marina, California
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
October 12, 2023

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis
June 30, 2023 and 2022

This section of the Marina Coast Water District's (District) financial statements presents an analysis of the District's financial performance during the fiscal years ended June 30, 2023 and 2022. This information is presented in conjunction with the transmittal letter in the Introductory Section, and with the basic financial statements and related notes, which follow this section.

Overview of the District's Financial Statements

The financial statements consist of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and related Notes, and Supplementary Information.

Basic Financial Statements

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States of America.

The Statement of Net Position includes information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities).

The Statement of Revenues, Expenses, and Changes in Net Position identifies the District's revenues and expenses for the fiscal year. This statement provides information on the District's operations for the fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the fiscal year.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the District's progress in funding its obligation to provide pension benefits and post-employment benefits to its employees.

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Supplementary Information

Proprietary fund schedules are presented in Supplementary Information to provide additional details on the financial condition of each fund.

Financial Analysis of the District

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved over time. The District's net position reflects the difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition. However, considerations should be made for other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation, such as changes in Federal and State water quality standards.



MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Financial Highlights for Fiscal Years 2023 and 2022

- At June 30, 2023, the District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$217.0 million (net position), which is an increase of \$18.3 million or 9.2% from the 2022 fiscal year-end balance. At June 30, 2022, the District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$198.6 million (net position), which is an increase of \$6.6 million or 3.4% from the 2021 fiscal year-end balance.
- The total long-term liabilities for the current fiscal year increased by \$1.4 million or 2.7% due to an increase of \$3.0 million in California State Revolving Fund Loan offset by annual debt service payments. Prior year decreased by \$1.7 million or 3.1% due to annual debt service payments.
- For fiscal year 2023, capital assets increased by \$9.8 million or 4.2% primarily due to the completion of the RUWAP Distribution Main and Booker Lift Station Improvements along with continued construction on the A1/A2 Reservoirs and B/C Zones Booster Pump Station Project. For fiscal year 2022, capital assets increased by \$14.9 million or 6.9% primarily due to the construction of the RUWAP Distribution Main, the A1/A2 Reservoirs and B/C Zones Booster Pump Station Project, Ord Village Lift Station and Force Main Improvements, and the Gigling Lift Station and Force Main Improvements.



MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Net Position

A summary of the District's Statement of Net Position is presented below. Balances shown include interfund eliminations. Additional details are provided in the proprietary fund schedules in Supplementary Information.

	Years Ended June 30			Change between 2023 and 2022		Change between 2022 and 2021	
	2023	2022	2021				
Assets:							
Current assets	\$ 17,052,329	\$ 14,207,847	\$ 10,679,991	\$ 2,844,482	20.0%	\$ 3,527,856	33.0%
Noncurrent assets	27,544,273	27,258,108	35,290,011	286,165	1.0%	(8,031,903)	-22.8%
Capital assets, net	241,332,954	231,533,678	216,660,203	9,799,276	4.2%	14,873,475	6.9%
Total Assets	<u>285,929,556</u>	<u>272,999,633</u>	<u>262,630,205</u>	<u>12,929,923</u>	4.7%	<u>10,369,428</u>	3.9%
Deferred outflows	<u>3,352,549</u>	<u>1,394,493</u>	<u>1,511,674</u>	<u>1,958,056</u>	140.4%	<u>(117,181)</u>	-7.8%
Liabilities:							
Current liabilities	7,975,170	14,548,830	7,575,268	(6,573,660)	-45.2%	6,973,562	92.1%
Noncurrent liabilities	60,115,165	55,286,987	60,259,780	4,828,178	8.7%	(4,972,793)	-8.3%
Total Liabilities	<u>68,090,335</u>	<u>69,835,817</u>	<u>67,835,048</u>	<u>(1,745,482)</u>	-2.5%	<u>2,000,769</u>	2.9%
Deferred inflows	<u>4,227,546</u>	<u>5,921,905</u>	<u>4,221,056</u>	<u>(1,694,359)</u>	-28.6%	<u>1,700,849</u>	40.3%
Net Position:							
Net investment in capital assets	190,768,520	183,338,088	176,866,309	7,430,432	4.1%	6,471,779	3.7%
Restricted for capacity fees	19,824,027	12,906,699	15,367,302	6,917,328	53.6%	(2,460,603)	-16.0%
Restricted for debt service	229,343	171,828	-	57,515	33.5%	171,828	100.0%
Unrestricted (deficit)	6,142,334	2,219,789	(147,836)	3,922,545	176.7%	2,367,625	-1601.5%
Total Net Position	<u>\$ 216,964,224</u>	<u>\$ 198,636,404</u>	<u>\$ 192,085,775</u>	<u>\$ 18,327,820</u>	9.2%	<u>\$ 6,550,629</u>	3.4%

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$217.0 million, \$198.6 million and \$192.1 million as of June 30, 2023, 2022 and 2021, respectively.

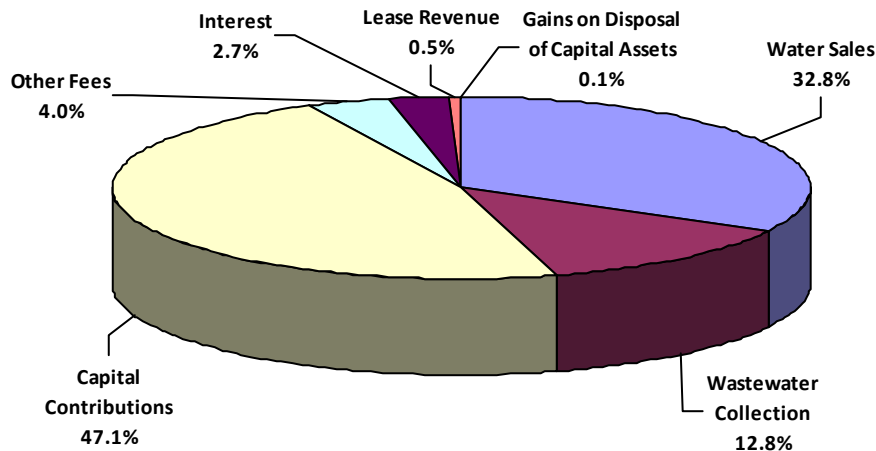
One of the largest portions of the District's net position (87.9%, 92.4% and 92.1% as of June 30, 2023, 2022 and 2021, respectively) reflects the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2023 and 2022, the District showed a positive balance in its unrestricted net position of \$6.1 million, \$2.2 million, respectively, and a negative balance of \$0.1 million in FY 2021.

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Revenues

The District finances its water sales and wastewater collection operations through user fees and other income. Total revenue for fiscal year 2023 was \$41.6 million, up \$16.7 million or 67.2% from prior year. Total revenue for fiscal year 2022 was \$24.9 million, up \$1.1 million or 4.7% from 2021. Capital contributions increased \$14.0 million or 249.3% in the current year and decreased \$0.1 million or 1.2% in the prior year.



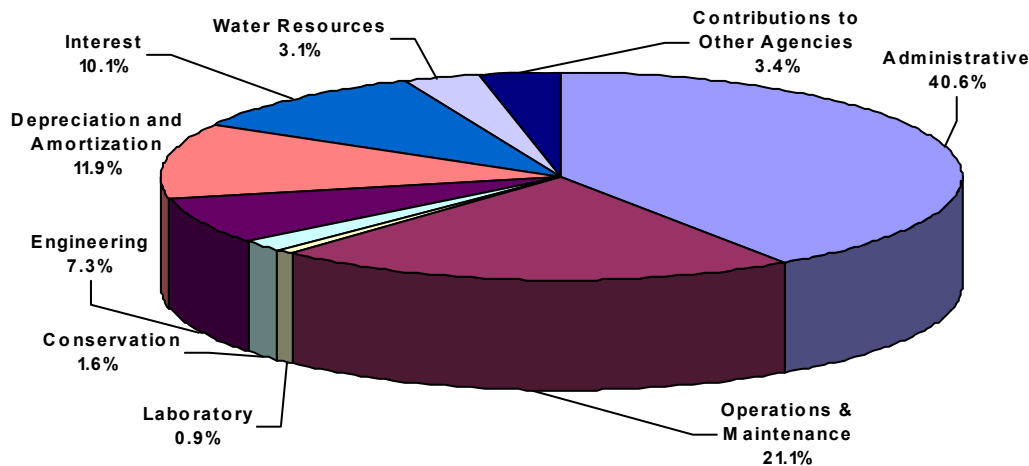
Revenues

	Year Ended June 30			Change between		Change between		
	2023	2022	2021	2023 and 2022		2022 and 2021		
<u>Operating Revenues:</u>								
Water sales	\$ 13,624,939	\$ 13,133,302	\$ 12,366,437	\$ 491,637	3.7%	\$ 766,865	6.2%	
Wastewater collection	5,315,471	4,930,600	4,633,032	384,871	7.8%	297,568	6.4%	
Other services & fees	1,654,967	747,980	599,085	906,987	121.3%	148,895	24.9%	
Total Operating Revenues	<u>20,595,377</u>	<u>18,811,882</u>	<u>17,598,554</u>	<u>1,783,495</u>	9.5%	<u>1,213,328</u>	6.9%	
<u>Nonoperating Revenues:</u>								
Lease revenue	201,755	204,702	204,702	(2,947)	-1.4%	-	0.0%	
Gains on disposal of capital assets	31,436	-	-	31,436	100.0%	-	0.0%	
Interest earned	1,117,546	241,183	274,738	876,363	363.4%	(33,555)	-12.2%	
Total Nonoperating Revenues	<u>1,350,737</u>	<u>445,885</u>	<u>479,440</u>	<u>904,852</u>	202.9%	<u>(33,555)</u>	-7.0%	
<u>Capital Contributions:</u>								
	<u>19,653,296</u>	<u>5,625,994</u>	<u>5,695,353</u>	<u>14,027,302</u>	249.3%	<u>(69,359)</u>	-1.2%	
Total Revenues	<u><u>\$ 41,599,410</u></u>	<u><u>\$ 24,883,761</u></u>	<u><u>\$ 23,773,347</u></u>	<u><u>\$ 16,715,649</u></u>	67.2%	<u><u>\$ 1,110,414</u></u>	4.7%	

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Expenses

Total expenses for fiscal year 2023 was \$23.3 million, an increase of \$4.9 million or 26.9% from prior year. Total expenses for fiscal year 2022 was \$18.3 million, an increase of \$0.5 million or 2.5% from fiscal year 2021. In the current year, Administration expenses increased by \$4.1 million, Operations and Maintenance by \$0.3 million, and interest expense by \$0.6 million. In fiscal year 2022, Administration expenses decreased by \$1.5 million, whereas Operations and Maintenance increased by \$0.5 million and Engineering by \$0.2 million.



	Year Ended June 30			Change between		Change between	
	2023	2022	2021	2023 and 2022		2022 and 2021	
Operating Expenses:							
Administrative	\$ 9,445,914	\$ 5,374,514	\$ 6,855,325	\$ 4,071,400	75.8%	\$ (1,480,811)	-21.6%
Operations and maintenance	4,916,612	4,600,041	4,083,157	316,571	6.9%	516,884	12.7%
Laboratory	208,003	142,525	87,294	65,478	45.9%	55,231	63.3%
Conservation	385,864	341,615	286,123	44,249	13.0%	55,492	19.4%
Engineering	1,690,881	1,534,122	1,336,329	156,759	10.2%	197,793	14.8%
Water Resources	715,230	824,856	1,019,506	(109,626)	-13.3%	(194,650)	-19.1%
Depreciation and amortization	2,763,165	2,425,528	2,369,364	337,637	13.9%	56,164	2.4%
Total Operating Expenses	20,125,669	15,243,201	16,037,098	4,882,468	32.0%	(793,897)	-5.0%
Nonoperating Expenses and Special Item:							
Interest expense	2,354,838	1,788,554	1,843,746	566,284	31.7%	(55,192)	-3.0%
Contributions to other agencies	791,083	1,301,377	-	(510,294)	-39.2%	1,301,377	100.0%
Total Nonoperating Expenses	3,145,921	3,089,931	1,843,746	55,990	1.8%	1,246,185	67.6%
Total Expenses	\$ 23,271,590	\$ 18,333,132	\$ 17,880,844	\$ 4,938,458	26.9%	\$ 452,288	2.5%

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Net Position

The Statement of Revenues, Expenses and Changes in Net Position on page 23 shows how the District's net position changed during the fiscal year. Net position increased by \$18.3 million, \$6.6 million and \$5.9 million for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

Changes in Net Position

	June 30			Change between		Change between	
	2023	2022	2021	2023 and 2022		2022 and 2021	
Beginning Net Position	\$ 198,636,404	\$ 192,085,775	\$ 186,193,272	\$ 6,550,629	3.4%	\$ 5,892,503	3.2%
Income (loss) before contributions	(1,325,476)	924,635	197,150	(2,250,111)	-243.4%	727,485	369.0%
Capital contributions	19,653,296	5,625,994	5,695,353	14,027,302	249.3%	(69,359)	-1.2%
Change in net position	<u>18,327,820</u>	<u>6,550,629</u>	<u>5,892,503</u>	<u>11,777,191</u>	179.8%	<u>658,126</u>	11.2%
Ending Net Position	<u>\$ 216,964,224</u>	<u>\$ 198,636,404</u>	<u>\$ 192,085,775</u>	<u>\$ 18,327,820</u>	9.2%	<u>\$ 6,550,629</u>	3.4%



MARINA COAST WATER DISTRICT
Management’s Discussion and Analysis (Continued)
June 30, 2023 and 2022

Capital Assets

At the end of fiscal years 2023, 2022 and 2021, the District’s capital assets were \$241.3 million, \$231.5 million and \$216.7 million, respectively, (net of accumulated depreciation and amortization). Capital assets include land, water/wastewater rights, easements, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles, and construction-in-progress.

Changes in capital assets were as follows:

	June 30			Change between		Change between	
	2023	2022	2021	2023 and 2022		2022 and 2021	
<u>Capital Assets:</u>							
Non-depreciable assets	\$ 147,024,501	\$ 153,275,899	\$ 137,758,833	\$ (6,251,398)	-4.1%	\$ 15,517,066	11.3%
Depreciable assets	148,369,259	131,393,748	129,831,640	16,975,511	12.9%	1,562,108	1.2%
Less accumulated depreciation and amortization	<u>(54,060,806)</u>	<u>(53,135,969)</u>	<u>(50,930,270)</u>	<u>(924,837)</u>	1.7%	<u>(2,205,699)</u>	4.3%
Total Capital Assets, Net	<u>\$ 241,332,954</u>	<u>\$ 231,533,678</u>	<u>\$ 216,660,203</u>	<u>\$ 9,799,276</u>	4.2%	<u>\$ 14,873,475</u>	6.9%

Additional information on the District’s capital assets is provided in Note 4 of the financial statements.



MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Long-Term Liabilities

As of June 30, 2023, the District had \$54.8 million outstanding in long-term liabilities compared to \$53.3 million as of June 30, 2022, and \$55.0 million as of June 30, 2021. Revenue certificates of participation in the amount of \$42.3 million were issued in August 2006 to fund costs associated with several major capital improvement projects and were also used to refund the District's existing outstanding debt obligations. These bonds were refinanced with the issue of the 2015 revenue bonds as an advanced refunding and were called on June 1, 2016. In December 2019, the District issued 2019 Enterprise Revenue Certificates of Participation in the amount of \$17.7 million to finance required capital improvement projects. The District has covenanted that it will fix, prescribe, and collect rates, fees, and charges for use of the District's water system during each fiscal year which is at least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year. The 2015 revenue refunding bonds were assigned a rating of "AA-". The 2019 Enterprise Revenue Certificates of Participation were also assigned an "AA-" rating. In January 2017, the District converted the \$2.8 million BLM construction loan into an Installment Purchase Agreement with a 20-year fixed rate. On January 25, 2018, the District entered into a construction installment sale agreement and grant with the California State Revolving Fund Loan Program with a maximum amount of \$10,513,217 at an interest rate of 1.8% per annum. On June 27, 2018, the District entered into a second construction installment sale agreement and grant with the California State Revolving Fund Loan Program for the construction of the RUWAP distribution system with a maximum amount of \$11,439,582 at an interest rate of 1.8% annum.

Changes in long-term liability amounts were as follows:

	June 30			Change between		Change between		
	2023	2022	2021	2023 and 2022		2022 and 2021		
<u>Long-Term Liabilities:</u>								
Bonds payable	\$ 39,400,000	\$ 40,870,000	\$ 42,285,000	\$ (1,470,000)	-3.6%	\$ (1,415,000)	-3.3%	
Loans payable	11,244,419	8,527,203	8,624,420	2,717,216	31.9%	(97,217)	-1.1%	
Lease payable	291,623	55,160	29,475	236,463	428.7%	25,685	87.1%	
Subscription payable	162,008	-	-	162,008	100.0%	-	0.0%	
Unamortized premiums, net	3,663,253	3,867,066	4,070,879	(203,813)	-5.3%	(203,813)	-5.0%	
Total Long-Term Liabilities	<u>\$ 54,761,303</u>	<u>\$ 53,319,429</u>	<u>\$ 55,009,774</u>	<u>\$ 1,441,874</u>	2.7%	<u>\$ (1,690,345)</u>	-3.1%	

Additional information on the District's long-term liabilities is provided in Note 6 of the financial statements.

MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Economic Factors and Next Year's Budget and Rates

The Board of Directors adopted the District's 2023-2024 Marina and Ord Community budgets and rates on June 19, 2023. The approval of the budget provides funding for the District's operating, capital, and debt service costs for the 2023-2024 fiscal year. The District's water and wastewater rates are reviewed by staff on an annual basis.



MARINA COAST WATER DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2023 and 2022

Requests for Information

This financial report is designed to provide the District's elected officials, customers, investors, creditors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Director of Administrative Services, Marina Coast Water District, 11 Reservation Road, Marina, California 93933.



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BASIC FINANCIAL STATEMENTS

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Marina Coast Water District
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and investments	\$ 11,748,080	\$ 8,742,742
Accounts receivable, net	4,016,033	4,068,167
Interest receivable	170,375	31,682
Lease receivable	171,494	163,147
Other receivable	442,742	808,210
Inventories	390,658	260,123
Deposits	6,792	6,792
Prepaid items	106,155	126,984
Total current assets	<u>17,052,329</u>	<u>14,207,847</u>
Noncurrent assets:		
Restricted cash and investments	24,761,322	24,303,663
Lease receivable	2,782,951	2,954,445
Capital assets, net	241,332,954	231,533,678
Total noncurrent assets	<u>268,877,227</u>	<u>258,791,786</u>
TOTAL ASSETS	<u>285,929,556</u>	<u>272,999,633</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	2,794,706	1,169,798
Deferred outflows related to OPEB	557,843	224,695
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,352,549</u>	<u>1,394,493</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,159,057	2,952,381
Accrued expenses	2,383,127	1,721,903
Interest payable	240,967	209,019
Line of credit	-	5,503,412
Customer deposits payable	1,054,245	2,317,519
Current portion of long-term liabilities	2,128,576	1,835,398
Other current liabilities	9,198	9,198
Total current liabilities	<u>7,975,170</u>	<u>14,548,830</u>
Noncurrent liabilities:		
Long-term liabilities	53,249,497	52,097,788
Net OPEB liability	2,033,377	1,533,102
Net pension liability	4,832,291	1,656,097
Total noncurrent liabilities	<u>60,115,165</u>	<u>55,286,987</u>
TOTAL LIABILITIES	<u>68,090,335</u>	<u>69,835,817</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	339,450	1,690,570
Deferred inflows related to OPEB	855,181	962,662
Deferred gains on refunding debt	489,665	524,640
Deferred inflows related to leases	2,543,250	2,744,033
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,227,546</u>	<u>5,921,905</u>
NET POSITION		
Net investment in capital assets (as reclassified, Note 1 X)	190,768,520	183,338,088
Restricted for capacity fees	19,824,027	12,906,699
Restricted for debt service	229,343	171,828
Unrestricted (as reclassified, Note 1 X)	6,142,334	2,219,789
TOTAL NET POSITION	<u>\$ 216,964,224</u>	<u>\$ 198,636,404</u>

The notes to the basic financial statements are an integral part of this statement.

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Marina Coast Water District
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
Water services	\$ 13,624,939	\$ 13,133,302
Wastewater services	5,315,471	4,930,600
Other services and fees	1,654,967	747,980
Total operating revenues	<u>20,595,377</u>	<u>18,811,882</u>
OPERATING EXPENSES:		
Administrative	9,445,914	5,374,514
Operations and maintenance	4,916,612	4,600,041
Laboratory	208,003	142,525
Conservation	385,864	341,615
Engineering	1,690,881	1,534,122
Water resources	715,230	824,856
Depreciation and amortization	2,763,165	2,425,528
Total operating expenses	<u>20,125,669</u>	<u>15,243,201</u>
Operating income	<u>469,708</u>	<u>3,568,681</u>
NONOPERATING REVENUES (EXPENSES):		
Lease revenue	201,755	204,702
Gains on the disposal of capital assets	31,436	-
Contributions to other agencies	(791,083)	(1,301,377)
Interest earned	1,117,546	241,183
Interest expense	(2,354,838)	(1,788,554)
Total nonoperating revenues (expenses)	<u>(1,795,184)</u>	<u>(2,644,046)</u>
Income before capital contributions	(1,325,476)	924,635
CAPITAL CONTRIBUTIONS:		
Grants	2,502,600	590,598
Developer capacity and connection fees	14,362,215	4,192,221
Developer contributions	2,788,481	843,175
Total capital contributions	<u>19,653,296</u>	<u>5,625,994</u>
Increase in net position	18,327,820	6,550,629
Net position, beginning of year	198,636,404	192,085,775
Net position, end of year	<u>\$ 216,964,224</u>	<u>\$ 198,636,404</u>

The notes to the basic financial statements are an integral part of this statement.

Marina Coast Water District
Statements of Cash Flows
For The Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 19,384,237	\$ 19,603,136
Payments to suppliers	(11,145,855)	(7,798,598)
Payments to employees	(6,986,713)	(6,424,857)
Net cash provided by operating activities	<u>1,251,669</u>	<u>5,379,681</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(9,843,696)	(17,262,364)
Proceeds from insurance claim on stolen property	95,139	-
Proceeds from sale of property	6,033	-
Proceeds from grants	2,508,294	1,139,156
Return of unused grant funds	(5,694)	-
Developer contributions, capacity and connection receipts	14,727,683	4,918,657
Lease proceeds	164,119	156,184
Proceeds from line of credit	-	4,473,790
Principal paid on line of credit	(5,503,412)	-
Proceeds from issuance of long-term debt	3,414,504	-
Principal paid on capital debt, leases and subscriptions	(1,768,817)	(1,522,848)
Interest paid on capital debt, leases and subscriptions	(2,561,678)	(2,055,798)
Net cash provided by (used in) capital and related financing activities	<u>1,232,475</u>	<u>(10,153,223)</u>
INVESTING ACTIVITIES:		
Investment earnings	978,853	223,279
Net cash provided by investing activities	<u>978,853</u>	<u>223,279</u>
Net increase (decrease) in cash and cash equivalents	3,462,997	(4,550,263)
Cash and cash equivalents, beginning of year	33,046,405	37,596,668
Cash and cash equivalents, end of year	<u>\$ 36,509,402</u>	<u>\$ 33,046,405</u>
RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and investments	\$ 11,748,080	\$ 8,742,742
Restricted cash and investments	24,761,322	24,303,663
Total cash and cash equivalents	<u>\$ 36,509,402</u>	<u>\$ 33,046,405</u>

(Continued)

Marina Coast Water District
Statements of Cash Flows (Continued)
For The Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME		
TO NET CASH PROVIDED BY OPERATING		
ACTIVITIES:		
Operating income	\$ 469,708	\$ 3,568,681
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,763,165	2,425,528
(Increase) decrease in assets:		
Accounts receivable	52,134	(364,385)
Inventories	(130,535)	8,215
Prepaid items	20,829	(23,851)
Deposits	-	(1,480)
Deferred outflows of resources	(1,958,056)	117,182
Increase (decrease) in liabilities:		
Accounts payable	(793,324)	(414,980)
Accrued expenses ⁽¹⁾	(129,859)	25,122
Customer deposits payable	(1,263,274)	1,155,639
Compensated absences	3,013	57,911
Net pension liability	3,176,194	(2,180,724)
Net OPEB liability	500,275	(929,784)
Deferred inflows of resources	(1,458,601)	1,936,607
Total adjustments	781,961	1,811,000
Net cash provided by operating activities	\$ 1,251,669	\$ 5,379,681
CAPITAL AND RELATED FINANCING NONCASH ITEMS:		
Amortization of deferred charges and premium	\$ 238,788	\$ 238,789
Developer contribution of capital assets	\$ 2,788,481	\$ 843,175

⁽¹⁾ \$791,083 change in accrued expense related to nonoperating activities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Marina Coast Water District
Index to Notes to the Basic Financial Statements
For the Years Ended June 30, 2023 and 2022

The notes to the basic financial statements include a summary of significant accounting policies and other information considered essential to fully disclose and fairly present the transactions and financial position of the District, as follows:

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Marina Coast Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Marina Coast Water District (the “District”) is organized for the purpose of providing water distribution services as well as wastewater collection for the residents and businesses of the City of Marina and the former Fort Ord (Ord Community) area. The District's former name was Marina County Water District and in July 1993 the name was changed by the Board of Directors (Board) to Marina Coast Water District.

B. Basis of Presentation

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for governmental accounting financial reporting purposes.

The accounts of the District are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, net position, revenues and expenses.

All activities of the District are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or operating income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District presents the following funds in the accompanying Supplementary Information:

The **Marina Water fund** accounts for operations of the water system within the central Marina service area.

The **Marina Sewer fund** accounts for operations of the wastewater collection system within the central Marina service area.

The **Ord Water fund** accounts for operations of the water system within the former Fort Ord service area.

The **Ord Sewer fund** accounts for operations of the wastewater collection system within the former Fort Ord service area.

The **Recycled Water fund** accounts for operations of the recycled or augmented water system within the District service area.

The **Groundwater Sustainability Agency fund** accounts for operations of the Groundwater Sustainability Agency within the District jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District are charges to customers for sales and services. The District's operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities, in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the “economic resources measurement focus”, and the accrual basis of accounting. Under the economic resources measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of the related cash flows.

D. Statement of Net Position

Net Position consists of the following components:

- **Net Investment in Capital Assets** – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the deferred inflows of resources and the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same component as the unspent proceeds.

Net investment in capital assets as of June 30, 2023 and 2022 are as follows:

	2023	2022 (As Reclassified)
Capital assets, net	\$ 241,332,954	\$ 231,533,678
2015 Series A Bonds	(24,703,545)	(25,969,870)
2019 Revenue Bonds	(18,359,708)	(18,767,196)
Unspent 2019 Bond proceeds	4,707,952	11,225,136
Santa Cruz County Bank Installment Loan	(2,261,614)	(2,364,501)
CWSRF Loan - Transmission	(3,912,925)	(4,932,096)
WRFP Prop 1 Loan - Transmission	(1,147,643)	-
CWSRF Loan - Distribution	(3,831,930)	(1,230,606)
WRFP Prop 1 Loan - Distribution	(90,307)	-
Retention payable	(21,418)	(73,245)
Line of credit	-	(5,503,412)
Lease payable	(291,623)	(55,160)
SBITA payable	(162,008)	-
Deferred gains on refunding debt	(489,665)	(524,640)
Net investment in capital assets	<u>\$ 190,768,520</u>	<u>\$ 183,338,088</u>

- **Restricted** – This component consists of external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted** – This component consists of those components that do not meet the definition of “restricted” or “net investment in capital assets”. Amounts included as unrestricted net position are available for designation for specific purposes established by the District’s Board of Directors.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues, such as charges for services (water sales, wastewater sales, and other services and fees) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives approximately equal value. Nonoperating revenues, such as interest earned, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) approximately equal value.

Operating expenses include the cost of sales and services, administration, operations and maintenance, laboratory, conservation, engineering, and depreciation. All expenses not meeting these categories are reported as nonoperating.

F. Budget

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect starting July 1 of each year. The budgets are used as a management tool and are not a legal requirement.

G. Cash, Cash Equivalents, and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash and cash equivalents. The short-term investments include the California Local Agency Investment Fund and money market fund.

All investments are stated at fair value. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

H. Accounts Receivable

The District extends credit to customers in the normal course of operations and accounts for potential losses using the allowance method. Accounts receivable consists of utility customer receivables and receivables from agreements with local developers to provide water from its desalination plant.

Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as bad debt expense. Also, management provides an allowance for uncollectible accounts related to utility customers and local developers.

I. Inventories

Inventories are stated at cost, determined on a first-in, first-out basis.

J. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of capital assets and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.

K. Bond Premiums

Bond premiums are added to the related debt and included in bonds payable.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Capital Assets

The District's capital assets are stated at historical cost or estimated historical cost when original cost was not available, net of accumulated depreciation. Contributed assets are recorded at their acquisition value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000.

Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 30 to 80 years for the plant and pipelines, and 5 to 10 years for other equipment.

The cost of routine maintenance and repairs that do not increase the value or extend the life of a capital asset are not capitalized but are expensed.

M. Subscription-Based Information Technology Arrangements (SBITAs)

The District has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements. The District recognizes subscription liabilities with an initial, individual value of \$10,000 or more with a subscription term greater than one year. Variable payments based on future performance of the District, usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

Upon adoption, the District elected to exclude the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of this Statement in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position. Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

N. Leases

Lessee

The District has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities, and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Leases (Continued)

Lessee (Continued)

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Lessor

The District is a lessor for a lease of office space. The District recognizes lease receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

O. Compensated Absences

All earned vacation hours accumulated up to 260 hours, holiday, and compensation time, is payable upon termination or retirement and accrued as compensated absences.

P. Rebate Arbitrage

Rebate arbitrage earnings related to the 2019 revenue certificates of participation and the 2015 Series A revenue refunding bonds are being recorded as a liability. As of June 30, 2023 and 2022, the District's liability was estimated at \$0 for both years.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Interfund Transactions

Interfund transactions may result from loans or transfers. “Due to” and “due from” balances are generally used to reflect short-term interfund receivables and payables where as “advance to” and “advance from” balances are for long-term. All interfund transactions are eliminated in the Statements of Net Position.

R. Property Taxes

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local governments.

Property tax revenue is recognized in the fiscal year in which taxes are levied. Taxes are collected by Monterey County; however, the District does not currently receive tax revenue.

The property tax calendar is as follows:

Lien Date: January 1
Levy Date: July 1

Due Date: November 10 (First Installment), February 10 (Second Installment)
Delinquent Date: December 11 (First Installment), April 11 (Second Installment)

S. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

T. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 7). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefits terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Pension (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

U. Other Post Employment Benefits (OPEB)

For purposes of measuring the total 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 Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GAAP require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the sources of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

V. Implementation of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the District implemented the following new GASB pronouncements:

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), 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 extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement did not have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Implementation of New GASB Pronouncements (Continued)

- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement did not have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Application of this statement did have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.
- In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement did not have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.

W. Upcoming Governmental Accounting Standards Implementation

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the District's fiscal year ending June 30, 2024.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2025.

X. Reclassification

Net investment in capital assets amount from prior year have been reclassified for consistency with the current year presentation. \$73,245, which represents retention payable at June 20, 2022, was reclassified from net investment in capital assets to unrestricted net position. There is no effect on the total net position from prior year.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 2 - Cash and Investments

Cash and investments as of June 30, 2023 and 2022 are classified in the accompanying financial statements as follows:

	2023	2022
Statement of Net Position:		
Cash and investments	\$ 11,748,080	\$ 8,742,742
Restricted cash and investments	24,761,322	24,303,663
Total cash and investments	\$ 36,509,402	\$ 33,046,405

Cash and investments as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash on hand	\$ 1,050	\$ 1,050
Deposits with financial institutions	19,480,113	2,837,422
Investments - cash equivalent	17,028,239	30,207,933
Total cash and investments	\$ 36,509,402	\$ 33,046,405

A. Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in money market funds, certificates of deposit, US Treasury Securities, guaranteed investment contracts (GIC), and the local government investment pool administered by the State of California's Local Agency Investment Fund (LAIF). The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2023.

Investment Type	Investment Maturities (in Years)	
	Less Than 1 Year	Fair Value Total
State Investment Pool (LAIF)	\$ 10,209,063	\$ 10,209,063
Money Market Fund	2,107,126	2,107,126
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	4,712,050	4,712,050
Total	\$ 17,028,239	\$ 17,028,239

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 2 - Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk (Continued)

As of June 30, 2022, District had the following investments and maturities:

Investment Type	Investment Maturities (in Years)		Fair Value Total
	Less Than 1 Year	1 to 3 Years	
State Investment Pool (LAIF)	\$ 16,922,020	\$ -	\$ 16,922,020
Money Market Fund	2,060,412	-	2,060,412
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	8,705,387	2,520,114	11,225,501
Total	\$ 27,687,819	\$ 2,520,114	\$ 30,207,933

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the District's investments as of June 30, 2023.

Investment Type	Total as of June 30, 2023	Minimum Legal Rating	A or Higher	Not Rated
State Investment Pool (LAIF)	\$ 10,209,063	N/A	\$ -	\$ 10,209,063
Money Market Fund	2,107,126	AAA	2,107,126	-
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	4,712,050	N/A	4,712,050	-
Total	\$ 17,028,239		\$ 6,819,176	\$ 10,209,063

Presented in the following table are the Standard and Poor's credit ratings for the District's investments as of June 30, 2022.

Investment Type	Total as of June 30, 2022	Minimum Legal Rating	A or Higher	Not Rated
State Investment Pool (LAIF)	\$ 16,922,020	N/A	\$ -	\$ 16,922,020
Money Market Fund	2,060,412	AAA	2,060,412	-
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	11,225,501	N/A	11,225,501	-
Total	\$ 30,207,933		\$ 13,285,913	\$ 16,922,020

D. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that is in excess of five percent of the District's total investments.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 2 - Cash and Investments (Continued)

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government agency 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 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 provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

F. Collateral and Categorization Requirements

On June 30, 2023, the District's carrying amount of demand deposits was \$19,480,113 and the bank account balance was \$19,989,175. The difference of \$509,062 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$19,739,175 was collateralized 110% in accordance with California Government Code requirements by securities held by the pledging financial institution in the District's name.

On June 30, 2022, the District's carrying amount of demand deposits was \$2,837,422 and the bank account balance was \$4,927,966. The difference of \$2,090,544 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$4,677,966 was collateralized 110% in accordance with California Government Code requirements by securities held by the pledging financial institution in the District's name.

G. Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by the California Government Code Section 16429 and under the day-to-day administration of the State Treasurer.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 2 - Cash and Investments (Continued)

G. Investment in State Investment Pool (Continued)

The District's investments with LAIF include a portion of the pooled funds invested in medium-term and short-term structured notes and asset-backed securities. These investments include the following:

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

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

The Local Investment Advisory Board provides oversight for LAIF. The Board consists of five members as designated by statute.

As of June 30, 2023 and 2022, the District had \$10,209,063 and \$16,922,020, respectively invested in LAIF, which had invested 2.78% and 1.88%, respectively, of the pooled investment funds in short-term and medium-term structured notes and asset-backed securities. The fair value of the District's position in the pool is the same as the value of the pool shares.

Note 3 – Receivables

Accounts Receivable

At June 30, 2023 and 2022, accounts receivable consisted of utility customer receivables of \$4,363,610 and \$4,261,077, respectively. The allowance for uncollectible accounts related to utility customers was \$347,577 and \$192,910, respectively.

Other Receivable

Other receivable balance, net of allowance for doubtful accounts, currently outstanding at June 30, 2023 and 2022 was \$442,742 and \$808,210, respectively. Other receivables include balances from agreements with local developers, grant receivables, lease payments, and miscellaneous reimbursements.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 3 – Receivables (Continued)

Lease Receivable

The District is a lessor for a lease of office space. Lease receivable consists of agreements with others for the right-to-use of the underlying assets owned by the District. The term of the arrangement is for 20 years. For the fiscal year ended June 30, 2023, the District recognized \$201,755 in lease revenue and \$152,175 in interest revenue. For the fiscal year ended June 30, 2022, the District recognized \$204,702 in lease revenue and \$160,066 in interest revenue.

A summary of changes in lease receivable for fiscal years ended June 30, 2023 and 2022 are as follows:

Year Ending June 30,	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
2023	\$ 3,117,592	\$ -	\$ (163,147)	\$ 2,954,445	\$ 171,494	\$ 2,782,951
2022	3,270,181	-	(152,589)	3,117,592	163,147	2,954,445

Lease receivables are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 171,494	\$ 143,828	\$ 315,322
2025	180,268	135,054	315,322
2026	189,491	125,831	315,322
2027	199,185	116,136	315,321
2028	209,376	105,945	315,321
2029-2033	1,218,951	357,656	1,576,607
2034-2036	785,680	55,176	840,856
Total	<u>\$ 2,954,445</u>	<u>\$ 1,039,626</u>	<u>\$ 3,994,071</u>

As of June 30, 2023, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Total
2024	\$ 200,783
2025	200,783
2026	200,783
2027	200,783
2028	200,783
2029-2033	1,003,914
2034-2036	535,421
Total	<u>\$ 2,543,250</u>

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 4 - Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
<u>Capital assets, not being depreciated:</u>					
Land	\$ 14,437,660	\$ -	\$ -	\$ -	\$ 14,437,660
Property easement	25,181,584	-	-	-	25,181,584
Water/sewer rights	75,129,410	-	-	-	75,129,410
Construction in progress	38,527,245	8,279,213	-	(14,530,611)	32,275,847
Total capital assets, not being depreciated:	153,275,899	8,279,213	-	(14,530,611)	147,024,501
<u>Capital assets, being depreciated:</u>					
Land improvements	190,092	-	-	-	190,092
Buildings and improvements	8,574,715	-	-	124,847	8,699,562
Equipment	6,817,199	1,054,578	(1,908,064)	32,269	5,995,982
Infrastructure	115,735,260	2,788,482	-	14,373,495	132,897,237
Total capital assets, being depreciated:	131,317,266	3,843,060	(1,908,064)	14,530,611	147,782,873
<u>Less accumulated depreciation:</u>					
Land improvements	(99,643)	(9,714)	-	-	(109,357)
Buildings and improvements	(2,564,443)	(179,129)	-	-	(2,743,572)
Equipment	(3,189,444)	(449,386)	1,838,328	-	(1,800,502)
Infrastructure	(47,260,026)	(2,096,410)	-	-	(49,356,436)
Total accumulated depreciation:	(53,113,556)	(2,734,639)	1,838,328	-	(54,009,867)
<u>Lease assets</u>					
Buildings and improvements	-	318,315	-	-	318,315
Equipment	76,482	-	-	-	76,482
Total lease assets	76,482	318,315	-	-	394,797
<u>Less: Accumulated amortization</u>					
Equipment	(22,413)	(15,296)	-	-	(37,709)
Total accumulated amortization:	(22,413)	(15,296)	-	-	(37,709)
Subscription asset	-	191,589	-	-	191,589
Less: Accumulated amortization	-	(13,230)	-	-	(13,230)
Total capital assets, net	\$ 231,533,678	\$ 9,869,012	\$ (69,736)	\$ -	\$ 241,332,954

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 4 - Capital Assets (Continued)

Changes in capital assets for the fiscal year ended June 30, 2022, is as follows:

	Balance at July 1, 2021	Additions	Deletions	Transfers	Balance at June 30, 2022
<u>Capital assets, not being depreciated:</u>					
Land	\$ 9,582,134	\$ -	\$ -	\$ 4,855,526	\$ 14,437,660
Property easement	25,181,584	-	-	-	25,181,584
Water/sewer rights	75,129,410	-	-	-	75,129,410
Construction in progress	27,865,705	16,794,046	-	(6,132,506)	38,527,245
<u>Total capital assets, not being depreciated:</u>	<u>137,758,833</u>	<u>16,794,046</u>	<u>-</u>	<u>(1,276,980)</u>	<u>153,275,899</u>
<u>Capital assets, being depreciated:</u>					
Land improvements	190,092	-	-	-	190,092
Buildings and improvements	8,502,823	27,787	-	44,105	8,574,715
Equipment	6,596,283	440,745	(219,829)	-	6,817,199
Infrastructure	114,502,385	-	-	1,232,875	115,735,260
<u>Total capital assets, being depreciated:</u>	<u>129,791,583</u>	<u>468,532</u>	<u>(219,829)</u>	<u>1,276,980</u>	<u>131,317,266</u>
<u>Less accumulated depreciation:</u>					
Land improvements	(89,929)	(9,714)	-	-	(99,643)
Buildings and improvements	(2,388,885)	(175,558)	-	-	(2,564,443)
Equipment	(3,123,709)	(285,564)	219,829	-	(3,189,444)
Infrastructure	(45,316,839)	(1,943,187)	-	-	(47,260,026)
<u>Total accumulated depreciation:</u>	<u>(50,919,362)</u>	<u>(2,414,023)</u>	<u>219,829</u>	<u>-</u>	<u>(53,113,556)</u>
<u>Lease assets</u>					
Equipment	40,057	36,425	-	-	76,482
<u>Total lease assets</u>	<u>40,057</u>	<u>36,425</u>	<u>-</u>	<u>-</u>	<u>76,482</u>
<u>Less: Accumulated amortization</u>					
Equipment	(10,908)	(11,505)	-	-	(22,413)
<u>Total accumulated amortization:</u>	<u>(10,908)</u>	<u>(11,505)</u>	<u>-</u>	<u>-</u>	<u>(22,413)</u>
Total capital assets, net	\$ 216,660,203	\$ 14,873,475	\$ -	\$ -	\$ 231,533,678

Depreciation and amortization expense was charged to functions and programs based on their usage of the related assets. The depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$2,763,165, and \$2,425,528, respectively.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 5 – Line of Credit

The District submitted a Financial Assistance Application for a State Revolving Fund (SRF) Loan to the State Water Resources Control Board (SWRCB) to finance the costs of constructing certain transmission and distribution pipelines and other infrastructure associated with the RUWAP Pipeline. This pipeline is an advanced treated recycled water conveyance system intended to serve both the District and Monterey One Water. Due to SRF loan draws being funded on a reimbursement basis, interim financing was required to cash flow anticipated costs in connection with the engineering, design, and construction of the recycled water pipeline. On May 15, 2017, the Board adopted Resolution No. 2017-31 to obtain interim financing through a Revolving Line of Credit (RLOC) from BBVA Compass Bank (BBVA) in the amount of \$16 million. The RLOC had a 36-month term with an interest rate of 65% of 1-month LIBOR plus a spread of 1.5% combined with no additional fee on any unused portion of the RLOC. The RLOC was secured by the District's Net Revenues, the SRF loan agreements, an agreement with Monterey One Water for their capacity share of the transmission pipeline, and contributions from the Fort Ord Reuse Authority.

Due to delays in the construction of the distribution pipelines, the State amended the project completion dates of the SRF loans for the transmission pipeline and the distribution system to March 30, 2022 and March 30, 2023, respectively. On July 1, 2020, the District and BBVA amended the RLOC to accommodate the change in project completion dates with the following terms:

- Loan amount reduced to \$8,000,000 with the loan term extended to March 31, 2022
- The outstanding principal components shall bear interest at a variable rate equal to 79.01% of the 30-Day LIBOR plus 1.25% (125 basis points) with the 30-Day LIBOR no less than 1.00%.
- If the LIBOR is no longer published, the Lender may substitute an alternative index rate recommended by the Federal Reserve Board and/or the Federal Reserve Bank of New York (FRB/NYFRB).

On June 1, 2022, the loan term was extended to March 30, 2023.

Whenever any event of default shall have happened and be continuing, the lender shall have the right, at its option upon notice to the District, to declare the unpaid aggregate principal components of the loan, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable. The lender shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the enterprises sufficient to meet all requirements of this loan agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due or thereafter to become due during the term of this loan agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this loan agreement. At June 30, 2022, the outstanding line of credit balance was \$5,503,412. The line of credit was paid off and closed as of June 30, 2023.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities

Changes in long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Reclass	Additions	Reductions	Ending Balance	Due within One Year
2015 Series A Bonds - Publicly offered	\$ 23,925,000	\$ -	\$ -	\$ (1,130,000)	\$ 22,795,000	\$ 1,190,000
plus unamortized premiums	2,044,870	-	-	(136,325)	1,908,545	-
Net 2015 Series A Bonds	25,969,870	-	-	(1,266,325)	24,703,545	1,190,000
2019 Series Revenue Bonds - Publicly offered	16,945,000	-	-	(340,000)	16,605,000	355,000
plus unamortized premiums	1,822,196	-	-	(67,488)	1,754,708	-
Net 2019 Series Revenue Bonds	18,767,196	-	-	(407,488)	18,359,708	355,000
CWSRF Loan - Transmission	4,932,096	(1,138,178)	220,923	(101,916)	3,912,925	103,620
WRFP Prop 1 Loan - Transmission	-	1,138,178	64,205	(54,740)	1,147,643	31,563
CWSRF Loan - Distribution	1,230,606	-	2,601,324	-	3,831,930	97,451
WRFP Prop 1 Loan - Distribution	-	-	90,307	-	90,307	2,297
Santa Cruz County Bank Installment Loan - Private placement	2,364,501	-	-	(102,887)	2,261,614	108,888
Compensated absences	613,757	-	419,225	(416,212)	616,770	91,035
Lease payable	55,160	-	251,556	(15,093)	291,623	95,746
Subscription payable	-	-	186,189	(24,181)	162,008	52,976
Totals	\$ 53,933,186	\$ -	\$ 3,833,729	\$ (2,388,842)	\$ 55,378,073	\$ 2,128,576

Changes in long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2015 Series A Bonds - Publicly offered	\$ 25,015,000	\$ -	\$ (1,090,000)	\$ 23,925,000	\$ 1,130,000
plus unamortized premiums	2,181,195	-	(136,325)	2,044,870	-
Net 2015 Series A Bonds	27,196,195	-	(1,226,325)	25,969,870	1,130,000
2019 Series Revenue Bonds - Publicly offered	17,270,000	-	(325,000)	16,945,000	340,000
plus unamortized premiums	1,889,684	-	(67,488)	1,822,196	-
Net 2019 Series Revenue Bonds	19,159,684	-	(392,488)	18,767,196	340,000
CWSRF Loan - Transmission	4,932,096	-	-	4,932,096	125,430
CWSRF Loan - Distribution	1,230,606	-	-	1,230,606	31,296
Santa Cruz County Bank Installment Loan - Private placement	2,461,718	-	(97,217)	2,364,501	102,887
Compensated absences	555,846	426,603	(368,692)	613,757	91,324
Lease payable	29,475	36,316	(10,631)	55,160	14,461
Totals	\$ 55,565,620	\$ 462,919	\$ (2,095,353)	\$ 53,933,186	\$ 1,835,398

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

A. Santa Cruz County Bank Installment Loan

On November 17, 2014, the Board adopted Resolution No. 2014-46 authorizing the construction of Building E at 940 Imjin Office Parkway to house the Bureau of Land Management Regional Office (BLM). On May 9, 2015, the Board adopted Resolution No. 2015-21 to approve the financing of the construction by Rabobank, N.A., which closed on August 7, 2015.

Construction costs were funded by a one-year construction loan in the amount of \$2,776,000 convertible to a 10-year term loan upon occupancy by BLM. At building completion, the interest rate would be based on 10-year London Interbank Offered Rate (LIBOR) SWAP index + 2.5% amortized over 25 years with no prepayment penalty and an automatic six-month extension option. The automatic term extension was exercised in August 2016 due to the District not receiving final notice of completion and final certificate of occupancy from the City of Marina by the original term date of the loans which was required by Rabobank. On July 20, 2016, staff received notification that Rabobank would not be able to term out the construction loan via an interest rate swap loan due to changes in Bank policy shortly after the District's loan was consummated. Further, Rabobank would not be able to exclude a prepayment penalty clause in the terms of the converted loan.

These changes in funding instruments and loan terms required approval by the Board due to the break in terms of the previously approved funding facility. On September 19, 2016, the Board adopted Resolution No. 2016-58 amending the funding terms of the construction loan conversion but directed the General Manager to also look into other financing options and authorized him to enter into other funding agreements at his discretion. Holman Capital proposed an Installment Purchase Agreement (Agreement): a 20-year fixed rate loan secured by net revenues of the District in which the loan would be paid off at the end of the loan term. The Agreement financed the conversion of the construction loan of \$2,776,000, the Rabobank exit fee of \$13,880 and the documentation and legal fee for Holman Capital of \$10,000 for a total of \$2,799,880. The interest rate is a fixed all-in rate of 5.75% which is a taxable interest rate due to the private activity use of leasing the building. Commercial loan rates were at 5.00% - 7.00% for loans above \$250,000+ at time of offer. In addition, there is no prepayment penalty which gives the District the ability to refinance the loan if rates were to decrease. Holman Capital also does not require the Final Notice of Occupancy in order to convert the construction loan. Upon review of the proposed Agreement from Holman Capital by the District's Bond Counsel, General Counsel and Financial Advisor, staff determined that the Agreement was a prudent option for the District for the conversion of the Rabobank construction loan and executed the Agreement on January 20, 2017. Included in the Agreement was an Assignment Agreement whereby Holman Capital assigned the loan to Santa Cruz County Bank.

In the event of default, the lender may (1) declare the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon to be accelerated and immediately due and payable, whereupon the same shall immediately become due and payable; provided however, that in the event payment on any Parity Debt is accelerated, the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon shall be accelerated and immediately due and payable without notice to the District and without requiring any act of the lender, whereupon the same shall immediately become due and payable; and/or (2) for the account of the District, incur and pay reasonable expenses for repair and maintenance of the building and such other reasonable expenses as may be necessary to cure the cause of default; and/or (3) take all actions and pursue all other rights and remedies that lender may have, at law or in equity, including, without limitation, seeking a mandamus, requesting specific performance, or taking action to enjoin the District from taking any action not permitted or contradictory to the express terms, conditions and requirements of the Agreement.

As of June 30, 2023 and 2022, the outstanding balance was \$2,261,614 and \$2,364,501, respectively.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

A. Santa Cruz County Bank Installment Loan (Continued)

Future payments are as follows:

Year Ending June 30,	Santa Cruz County Bank Installment Loan		
	Principal	Interest	Total
2024	\$ 108,888	\$ 128,500	\$ 237,388
2025	115,240	122,148	237,388
2026	121,961	115,427	237,388
2027	129,075	108,314	237,389
2028	136,603	100,785	237,388
2029-2033	812,240	374,700	1,186,940
2034-2037	837,607	111,946	949,553
Total	<u>\$ 2,261,614</u>	<u>\$ 1,061,820</u>	<u>\$ 3,323,434</u>

B. SRF Loans

In December 2015, the District submitted an application to the California State Revolving Fund Loan Program for the Regional Urban Water Augmentation Project (“RUWAP”) which included the transmission pipeline as well as the distribution system. The State bifurcated the application into separate agreements for the transmission pipeline and the distribution system.

State Revolving Fund (SRF) Loan Agreement 110 – Transmission

On January 25, 2018, the District entered into a construction installment sale agreement and grant (the “Agreement”) with the California State Water Resources Control Board (SWRCB) under the California State Revolving Fund Loan Program for the construction of the RUWAP transmission pipeline, with an initial completion date of September 30, 2020. The maximum approved amount was \$10,513,217, with a total grant component of \$3,595,789, Water Recycling Funding Program Prop 1 (“WRF Prop 1”) loan component of \$1,660,819, and Clean Water State Revolving Fund (“CWSRF”) loan component of \$5,256,609.

However, on June 29, 2020, the State amended the contract completion date to coincide with the revised completion date of the distribution system of March 30, 2022, as the distribution system will provide the revenue to pay the debt service on both the transmission and distribution of recycled water. This amendment also changed the loan repayment date, originally scheduled to commence September 30, 2021 to March 30, 2023.

Initially, the District was instructed by the State to record all funds drawn from the Agreement as loan funds. Once the project was completed, the State would provide what portion would be classified as grant funds. However, the State has since advised the District that grant funds may be recorded based on the distribution breakdown of each funds request.

Both the WRF Prop 1 and CWSRF loans accrue interest at 1.8% per annum, with principal and interest payments due annually through March 30, 2052. As of June 30, 2023, a total of \$7,595,158 has been received by the District of which, \$2,655,747 are grant funds and \$4,939,411 are loan proceeds. As of June 30, 2023 and 2022, the outstanding balance on the CWSRF Loan was \$3,912,925 and \$4,932,096, respectively. As of June 30, 2023 and 2022, the outstanding balance of WRF Prop 1 Loan was \$1,147,643 and \$0, respectively.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

B. SRF Loans (Continued)

Future principal and interest payments on CWSRF Loan – Transmission are as follows:

Year Ending June 30,	CWSRF Loan - Transmission		
	Principal	Interest	Total
2024	\$ 103,620	\$ 70,433	\$ 174,053
2025	105,485	68,567	174,052
2026	107,384	66,669	174,053
2027	109,317	64,736	174,053
2028	111,285	62,768	174,053
2029 - 2033	587,200	283,063	870,263
2034 - 2038	641,986	228,278	870,264
2039 - 2043	701,882	168,381	870,263
2044 - 2048	767,367	102,897	870,264
2049 - 2052	677,399	31,081	708,480
Total	\$ 3,912,925	\$ 1,146,873	\$ 5,059,798

Future principal and interest payments on WRF Prop 1 Loan – Transmission are as follows:

Year ending June 30,	WRF Prop 1 Loan - Transmission		
	Principal	Interest	Total
2024	\$ 31,563	\$ 20,658	\$ 52,221
2025	32,132	20,089	52,221
2026	32,710	19,511	52,221
2027	33,299	18,922	52,221
2028	33,898	18,323	52,221
2029 - 2033	178,867	82,239	261,106
2034 - 2038	195,555	65,551	261,106
2039 - 2043	213,800	47,306	261,106
2044 - 2048	233,747	27,359	261,106
2049 - 2052	162,072	6,280	168,352
Total	\$ 1,147,643	\$ 326,238	\$ 1,473,881

State Revolving Fund (SRF) Loan Agreement 120 – Distribution

On June 27, 2018, the District entered into a second construction installment sale agreement and grant (“2nd Agreement”) with the California State Water Resources Control Board (SWRCB) under the California State Revolving Fund Loan Program for the construction of the RUWAP distribution system, with an initial completion date of March 30, 2020. The maximum approved amount was \$11,439,582, with a total grant component of \$3,698,779, Water Recycling Funding Program Prop 1 (“WRF Prop 1”) loan component of \$2,021,012, and Clean Water State Revolving Fund (“CWSRF”) loan component of \$5,719,791. Both the WRF Prop 1 and CWSRF loans accrue interest at 1.8% per annum, with principal and interest payments due annually through March 30, 2053.

On April 20, 2020, due to the project’s bid process issues and construction timing issues, the State amended the completion date of the 2nd Agreement to March 30, 2022. Again, on July 7, 2022, the completion date was subsequently amended to March 30, 2023. The amendments effectively changed the loan repayment date, originally scheduled to commence March 30, 2021 to March 30, 2024.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

B. SRF Loans (Continued)

As of June 30, 2023, a total of \$7,578,175 has been received by the District of which, \$3,698,779 are grant funds and \$3,879,396 are loan proceeds. As of June 30, 2023 and 2022, the outstanding balance on the CWSRF loan was \$3,831,930 and \$1,230,606, respectively. As of June 30, 2023 and 2022, the outstanding balance of the WRFPP Prop 1 loan was \$90,307 and \$0, respectively.

Future principal and interest payments on CWSRF Loan – Distribution are as follows:

Year Ending June 30,	CWSRF Loan - Distribution		
	Principal	Interest	Total
2024	\$ 97,451	\$ 68,975	\$ 166,426
2025	99,206	67,220	166,426
2026	100,991	65,435	166,426
2027	102,809	63,617	166,426
2028	104,660	61,766	166,426
2029 - 2033	552,244	279,887	832,131
2034 - 2038	603,768	228,363	832,131
2039 - 2043	660,099	172,032	832,131
2044 - 2048	721,685	110,446	832,131
2049 - 2053	789,017	43,115	832,132
Total	<u>\$ 3,831,930</u>	<u>\$ 1,160,856</u>	<u>\$ 4,992,786</u>

Future principal and interest payments on WRFPP Prop 1 Loan – Distribution are as follows:

Year ending June 30,	WRFPP Prop 1 Loan - Distribution		
	Principal	Interest	Total
2024	\$ 2,297	\$ 1,625	\$ 3,922
2025	2,338	1,584	3,922
2026	2,380	1,542	3,922
2027	2,423	1,499	3,922
2028	2,466	1,456	3,922
2029 - 2033	13,015	6,596	19,611
2034 - 2038	14,229	5,382	19,611
2039 - 2043	15,557	4,054	19,611
2044 - 2048	17,008	2,603	19,611
2049 - 2053	18,594	1,017	19,611
Total	<u>\$ 90,307</u>	<u>\$ 27,358</u>	<u>\$ 117,665</u>

These agreements may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete satisfaction of the Obligation by the District, at the option of the State Water Board, upon violation by the District of any material provision of the Agreements after such violation has been called to the attention of the District and after failure by the District to bring itself into compliance with the provisions of the agreements within a reasonable time as established by the Division. In the event of such termination, the District agrees, upon demand, to immediately repay to the State Water Board an amount equal to project funds disbursed hereunder, accrued interest, penalty assessments, and additional payments. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the District to the date all monies due have been received by the State Water Board.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

C. 2015 Series A & B Revenue Bonds

On June 30, 2015, the District issued 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A in the amount of \$29,840,000 and Federally Taxable Series B in the amount of \$1,115,000 (the “Bonds”). The Bonds were issued to refinance the District’s outstanding 2006 Certificates of Participation (COPs) which were issued for the purpose of financing improvements to the District’s water and wastewater systems and to refinance prior obligations. The Bonds, which closed on July 15, 2015, were an advance refunding of the 2006 COPs as the COPs were not callable until June 1, 2016. An escrow account, funded with treasury securities, was set up and used to pay the 2006 COPs. A portion of the 2006 COPs were utilized to refinance prior obligations on an advance basis. As a result, the Taxable Series B were required to refund a portion of the 2006 COPs. The cash flows required to service the 2006 COP debt was \$52,402,343 and the cash flows required to service the 2015 Senior Lien Refunding Revenue Bonds was \$49,573,943 for an economic gain of \$2,829,400 with a net present value of \$2,644,483. The deferred gain as a result of the refunding debt amounted to \$734,497. The true interest cost, which includes all annualized costs, is 3.712% for the Series A Bonds and 1.544% for the Series B Bonds.

In an Event of Default, the Bond Trustee shall give notice of such Event of Default to the District by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable.

The outstanding balance at June 30, 2023 and 2022 was \$22,795,000 and \$23,925,000, respectively.

Future payments are as follows:

Year Ending June 30,	2015 Series A Revenue Refunding Bonds		
	Principal	Interest	Total
2024	\$ 1,190,000	\$ 1,062,500	\$ 2,252,500
2025	1,235,000	1,014,900	2,249,900
2026	1,300,000	953,150	2,253,150
2027	1,365,000	888,150	2,253,150
2028	1,430,000	819,900	2,249,900
2029-2033	8,275,000	2,975,000	11,250,000
2034-2037	8,000,000	1,001,963	9,001,963
Total	<u>\$ 22,795,000</u>	<u>\$ 8,715,563</u>	<u>\$ 31,510,563</u>

D. 2019 Enterprise Revenue Certificates of Participation

On December 19, 2019, the District issued 2019 Enterprise Revenue Certificates of Participation in the amount of \$17,725,000 (the “COPs”). The COPs were issued to finance \$19,500,000 of required capital improvement projects including, but not limited to, the construction of pipeline improvements, replacement of booster pumps, lift station enhancements, construction of reservoir tanks, acquisition of emergency generators at key well sites, booster stations, and sewer pumping facilities to maintain operation during power outages. The true cost for the transaction, which included all annualized costs, is 2.99% over a thirty-year period.

In the event of default, the bond trustee has the right to declare all principal components of the unpaid installment payments, together with accrued interest to be immediately due and payable.

The outstanding balance at June 30, 2023 and 2022 was \$16,605,000 and \$16,945,000, respectively.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

D. 2019 Enterprise Revenue Certificates of Participation (Continued)

Future payments are as follows:

Year ending June 30,	2019 Revenue Bonds		
	Principal	Interest	Total
2024	\$ 355,000	\$ 653,100	\$ 1,008,100
2025	365,000	638,900	1,003,900
2026	385,000	620,650	1,005,650
2027	405,000	601,400	1,006,400
2028	425,000	581,150	1,006,150
2029-2033	2,460,000	2,565,250	5,025,250
2034-2038	3,055,000	1,976,700	5,031,700
2039-2043	3,710,000	1,315,100	5,025,100
2044-2048	4,470,000	565,300	5,035,300
2049	975,000	29,250	1,004,250
Total	<u>\$ 16,605,000</u>	<u>\$ 9,546,800</u>	<u>\$ 26,151,800</u>

E. Bond Premiums

Unamortized bond premiums are netted against the related debt and included in bonds payable. They are amortized annually to interest expense. Amortization expense for the years ended June 30, 2023 and 2022 was \$203,813.

F. Compensated Absences

District employees accumulate earned, but unused, vacation and sick pay benefits which can be converted to cash at termination of employment. The compensated absences balance at June 30, 2023 and 2022 was \$616,770 and \$613,757, respectively.

G. Lease Payable

The District has entered into leases for equipment use and office space. The terms of the agreements are for 3 to 5 years. The calculated interest rate used ranges from 2.0% to 3.0%. In addition, the District recognized \$325 in lease expenditures for variable payments not previously included in measurement of lease payable. The lease payable balance at June 30, 2023 and 2022 was \$291,623 and \$55,160, respectively.

Principal and interest payments to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 95,746	\$ 6,337	\$ 102,083
2025	96,315	4,250	100,565
2026	94,987	1,556	96,543
2027	4,575	59	4,634
Total	<u>\$ 291,623</u>	<u>\$ 12,202</u>	<u>\$ 303,825</u>

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 6 - Long-Term Liabilities (Continued)

H. Subscription-Based Information Technology Arrangement (SBITA) Liability

The District has entered into various subscription-based IT arrangements and has recorded a liability to offset the right-to-use assets. These are calculated using the District's incremental borrowing rate ranging from 2.33% to 2.36%.

Future minimum payments on the SBITA liabilities are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 52,976	\$ 1,846	\$ 54,822
2025	52,353	2,556	54,909
2026	56,679	1,329	58,008
Total	<u>\$ 162,008</u>	<u>\$ 5,731</u>	<u>\$ 167,739</u>

Note 7 - Defined Benefit Pension Plan

A. General Information

Plan Description

The Miscellaneous Plan of the District (Miscellaneous Plan) is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

Employees Covered by Benefit Terms

At June 30, 2021 and 2020 valuation dates, the following employees were covered by the benefit terms:

	2021		2020	
	Classic	PEPRA	Classic	PEPRA
Active employees	21	19	23	17
Transferred and terminated employees	20	17	18	14
Retired employees and beneficiaries	18	-	17	-
Total	<u>59</u>	<u>36</u>	<u>58</u>	<u>31</u>

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

A. General Information (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 5 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.

Employees Covered by Benefit Terms

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous	
	Prior to July 1, 2015	On or After July 1, 2015
Hire Date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.12%	7.47%

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous	
	Prior to July 1, 2015	On or After July 1, 2015
Hire Date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.13%	7.59%

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 July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

A. General Information (Continued)

Employees Covered by Benefit Terms (Continued)

For the years ended June 30, 2023 and 2022, the contributions for the Plan were as follows:

Classic Miscellaneous Plan	2023	2022
Contributions - employer	\$ 253,722	\$ 242,876
Contributions - employee (paid by employer)	194,743	186,214
Contributions - unfunded accrued liability	328,610	275,084
Total	\$ 777,075	\$ 704,174
PEPRA Miscellaneous Plan	2023	2022
Contributions - employer	\$ 147,609	\$ 124,896
Contributions - employee	133,382	111,074
Contributions - unfunded accrued liability	3,378	2,919
Total	\$ 284,369	\$ 238,889

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023 and 2022, the District reported net pension liabilities of \$4,832,291 and \$1,656,097, respectively, for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan at June 30, 2023 is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For 2022, the District's net pension liability for the Plan was measured as the proportionate share of the net pension liability. The net pension liability of the Plan at June 30, 2022 was measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the years ended June 30, 2023 and 2022, the District recognized pension expense in the amounts of \$933,485 and \$750,387, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	2023		2022	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ 495,169	\$ -	\$ -	\$ -
Difference between expected and actual experience	97,042	(64,994)	185,714	-
Differences between projected and actual investment earnings	885,147	-	-	(1,445,685)
Differences between employer's contributions and proportionate share of contributions	-	(274,456)	-	(244,885)
Change in employer's proportion	584,029	-	338,308	-
Pension contributions made subsequent to measurement date	733,319	-	645,776	-
Total	<u>\$ 2,794,706</u>	<u>\$ (339,450)</u>	<u>\$ 1,169,798</u>	<u>\$ (1,690,570)</u>

Deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date in the amount of \$733,319 and \$645,776 will be recognized as a reduction of the collective net pension liability in the years ended June 30, 2024 and 2023, respectively.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources		Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources	
	2023			2022	
2024	\$	497,740	2023	\$	(221,524)
2025		436,783	2024		(245,821)
2026		246,027	2025		(299,691)
2027		541,387	2026		(399,512)
2028		-	2027		-
Thereafter		-	Thereafter		-
Total	\$	<u>1,721,937</u>	Total	\$	<u>(1,166,548)</u>

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 (measurement date) total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹An expected inflation of 2.30% used for this period.

²Figures are based on the 2021 Asset Liability Management study.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
Balance at: 6/30/21 (Valuation date)	\$ 20,337,932	\$ 18,681,835	\$ 1,656,097
Balance at: 6/30/22 (Measurement date)	21,820,981	16,988,690	4,832,291
Net changes during 2021-2022	1,483,049	(1,693,145)	3,176,194
Balance at: 6/30/20 (Valuation date)	\$ 19,558,056	\$ 15,721,235	\$ 3,836,821
Balance at: 6/30/21 (Measurement date)	20,337,932	18,681,835	1,656,097
Net changes during 2020-2021	779,876	2,960,600	(2,180,724)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2022 and 2021.

- 1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021 and 2020). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- 2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022 and 2021). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 and 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022 and 2020-2021).
- 3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- 4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 7 - Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

- 5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- 6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the District's share of risk pool actuarial accrued liability at the beginning of measurement period.

The District's proportionate share of the net pension liability was as follows:

	2023		2022
Measurement Date:			Measurement Date:
June 30, 2021	0.08722%		June 30, 2020
June 30, 2022	0.10327%		June 30, 2021
Change - Increase			Change - Increase
(Decrease)	0.01605%		(Decrease)
			-0.00464%

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

The following represents the District's proportionate share of the net pension liability for the Plan, as well as what the District's proportionate share of the 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:

Miscellaneous Plan 2023:

	Discount Rate - 1% (5.90%)		Current Discount Rate (6.90%)		Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/ (Asset)	\$ 7,806,885	\$	4,832,291	\$	2,384,939

Miscellaneous Plan 2022:

	Discount Rate - 1% (6.15%)		Current Discount Rate (7.15%)		Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 4,341,332	\$	1,656,097	\$	(563,749)

Pension Plan Fiduciary Net Position

The plan's fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Financial Report closing and final reconciled reserves.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 8 – Other Post Employment Benefits (OPEB)

A. Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan. Dependents are ineligible to enroll, and benefits do not continue to surviving spouses. Retirees are eligible for medical benefits if they retire at age 55+ and have 20+ years of District service. The District pays for 50% of single party premiums for retirees with a retirement date of June 30, 2019 or earlier and 75% for retirees with a retirement date of July 1, 2019 or later. The District pays 100% of medical, vision, and dental premiums to a retired GM who had at least 3 years of District service.

B. Employees Covered

At June 30, 2021 (the valuation date), the benefit terms covered the following employees:

Active employees:	39
Inactive employees currently receiving benefits:	6
Inactive employees entitled to, but not yet receiving benefits:	0
Total:	45

C. Contributions

The contribution requirements of the plan members and the District are established and may be amended by the District’s Board of Directors, and/or employee associations. Currently, contributions from plan members are not required. The District pays retiree benefits (premium contributions) as they come due. For fiscal year ended June 30, 2023, the District paid \$22,614 in pay-as-you-go premiums and the estimated implicit subsidy was \$15,885 resulting in total payments of \$38,499. For fiscal year ended June 30, 2022, the District paid \$29,537 in pay-as-you-go premiums and the estimated implicit subsidy was \$14,953 resulting in total payments of \$44,490.

D. Total OPEB Liability

The District's total OPEB liability was valued as of June 30, 2021 and was used to calculate the OPEB liability measured as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2021	June 30, 2022
Discount Rate	3.69%	3.69%
Inflation	5.50%	2.30%
Healthcare Cost Trend Rates		
Pre-Medicare	7.00%	6.50% *
Medicare	6.00%	5.50% *
Salary Increases	2.75%	2.80% **
Mortality Rates	Based on CalPERS tables.	

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 8 – Other Post Employment Benefits (OPEB) (Continued)

D. Total OPEB Liability (Continued)

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the CalPERS Pension Assumption Model, dated November 17, 2021.
- Inactive employees (retirees) pay the cost of benefits in excess of the District’s contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.
- There were no changes between the measurement date and the report date that are expected to have a significant effect on the net OPEB liability.

* Trending down to 4.04% over 55 years. Applies to calendar years.

** Additional merit-based increases based on CalPERS merit salary increase tables.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 and 2021 was 3.69%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

E. Changes in the Total OPEB Liability

The changes in the total OPEB liability for 2023 are as follows:

	Total OPEB Liability
Balance as of Report Date June 30, 2022	\$ 1,533,102
Changes for the year:	
Service Cost	95,579
Interest	59,277
Differences Between Expected and Actual Experience	(3,424)
Changes of Assumptions	393,333
Benefit Payments	(29,537)
Implicit Subsidy Credit	(14,953)
Net Changes	500,275
Balance as of Report Date June 30, 2023	\$ 2,033,377

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 8 – Other Post Employment Benefits (OPEB) (continued)

F. Changes in the Total OPEB Liability (Continued)

The changes in the total OPEB liability for 2022 are as follows:

	Total OPEB Liability
Balance as of Report Date June 30, 2021	\$ 2,462,886
Changes for the year:	
Service Cost	150,737
Interest	63,257
Changes in Benefit Terms	(387,188)
Differences Between Expected and Actual Experience	(592,836)
Changes of Assumptions	(100,356)
Benefit Payments	(29,533)
Implicit Subsidy Credit	(33,865)
Net Changes	(929,784)
Balance as of Report Date June 30, 2022	\$ 1,533,102

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Fiscal Year 2023

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 2,432,308	\$ 2,033,377	\$ 1,713,107

Fiscal Year 2022

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 1,789,422	\$ 1,533,102	\$ 1,324,042

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates:

Fiscal Year 2023

	1% Decrease 6.00%	Trend Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 1,641,424	\$ 2,033,377	\$ 2,553,591

Fiscal Year 2022

	1% Decrease 6.00%	Trend Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 1,296,847	\$ 1,533,102	\$ 1,831,006

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 8 – Other Post Employment Benefits (OPEB) (continued)

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

For the years ended June 30, 2023 and 2022, the District recognized an OPEB expense (credit) of \$98,142 and (\$261,842), respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ (651,056)	\$ -	\$ (729,322)
Changes of Assumptions	519,344	(204,125)	180,205	(233,340)
District Contributions Subsequent to the Measurement Date	38,499	-	44,490	-
Total	<u>\$ 557,843</u>	<u>\$ (855,181)</u>	<u>\$ 224,695</u>	<u>\$ (962,662)</u>

The \$38,499 and \$44,490 reported as deferred outflows of resources related to contributions subsequent to June 30, 2022 and 2021 measurement date will be recognized as a reduction of the total OPEB liability during fiscal years ending June 30, 2024 and June 30, 2023, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2023	Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2022
2024	\$ (56,714)	2023	\$ (88,648)
2025	(56,714)	2024	(88,648)
2026	(56,714)	2025	(88,648)
2027	(56,714)	2026	(88,648)
2028	(56,714)	2027	(88,648)
Thereafter	(52,267)	Thereafter	(339,217)
Total	<u>\$ (335,837)</u>	Total	<u>\$ (782,457)</u>

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 9 - Risk Management (Continued)

On June 30, 2023, the District's participation in the self-insurance programs of JPIA is as follows:

- General, Automobile, Employment Practices & Public Officials' Liability: Broad coverage against third-party claims for the District, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with limit up to \$55 million per occurrence with aggregated policy limits.
- Property Loss: Covered up to replacement value with a \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$500 deductible per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000.
- Cyber Liability: Including Cyber Security up to \$2,000,000 per member and \$5,000,000 Policy Aggregate Limit. Cyber Liability Deductible varies from \$75,000 to 100,000 depending on District Total Insured Values.
- Employee Dishonesty/Crime Supplement: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or <http://www.acwajpia.com/FinancialStatements.aspx>.

Note 10 - Commitments and Contingencies

In the normal course of operations, various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

Regional Desalination Project

In fiscal year 2010-11, the District entered into a Water Purchase Agreement, Settlement Agreement, Reimbursement Agreement, CAW Credit Line Agreement and Regional Desalination Project Management Agreement ("RDP Agreements") with the Monterey County Water Resources Agency (the "MCWRA"), and the California-America Water Company (the "CAW") to develop, finance, and construct a Regional Desalination Project (the "RDP"). The purpose of the RDP was to replace existing Monterey Peninsula water supplies that are substantially constrained by California regulatory decisions and to provide a new water supply for the approved redevelopment of the former Fort Ord area within Marina Coast Water District's Ord Community Service Area. Due to the nature of the project, the California Public Utilities Commission (the "CPUC") was considered the governmental oversight and approval agency.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 10 – Commitments and Contingencies (Continued)

On September 18, 2012, CAW presented a claim to the District related to project costs pursuant to the California Government Claims Act, Government Code Section 810. On October 4, 2012, CAW filed an action against the District and MCWRA seeking a declaratory judgment, but no damages, concerning the validity of the RDP Agreements and the lawfulness of MCWRA's repudiation of the RDP Agreements. The District filed a cross-complaint for declaratory relief, but no damages, against CAW and MCWRA. The trial court entered a judgment during April 2015 following trial finding that certain of the RDP Agreements, including the Water Purchase Agreement were subject to the Validating Acts, but still could be rendered invalid due to the application of the four-year statute of limitations which is concerned with contractual conflicts of interest violations. That Judgment was timely appealed by the District and the Court of Appeal affirmed the court's decision. The District filed a Petition for Review before the California Supreme Court which had not ruled on whether it would grant the Petition. A lawsuit seeking damages due to the failure of the Regional Desalinization Project was filed by the District against CAW and MCWRA and those entities brought suit seeking damages against the District on the same subject matter. On June 1, 2015, the Superior Court entered judgment and the District appealed to the First Appellate District Court of Appeal, Case No. A145604. On August 26, 2015, the Court of Appeal granted the District's motion for calendar preference and expedited treatment. After full briefing and oral argument, the Court of Appeal rendered its decision in Case No. A145604 on August 18, 2016, affirming the judgment of the Superior Court. The District petitioned to the California Supreme Court for review of the Court of Appeal decision, but on November 9, 2016, in Case No. S237534, the Supreme Court denied the petition for review. Separately, the District also appealed the Superior Court's post-judgment orders awarding costs and fees to CAW and MCWRA as prevailing parties, First District Court of Appeal Case Nos. A146166 and A146405. Those appeals were fully briefed, and the Court of Appeal thereafter held oral argument on December 6, 2017. On December 15, 2017, the Court of Appeal rendered its decision affirming the awards of costs and attorney fees. The District petitioned the Supreme Court for review of the Court of Appeal decision in Supreme Court Case No. S246648, but on February 28, 2018, its petition for review was denied by the Supreme Court. In June and July 2018, the District paid in full the awards of costs and fees (including interest thereon) to CAW in the amount of \$2,088,510 and MCWRA in the amount of \$760,680. CAW and MCWRA have each presented written breach of contract and tort claims for damages against the District, and the District has presented a breach of contract and tort claim for damages against MCWRA. The District has also made a written demand on its breach of contract and tort claims against CAW. In San Francisco Superior Court Case No. CGC-15-546632, CAW, and MCWRA filed a complaint for damages against the District seeking recovery and damages related to the termination of the RDP. In San Francisco Superior Court Case No. CGC-15-547125, the District filed a complaint for damages against CAW and MCWRA seeking recovery and damages related to the termination of the RDP. On February 22, 2019, the District's motion for Summary Judgment and adjudication was granted on MCWRA's amended complaint. On June 20, 2019, the District's motion for Summary Adjudication was granted. MCWRA has stated that it will appeal the final judgment in this action. On July 22, 2019, CAW filed a petition for writ of mandate challenging the decision and the District filed a preliminary opposition to CAW's petition. That petition was denied on January 14, 2020. CAW had four causes of action remaining against the District, all related to CAW's \$3 million loan to the District under the Credit Line Agreement. A jury trial was scheduled to begin on January 27, 2020; however, on the eve of trial, the parties reached a settlement as to the remaining causes of action. The settlement agreement was signed by the parties in February and March 2020. On May 8, 2020, CAW dismissed its breach of contract, account, and return, money lent, and unjust enrichment causes of action. The court entered a stipulated judgment on June 8, 2020. CAW and MCWRA have appealed from the judgment challenging the Court's earlier granting of summary judgment in favor of the District on the tort causes of action. On October 20, 2020, the Superior Court sent a Certification Notice indicating that the Reporter's transcripts on the appeal have been completed and certified to the Court of Appeal and stating that the parties would receive notice of a briefing schedule from the Court of Appeal. The appeal is now fully briefed and oral arguments are scheduled to be heard in late December 2022.

As a result of the settlement, the District paid CAW \$4,000,000 during the year ended June 30, 2020. Due to the District discontinuing the Regional Desalination Project, construction in progress in the amount of \$24,019,800 was written off in 2020.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 10 – Commitments and Contingencies (Continued)

Based on the latest information, the District is unable to estimate a potential range of loss, or the likelihood of the outcome of litigation regarding this matter. However, if final judgments are made against the District, the losses, individually and in the aggregate, could have a material effect to the financial statements.

Marina Coast Water District v. County of Monterey, et al. (Monterey Superior Court, Case No. 19CV003305)

On August 15, 2019, the District filed a Petition for Writ of Review/Mandate challenging Monterey County’s approval of the desalination plant component of the Monterey Peninsula Water Supply Project (“MPWSP”) proposed by Real Party in Interest Cal-Am. The District alleges that the County’s approval violated CEQA, State Planning and Zoning Law, the California Water Code, and the Monterey County Code. The District also sought a stay and preliminary injunction to stop Cal-Am from commencing construction of the desalination plant until after the Court decides the merits of the case. On October 8, 2019, the trial court granted the District’s request and stayed any construction activity on the project. Following briefing on the merits and oral argument, the trial court granted the District’s Petition in part and issued a writ directing the County to vacate its approvals for the construction of the MPWSP desalination plant.

Both Cal-Am and the County appealed the trial court’s judgment. The District filed a cross-appeal. Briefing on the appeal and the cross-appeal were completed in November 2022 and oral argument was heard on July 11, 2023. On September 8, 2023, the Sixth Appellate District issued an unpublished opinion overturning the trial court’s ruling issuing the writ of mandate and affirming the trial court in all other respects. On September 25, 2023, the District filed a petition for rehearing on the grounds that the appellate court made key legal and factual errors in deciding the matter. If the petition for rehearing is not granted, the MCWD Board may authorize the filing of a petition for review with the Supreme Court, the deadline for which is anticipated to be on or around October 18, 2023. As the District has been unsuccessful in this matter, should the petition for rehearing and the possible petition for review be denied, the County and Cal-Am could seek to recover their court costs, which are likely less than \$5,000. This matter does not involve monetary damages or relief and would not constitute material pending or threatened litigation, claims, and assessments against the District involving amounts exceeding \$50,000 individually or in the aggregate.

City of Marina, et al. v. RMC Lonestar et al. (Monterey Superior Court, Case No. 20CV001387)

On May 11, 2020, the City of Marina (“City”) filed a lawsuit against RMC Lonestar and RMC Pacific Materials, LLC (collectively “CEMEX”), as well as the CAW. On June 29, 2020, the City filed its First Amended Complaint adding the District and the MCWRA as defendants. The City alleged two causes of actions: (1) breach of the 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands, and (2) declaratory relief regarding whether the Monterey County Water Resources Act, California Water Code Appendix, Chapter 52, prohibits CAW from exporting groundwater outside the Salinas Valley Groundwater Basin (“SVGB”). The District answered the City’s First Amended Complaint and is not challenging the City’s request for relief. The City filed its Second Amended Complaint on October 15, 2020. The District filed a Cross-Complaint on August 4, 2020, naming CAW, CEMEX, and the MCWRA as defendants. Cal-AM intends to build a desalination plant with extraction wells located on property owned by CEMEX (“the “CEMEX Property”). The District alleges that under the 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands, neither CEMEX, CAW, nor any other person is entitled to withdraw more than 500 AFY of groundwater from the CEMEX Property. The District also alleges that CAW does not have the water rights to extract groundwater from the SVGB necessary to operate its planned desalination plant and cannot acquire them. The District has alleged five causes of action, the first and the fifth causes of action seek a declaration and injunction regarding the District’s right to enforce a restrictive covenant in the 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands that would prohibit the extraction of more than 500 AFY of water from the CEMEX property. The District’s second, third, and fourth causes of action seek declarations and injunctions prohibiting CAW from interfering with the District’s superior water rights under various theories. CAW, CEMEX, and MCWRA filed demurrers and a motion to strike the Cross-Complaint.

Marina Coast Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

Note 10 – Commitments and Contingencies (Continued)

City of Marina, et al. v. RMC Lonestar et al. (Monterey Superior Court, Case No. 20CV001387) (Continued)

On October 14, 2020, the Court sustained the demurrers as to causes of action 1 – 4, with leave to amend. The District has since filed a First Amended Cross-Complaint. It is anticipated that Cal-AM, CEMEX, and MCWRA will file demurrers and motion to strike the First Amended Cross-Complaint.

The demurrers to the amended complaint were sustained as to the third cause of action for a public nuisance but denied as to the rest. All parties have filed answers and are proceeding with discovery. A trial was scheduled for June 20, 2022, but the Court referred certain factual issues to the SWRCB. Evidentiary hearings have been conducted with the SWRCB's administrative hearing officer but to date no decision on the referred issues has been rendered.

Although the District is a party, it is not seeking monetary relief in this litigation; nor has the County or Cal-Am filed any counterclaims against the District seeking monetary relief. If the District is not successful in this matter, the District could be responsible for the Cal-Am, MCWRA and CEMEX's court costs (but not attorney's fees). The amount of any potential awarded costs in this matter is too uncertain to estimate at this time.

Bayview Community DE, LLC v. Marina Coast Water District (Monterey Superior Court, Case No. 18CV000765)

The Bayview mobile home park owner and a few of its residents have filed a breach of contract claim and challenged the District's water rates charged to the mobile home park, which were set in 2014 and 2018. Plaintiffs have not specified their alleged damages however, Plaintiffs state that their overdue water bills based on the disputed rates at issue approximate \$465,000.

The court bifurcated the case into 3 phases. The first phase was completed on August 20, 2019. The court agreed with the District that it is allowed to charge Bay View Community for the difference between water delivered to Bay View's 8-inch water meter, and the amounts used by the Bay View tenants. The court also found that the District's rates adopted in 2014 and 2018 violated Proposition 218. The court's rationale was that the District bears the burden of correlating its tiered prices with the actual cost of providing water at those tiered levels, and the court stated the rate study prepared by Carollo Engineers for the District did not adequately do so. However, the court did not specify how the rates should be re-set and acknowledged that when they are re-set most customers' rates may increase. Nothing in the court's phase 1 decision prohibits the District from covering all of its costs, expenses, bonded indebtedness, and debt through water rates. Phase 2 Trial was conducted in January 2021 in which the court found that the District owned certain water infrastructure at Bay View and had the right to place liens for \$232,385.83 and \$157,064.10 on the Bay View property for unpaid water bills owed through September 13, 2016. On or about July 29, 2022 the court entered judgment against the District and in favor of plaintiff on its breach of contract and declaratory relief causes of action. On September 28, 2022, the District filed its Notice of Appeal from the judgment. In March 2023, the court awarded Bay View approximately \$380,000 in attorney's fees against the District, and the District was awarded costs of approximately \$24,000. The District appealed the fee award. In May 2023, Bay View proposed a settlement of both appeals. Since that time, the parties have been negotiating a settlement and as of this writing, have agreed in principle to core terms and hope to enter into a settlement agreement (by which Bay View will forego all attorney's fees and costs awarded) in October or November 2023.

Marina Coast Water District v. Trustees of the California State University (Monterey Superior Court Case No. 21CV001296)

On April 20, 2021, the District filed the foregoing action seeking declaratory and injunctive relief in order to prevent defendants from interfering or otherwise precluding, the District from exercising rights under express easements held by the District. On May 26, 2022 the parties concluded non-binding judicial arbitration and are working to resolve their dispute per the arbitrator's ruling.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Marina Coast Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
As of June 30, 2023

Last Ten Fiscal Years¹

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's Proportion of the Net Pension Liability	0.1033%	0.0306%	0.0353%	0.0333%	0.0300%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,832,291	\$ 1,656,097	\$ 3,836,821	\$ 3,413,789	\$ 2,893,601
District's Covered Payroll	\$ 4,161,854	\$ 4,178,492	\$ 4,186,505	\$ 3,894,712	\$ 3,444,211
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.11%	39.63%	91.65%	87.65%	84.01%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	90.07%	91.86%	80.38%	80.31%	81.79%

¹ Historical information is presented for measurement periods after GASB 68 is implementation. Additional years' information will be displayed as it becomes available.

Marina Coast Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
As of June 30, 2023

Last Ten Fiscal Years¹

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.0299%	0.0280%	0.0238%	0.0305%
District's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$ 2,965,935</u>	<u>\$ 2,424,531</u>	<u>\$ 1,635,836</u>	<u>\$ 1,895,347</u>
District's Covered Payroll	<u>\$ 3,230,862</u>	<u>\$ 3,046,005</u>	<u>\$ 2,722,805</u>	<u>\$ 2,714,872</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>91.80%</u>	<u>79.60%</u>	<u>60.08%</u>	<u>69.81%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>79.94%</u>	<u>84.43%</u>	<u>88.48%</u>	<u>83.03%</u>

¹ Historical information is presented for measurement periods after GASB 68 is implementation. Additional years' information will be displayed as it becomes available.

Marina Coast Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution ²	\$ 733,319	\$ 645,776	\$ 592,479	\$ 525,416	\$ 305,381
Contribution in relation to the determined contribution ²	(733,319)	(645,776)	(592,479)	(525,416)	(305,381)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,763,777	\$ 4,161,854	\$ 4,178,492	\$ 4,186,505	\$ 3,894,712
Contribution as a percentage of covered payroll	15.39%	15.52%	14.18%	12.55%	7.84%

¹ Historical information is presented for measurement periods after GASB 68 is implementation. Additional years' information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: In 2022, the discount rate was changed from 7.15% to 6.90%. In 2021, 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Marina Coast Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years¹

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 257,161	\$ 242,478	\$ 216,963	\$ 227,120	\$ 228,140
Contribution in relation to the actuarially determined contribution	(257,161)	(242,478)	(216,963)	(227,120)	(228,140)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,444,211	\$ 3,230,862	\$ 3,046,005	\$ 2,722,805	\$ 2,714,872
Contribution as a percentage of covered payroll	7.47%	7.51%	7.12%	8.34%	8.40%

¹ Historical information is presented for measurement periods after GASB 68 is implementation. Additional years' information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: In 2022, the discount rate was changed from 7.15% to 6.90%. In 2021, 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Marina Coast Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years ¹

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Total OPEB liability						
Service cost	\$ 95,579	\$ 150,737	\$ 124,636	\$ 134,969	\$ 132,712	\$ 129,003
Interest	59,277	63,257	69,051	90,006	83,597	75,849
Changes of benefit terms	-	(387,188)	-	-	-	-
Differences between expected and actual experience	(3,424)	(592,836)	(4,741)	(265,724)	-	-
Changes of assumptions	393,333	(100,356)	224,158	(173,828)	(31,095)	-
Benefit payments, including refunds of employee contributions	(29,537)	(29,533)	(26,247)	(24,432)	(20,896)	(20,082)
Implicit rate subsidy fulfilled	(14,953)	(33,865)	(37,201)	(22,710)	(15,034)	(14,526)
Net change in total OPEB liability	500,275	(929,784)	349,656	(261,719)	149,284	170,244
Total OPEB liability - beginning	1,533,102	2,462,886	2,113,230	2,374,949	2,225,665	2,055,421
Total OPEB liability - ending (a)	\$ 2,033,377	\$ 1,533,102	\$ 2,462,886	\$ 2,113,230	\$ 2,374,949	\$ 2,225,665
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 3,569,242	\$ 3,361,265	\$ 3,716,455	\$ 3,616,988	\$ 3,162,056	\$ 3,235,398
Plan net OPEB liability as a percentage of covered payroll	56.97%	45.61%	66.27%	58.43%	75.11%	68.79%

¹ Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION

Marina Coast Water District
Combining Schedule of Net Position
Proprietary Funds
June 30, 2023

	<u>Marina Water Fund</u>	<u>Marina Sewer Fund</u>	<u>Ord Water Fund</u>	<u>Ord Sewer Fund</u>
ASSETS				
Current assets:				
Cash and investments	\$ 3,700,123	\$ 263,935	\$ 4,321,718	\$ 3,335,617
Accounts receivable, net	634,464	189,363	2,408,768	530,545
Interest receivable	44,493	5,619	83,407	17,179
Lease receivable - due within one year	48,018	13,720	85,747	24,009
Due from other funds	8,149,982	4,105,000	-	11,595,000
Other receivable	45,135	10,651	259,227	82,357
Inventories	115,591	5,439	256,722	12,906
Deposits	1,698	1,698	1,698	1,698
Prepaid items	28,696	5,635	57,705	13,575
Total current assets	<u>12,768,200</u>	<u>4,601,060</u>	<u>7,474,992</u>	<u>15,612,886</u>
Noncurrent assets:				
Restricted cash and investments	3,661,020	2,080,191	5,425,614	5,842,250
Lease receivable - due in more than one year	779,226	222,636	1,391,476	389,613
Capital assets, net	16,705,807	5,543,136	124,618,451	50,631,921
Total noncurrent assets	<u>21,146,053</u>	<u>7,845,963</u>	<u>131,435,541</u>	<u>56,863,784</u>
TOTAL ASSETS	<u>33,914,253</u>	<u>12,447,023</u>	<u>138,910,533</u>	<u>72,476,670</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	741,986	164,788	1,550,586	337,346
Deferred outflows related to OPEB	145,039	27,892	317,971	66,941
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>887,025</u>	<u>192,680</u>	<u>1,868,557</u>	<u>404,287</u>

Marina Coast Water District
Combining Schedule of Net Position (Continued)
Proprietary Funds
June 30, 2023

	<u>Recycled Water Fund</u>	<u>Groundwater Sustainability Agency Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 123,107	\$ 3,580	\$ -	\$ 11,748,080
Accounts receivable, net	252,893	-	-	4,016,033
Interest receivable	19,677	-	-	170,375
Lease receivable - due within one year	-	-	-	171,494
Due from other funds	-	807,000	(24,656,982)	-
Other receivable	45,372	-	-	442,742
Inventories	-	-	-	390,658
Deposits	-	-	-	6,792
Prepaid items	544	-	-	106,155
Total current assets	<u>441,593</u>	<u>810,580</u>	<u>(24,656,982)</u>	<u>17,052,329</u>
Noncurrent assets:				
Restricted cash and investments	7,752,247	-	-	24,761,322
Lease receivable - due in more than one year	-	-	-	2,782,951
Capital assets, net	43,833,639	-	-	241,332,954
Total noncurrent assets	<u>51,585,886</u>	<u>-</u>	<u>-</u>	<u>268,877,227</u>
TOTAL ASSETS	<u>52,027,479</u>	<u>810,580</u>	<u>(24,656,982)</u>	<u>285,929,556</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	-	-	2,794,706
Deferred outflows related to OPEB	-	-	-	557,843
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,352,549</u>

continued

Marina Coast Water District
Combining Schedule of Net Position (Continued)
Proprietary Funds
June 30, 2023

	<u>Marina Water Fund</u>	<u>Marina Sewer Fund</u>	<u>Ord Water Fund</u>	<u>Ord Sewer Fund</u>
LIABILITIES				
Current liabilities:				
Accounts payable	339,726	51,305	784,132	388,698
Accrued expenses	235,295	-	55,372	-
Interest payable	37,353	14,475	86,532	41,820
Due to other funds	-	-	11,975,976	-
Customer deposits payable	243,070	98,435	406,504	294,647
Current portion of long-term liabilities	280,877	115,687	860,236	362,326
Other current liabilities	9,198	-	-	-
Total current liabilities	<u>1,145,519</u>	<u>279,902</u>	<u>14,168,752</u>	<u>1,087,491</u>
Noncurrent liabilities:				
Long-term liabilities	7,385,524	3,186,589	17,882,459	10,637,239
Total OPEB liability	522,890	150,047	1,074,983	285,457
Net pension liability	1,339,157	327,873	2,597,194	568,067
Total noncurrent liabilities	<u>9,247,571</u>	<u>3,664,509</u>	<u>21,554,636</u>	<u>11,490,763</u>
	<u>10,393,090</u>	<u>3,944,411</u>	<u>35,723,388</u>	<u>12,578,254</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	87,517	31,144	182,742	38,047
Deferred inflows related to OPEB	222,347	42,759	487,453	102,622
Deferred gains on refunding debt	46,619	25,599	267,802	105,185
Deferred inflows related to leases	712,110	203,460	1,271,625	356,055
	<u>1,068,593</u>	<u>302,962</u>	<u>2,209,622</u>	<u>601,909</u>
NET POSITION				
Net investment in capital assets	10,439,991	3,800,041	105,958,244	41,448,201
Restricted for capacity fees	2,373,152	522,929	5,425,614	3,979,428
Restricted for debt service	-	-	-	-
Unrestricted (Deficit)	10,526,452	4,069,360	(8,537,778)	14,273,165
	<u>\$ 23,339,595</u>	<u>\$ 8,392,330</u>	<u>\$ 102,846,080</u>	<u>\$ 59,700,794</u>

Marina Coast Water District
Combining Schedule of Net Position (Continued)
Proprietary Funds
June 30, 2023

	<u>Recycled Water Fund</u>	<u>Groundwater Sustainability Agency Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
LIABILITIES				
Current liabilities:				
Accounts payable	449,089	146,107	-	2,159,057
Accrued expenses	2,092,460	-	-	2,383,127
Interest payable	60,787	-	-	240,967
Due to other funds	12,681,006	-	(24,656,982)	-
Customer deposits payable	11,589	-	-	1,054,245
Current portion of long-term liabilities	509,450	-	-	2,128,576
Other current liabilities	-	-	-	9,198
Total current liabilities	<u>15,804,381</u>	<u>146,107</u>	<u>(24,656,982)</u>	<u>7,975,170</u>
Noncurrent liabilities:				
Long-term liabilities	14,157,686	-	-	53,249,497
Total OPEB liability	-	-	-	2,033,377
Net pension liability	-	-	-	4,832,291
Total noncurrent liabilities	<u>14,157,686</u>	<u>-</u>	<u>-</u>	<u>60,115,165</u>
	<u>29,962,067</u>	<u>146,107</u>	<u>(24,656,982)</u>	<u>68,090,335</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	-	-	339,450
Deferred inflows related to OPEB	-	-	-	855,181
Deferred gains on refunding debt	44,460	-	-	489,665
Deferred inflows related to leases	-	-	-	2,543,250
	<u>44,460</u>	<u>-</u>	<u>-</u>	<u>4,227,546</u>
NET POSITION				
Net investment in capital assets	29,122,043	-	-	190,768,520
Restricted for capacity fees	7,522,904	-	-	19,824,027
Restricted for debt service	229,343	-	-	229,343
Unrestricted (Deficit)	(14,853,338)	664,473	-	6,142,334
	<u>\$ 22,020,952</u>	<u>\$ 664,473</u>	<u>\$ -</u>	<u>\$ 216,964,224</u>

concluded

Marina Coast Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2023

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund
OPERATING REVENUES:				
Water services	\$ 4,211,031	\$ -	\$ 8,825,990	\$ -
Wastewater services	-	1,584,549	-	3,730,922
Other services and fees	108,247	10,426	642,411	18,914
Total operating revenues	<u>4,319,278</u>	<u>1,594,975</u>	<u>9,468,401</u>	<u>3,749,836</u>
OPERATING EXPENSES:				
Administrative	2,834,117	238,234	5,642,524	609,320
Operations and maintenance	1,160,790	529,599	2,183,282	1,009,239
Laboratory	71,675	-	136,328	-
Conservation	125,163	-	260,701	-
Engineering	251,982	101,526	955,671	381,365
Water resources	202,533	-	302,702	-
Depreciation and amortization	345,280	187,987	1,070,742	533,006
Total operating expenses	<u>4,991,540</u>	<u>1,057,346</u>	<u>10,551,950</u>	<u>2,532,930</u>
Operating income (loss)	<u>(672,262)</u>	<u>537,629</u>	<u>(1,083,549)</u>	<u>1,216,906</u>
NONOPERATING REVENUES (EXPENSES):				
Lease revenue	56,491	16,141	100,877	28,246
Gains on the disposal of capital assets	5,843	4,849	14,480	6,264
Contributions to other agencies	-	-	-	-
Interest earned	267,646	62,118	418,566	317,962
Interest expense	(267,648)	(117,492)	(684,430)	(382,894)
Total nonoperating revenues (expenses)	<u>62,332</u>	<u>(34,384)</u>	<u>(150,507)</u>	<u>(30,422)</u>
Income (loss) before capital contributions	<u>(609,930)</u>	<u>503,245</u>	<u>(1,234,056)</u>	<u>1,186,484</u>
CAPITAL CONTRIBUTIONS:				
Grants	-	(3,746)	-	(1,948)
Developer capacity and connection fees	282,062	72,084	4,893,340	1,591,078
Developer contributions	-	-	1,793,206	849,688
Total capital contributions	<u>282,062</u>	<u>68,338</u>	<u>6,686,546</u>	<u>2,438,818</u>
Increase (decrease) in net position	<u>(327,868)</u>	<u>571,583</u>	<u>5,452,490</u>	<u>3,625,302</u>
Net position, beginning of year	<u>23,667,463</u>	<u>7,820,747</u>	<u>97,393,590</u>	<u>56,075,492</u>
Net position, end of year	<u>\$ 23,339,595</u>	<u>\$ 8,392,330</u>	<u>\$ 102,846,080</u>	<u>\$ 59,700,794</u>

Marina Coast Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For The Year Ended June 30, 2023

	Recycled Water Fund	Groundwater Sustainability Agency Fund	Total
OPERATING REVENUES:			
Water services	\$ 587,918	\$ -	\$ 13,624,939
Wastewater services	-	-	5,315,471
Other services and fees	-	874,969	1,654,967
Total operating revenues	587,918	874,969	20,595,377
OPERATING EXPENSES:			
Administrative	121,218	501	9,445,914
Operations and maintenance	33,702	-	4,916,612
Laboratory	-	-	208,003
Conservation	-	-	385,864
Engineering	337	-	1,690,881
Water resources	-	209,995	715,230
Depreciation and amortization	626,150	-	2,763,165
Total operating expenses	781,407	210,496	20,125,669
Operating income (loss)	(193,489)	664,473	469,708
NONOPERATING REVENUES (EXPENSES):			
Lease revenue	-	-	201,755
Gains on the disposal of capital assets	-	-	31,436
Contributions to other agencies	(791,083)	-	(791,083)
Interest earned	51,254	-	1,117,546
Interest expense	(902,374)	-	(2,354,838)
Total nonoperating revenues (expenses)	(1,642,203)	-	(1,795,184)
Income (loss) before capital contributions	(1,835,692)	664,473	(1,325,476)
CAPITAL CONTRIBUTIONS:			
Grants	2,508,294	-	2,502,600
Developer capacity and connection fees	7,523,651	-	14,362,215
Developer contributions	145,587	-	2,788,481
Total capital contributions	10,177,532	-	19,653,296
Increase (decrease) in net position	8,341,840	664,473	18,327,820
Net position, beginning of year	13,679,112	-	198,636,404
Net position, end of year	\$ 22,020,952	\$ 664,473	\$ 216,964,224

Marina Coast Water District
Combining Schedule of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Marina Water Fund</u>	<u>Marina Sewer Fund</u>	<u>Ord Water Fund</u>	<u>Ord Sewer Fund</u>
OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 4,440,968	\$ 1,684,114	\$ 8,581,065	\$ 3,469,515
Payments to suppliers	(3,231,586)	(200,269)	(6,976,590)	(619,582)
Payments to employees	(1,808,857)	(613,486)	(3,457,474)	(1,094,230)
Net cash provided by (used in) operating activities	<u>(599,475)</u>	<u>870,359</u>	<u>(1,852,999)</u>	<u>1,755,703</u>
NONCAPITAL FINANCING ACTIVITIES:				
Due from other funds	2,811,870	(838,524)	-	(1,595,000)
Due to other funds	-	-	(1,590,500)	-
Net cash provided by (used in) noncapital financing	<u>2,811,870</u>	<u>(838,524)</u>	<u>(1,590,500)</u>	<u>(1,595,000)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(2,198,921)	(171,184)	(4,547,078)	(2,153,073)
Proceeds from insurance claim on stolen property	21,883	5,707	54,230	13,319
Proceeds from sale of property	-	3,325	-	2,708
Proceeds from grants	-	-	-	-
Return of unused grant funds	-	(3,746)	-	(1,948)
Developer capacity and connection receipts	473,598	66,442	5,179,622	1,523,950
Lease proceeds	45,954	13,130	82,058	22,977
Proceeds from issuance of long term debt	114,680	23,472	240,868	56,209
Principal paid on line of credit	-	-	-	-
Principal paid on capital debt and leases	(215,868)	(102,281)	(707,964)	(326,148)
Interest paid on capital debt and leases	(300,839)	(133,443)	(791,786)	(438,045)
Net cash provided by (used in) capital and related financing activities	<u>(2,059,513)</u>	<u>(298,578)</u>	<u>(490,050)</u>	<u>(1,300,051)</u>
INVESTING ACTIVITIES:				
Investment earnings	229,398	57,817	352,906	306,833
Net cash provided by investing activities	<u>229,398</u>	<u>57,817</u>	<u>352,906</u>	<u>306,833</u>
Net increase (decrease) in cash and cash equivalents	382,280	(208,926)	(3,580,643)	(832,515)
Cash and cash equivalents, beginning of year	<u>6,978,863</u>	<u>2,553,052</u>	<u>13,327,975</u>	<u>10,010,382</u>
Cash and cash equivalents, end of year	<u>\$ 7,361,143</u>	<u>\$ 2,344,126</u>	<u>\$ 9,747,332</u>	<u>\$ 9,177,867</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 3,700,123	\$ 263,935	\$ 4,321,718	\$ 3,335,617
Restricted cash and investments	3,661,020	2,080,191	5,425,614	5,842,250
Total cash and cash equivalents	<u>\$ 7,361,143</u>	<u>\$ 2,344,126</u>	<u>\$ 9,747,332</u>	<u>\$ 9,177,867</u>

Marina Coast Water District
Combining Schedule of Cash Flows (Continued)
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Recycled Water Fund</u>	<u>Groundwater Sustainability Agency Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 333,606	\$ 874,969	\$ -	\$ 19,384,237
Payments to suppliers	(53,439)	(64,389)	-	(11,145,855)
Payments to employees	(12,666)	-	-	(6,986,713)
Net cash provided by (used in) operating activities	<u>267,501</u>	<u>810,580</u>	<u>-</u>	<u>1,251,669</u>
NONCAPITAL FINANCING ACTIVITIES:				
Due from other funds	-	(807,000)	428,654	-
Due to other funds	2,019,154	-	(428,654)	-
Net cash provided by (used in) noncapital financing	<u>2,019,154</u>	<u>(807,000)</u>	<u>-</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(773,440)	-	-	(9,843,696)
Proceeds from insurance claim on stolen property	-	-	-	95,139
Proceeds from sale of property	-	-	-	6,033
Proceeds from grants	2,508,294	-	-	2,508,294
Return of unused grant funds	-	-	-	(5,694)
Developer capacity and connection receipts	7,484,071	-	-	14,727,683
Lease proceeds	-	-	-	164,119
Proceeds from issuance of long term debt	2,979,275	-	-	3,414,504
Principal paid on line of credit	(5,503,412)	-	-	(5,503,412)
Principal paid on capital debt and leases	(416,556)	-	-	(1,768,817)
Interest paid on capital debt and leases	(897,565)	-	-	(2,561,678)
Net cash provided by (used in) capital and related financing activities	<u>5,380,667</u>	<u>-</u>	<u>-</u>	<u>1,232,475</u>
INVESTING ACTIVITIES:				
Investment earnings	31,899	-	-	978,853
Net cash provided by investing activities	<u>31,899</u>	<u>-</u>	<u>-</u>	<u>978,853</u>
Net increase (decrease) in cash and cash equivalents	7,699,221	3,580	-	3,462,997
Cash and cash equivalents, beginning of year	<u>176,133</u>	<u>-</u>	<u>-</u>	<u>33,046,405</u>
Cash and cash equivalents, end of year	<u>\$ 7,875,354</u>	<u>\$ 3,580</u>	<u>\$ -</u>	<u>\$ 36,509,402</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 123,107	\$ 3,580	\$ -	\$ 11,748,080
Restricted cash and investments	7,752,247	-	-	24,761,322
Total cash and cash equivalents	<u>\$ 7,875,354</u>	<u>\$ 3,580</u>	<u>\$ -</u>	<u>\$ 36,509,402</u>

continued

Marina Coast Water District
Combining Schedule of Cash Flows (Continued)
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Marina Water Fund</u>	<u>Marina Sewer Fund</u>	<u>Ord Water Fund</u>	<u>Ord Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED IN) OPERATING				
ACTIVITIES:				
Operating income (loss)	\$ (672,262)	\$ 537,629	\$ (1,083,549)	\$ 1,216,906
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	345,280	187,987	1,070,742	533,006
(Increase) decrease in accounts receivable	106,036	21,375	112,825	64,791
(Increase) decrease in inventories	(44,891)	(2,211)	(78,921)	(4,512)
(Increase) decrease in prepaid items	2,218	2,536	7,055	9,564
(Increase) decrease in deferred outflow of resources	(526,503)	(97,903)	(1,107,388)	(226,262)
Increase (decrease) in accounts payable	(425,389)	42,430	(909,312)	263,144
Increase (decrease) in accrued expenses	(21,684)	(102)	(107,807)	(266)
Increase (decrease) in customer deposits payable	15,654	67,764	(1,000,161)	(345,112)
Increase (decrease) in compensated absences	13,252	(41)	(4,583)	(5,615)
Increase (decrease) in net pension liability	838,726	158,810	1,803,973	374,685
Increase (decrease) in total OPEB liability	130,072	25,014	285,157	60,032
Increase (decrease) in deferred inflows of resources	(359,984)	(72,929)	(841,030)	(184,658)
Total adjustments	<u>72,787</u>	<u>332,730</u>	<u>(769,450)</u>	<u>538,797</u>
Net cash provided by (used in) operating activities	<u>\$ (599,475)</u>	<u>\$ 870,359</u>	<u>\$ (1,852,999)</u>	<u>\$ 1,755,703</u>
CAPITAL AND RELATED FINANCING NONCASH ITEMS:				
Amortization of deferred charges and premium	\$ 31,783	\$ 15,392	\$ 103,462	\$ 53,621
Developer contribution of capital assets	\$ -	\$ -	\$ 1,793,206	\$ 849,688

Marina Coast Water District
Combining Schedule of Cash Flows (Continued)
Proprietary Funds
For The Year Ended June 30, 2023

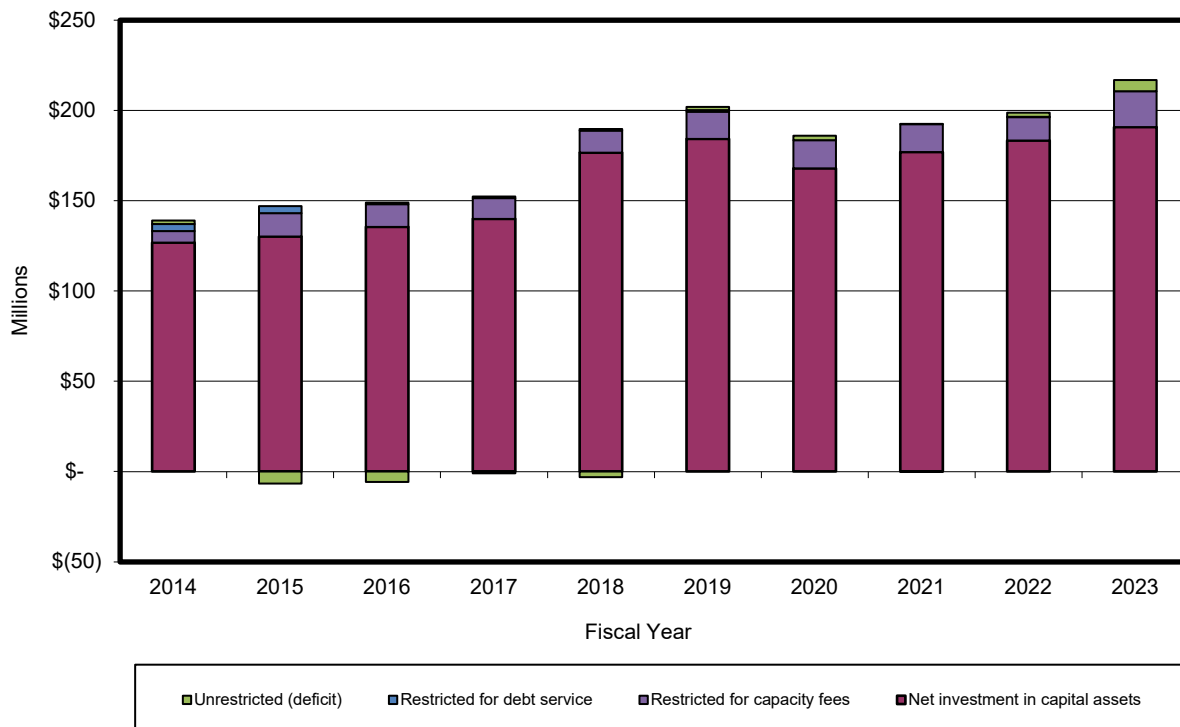
	<u>Recycled Water Fund</u>	<u>Groundwater Sustainability Agency Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED IN) OPERATING				
ACTIVITIES:				
Operating income (loss)	\$ (193,489)	\$ 664,473	\$ -	\$ 469,708
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	626,150	-	-	2,763,165
(Increase) decrease in accounts receivable	(252,893)	-	-	52,134
(Increase) decrease in inventories	-	-	-	(130,535)
(Increase) decrease in prepaid items	(544)	-	-	20,829
(Increase) decrease in deferred outflow of resources	-	-	-	(1,958,056)
Increase (decrease) in accounts payable	89,696	146,107	-	(793,324)
Increase (decrease) in accrued expenses	-	-	-	(129,859)
Increase (decrease) in customer deposits payable	(1,419)	-	-	(1,263,274)
Increase (decrease) in compensated absences	-	-	-	3,013
Increase (decrease) in net pension liability	-	-	-	3,176,194
Increase (decrease) in total OPEB liability	-	-	-	500,275
Increase (decrease) in deferred inflows of resources	-	-	-	(1,458,601)
Total adjustments	<u>460,990</u>	<u>146,107</u>	<u>-</u>	<u>781,961</u>
Net cash provided by (used in) operating activities	<u>\$ 267,501</u>	<u>\$ 810,580</u>	<u>\$ -</u>	<u>\$ 1,251,669</u>
CAPITAL AND RELATED FINANCING NONCASH ITEMS:				
Amortization of deferred charges and premium	\$ 34,530	\$ -	\$ -	\$ 238,788
Developer contribution of capital assets	\$ 145,587	\$ -	\$ -	\$ 2,788,481
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STATISTICAL SECTION

Marina Coast Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years
Schedule 1

	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues	\$ 12,086,128	\$ 12,862,362	\$ 12,100,265	\$ 13,685,334	\$ 16,018,094
Operating expenses	(9,407,367)	(9,458,477)	(9,948,528)	(11,226,580)	(12,020,913)
Operating income (loss)	2,678,761	3,403,885	2,151,737	2,458,754	3,997,181
Non-operating revenues (expenses)	(1,689,013)	(1,621,996)	(2,313,611)	(881,262)	(858,930)
Net income before capital contributions	989,748	1,781,889	(161,874)	1,577,492	3,138,251
Capital contributions	3,800,217	1,808,824	2,948,012	6,630,732	16,364,028
Special Item - RDP Closeout	-	-	-	-	-
Changes in net position	4,789,965	3,590,713	2,786,138	8,208,224	19,502,279
Net position, beginning of year	135,031,129	138,994,781	140,246,516	143,032,654	151,240,878
Prior period adjustments	(826,313)	(2,338,978)	-	-	15,717,137
Net position, end of year	<u>\$ 138,994,781</u>	<u>\$ 140,246,516</u>	<u>\$ 143,032,654</u>	<u>\$ 151,240,878</u>	<u>\$ 186,460,294</u>
Net position by component:					
Net investment in capital assets	\$ 126,769,451	\$ 130,072,044	\$ 135,455,049	\$ 139,827,693	\$ 176,633,556
Restricted for capacity fees	6,344,936	12,927,953	12,521,538	11,531,344	12,105,493
Restricted for debt service	3,933,764	3,933,765	849,786	850,404	851,747
Unrestricted (deficit)	1,946,630	(6,687,246)	(5,793,719)	(968,563)	(3,130,502)
Total net position	<u>\$ 138,994,781</u>	<u>\$ 140,246,516</u>	<u>\$ 143,032,654</u>	<u>\$ 151,240,878</u>	<u>\$ 186,460,294</u>



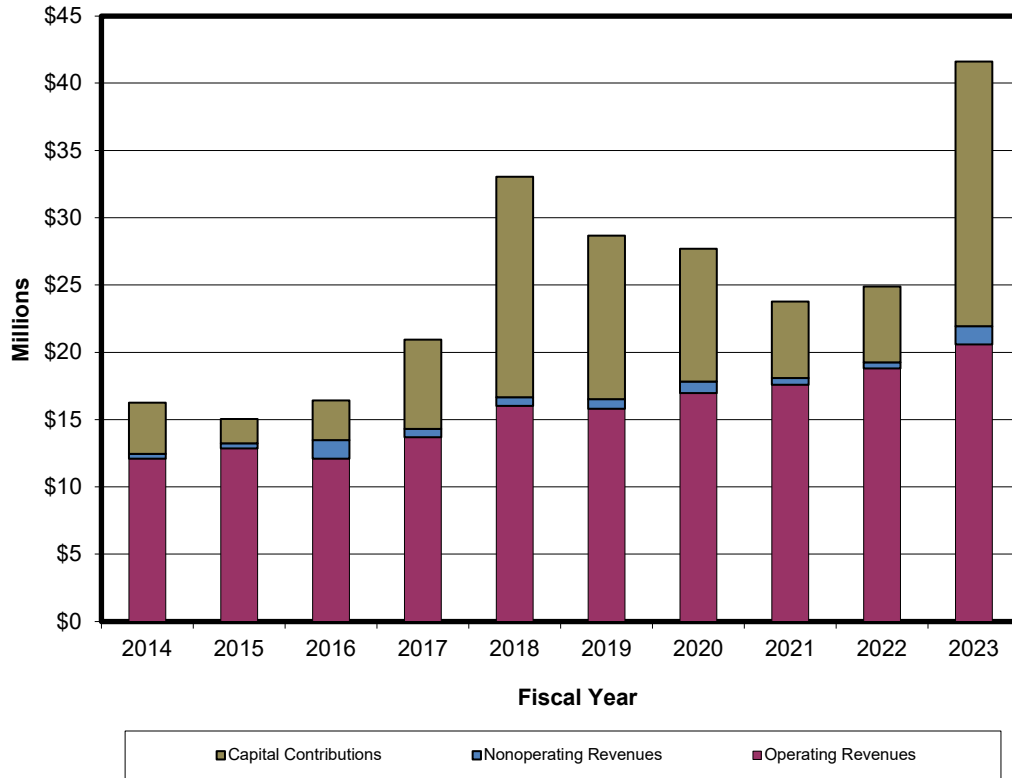
Source: Marina Coast Water District, Audited Financial Statements

Marina Coast Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years
Schedule 1 (Continued)

	2019	2020	2021	2022	2023
Changes in net position:					
Operating revenues	\$ 15,803,229	\$ 16,960,026	\$ 17,598,554	\$ 18,811,882	\$ 20,595,377
Operating expenses	<u>(14,050,996)</u>	<u>(16,681,600)</u>	<u>(16,037,098)</u>	<u>(15,243,201)</u>	<u>(20,125,669)</u>
Operating income (loss)	1,752,233	278,426	1,561,456	3,568,681	469,708
Non-operating revenues (expenses)	<u>(780,481)</u>	<u>(2,131,778)</u>	<u>(1,364,306)</u>	<u>(2,644,046)</u>	<u>(1,795,184)</u>
Net income before capital contributions	971,752	(1,853,352)	197,150	924,635	(1,325,476)
Capital contributions	12,136,994	9,868,096	5,695,353	5,625,994	19,653,296
Special Item - RDP Closeout	-	(24,019,800)	-	-	-
Changes in net position	<u>13,108,746</u>	<u>(16,005,056)</u>	<u>5,892,503</u>	<u>6,550,629</u>	<u>18,327,820</u>
Net position, beginning of year	186,460,294	201,930,609	185,925,553	192,085,775	198,636,404
Prior period adjustments	<u>2,361,569</u>	<u>-</u>	<u>267,719</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ 201,930,609</u></u>	<u><u>\$ 185,925,553</u></u>	<u><u>\$ 192,085,775</u></u>	<u><u>\$ 198,636,404</u></u>	<u><u>\$ 216,964,224</u></u>
Net position by component:					
Net investment in capital assets	\$ 184,250,677	\$ 167,935,356	\$ 176,866,309	\$ 183,338,088	\$ 190,768,520
Restricted for capacity fees	15,042,160	15,587,995	15,367,302	12,906,699	19,824,027
Restricted for debt service	852,793	-	-	171,828	229,343
Unrestricted (deficit)	<u>1,784,979</u>	<u>2,402,202</u>	<u>(147,836)</u>	<u>2,219,789</u>	<u>6,142,334</u>
Total net position	<u><u>\$ 201,930,609</u></u>	<u><u>\$ 185,925,553</u></u>	<u><u>\$ 192,085,775</u></u>	<u><u>\$ 198,636,404</u></u>	<u><u>\$ 216,964,224</u></u>

Marina Coast Water District
Revenues by Source
Last Ten Fiscal Years
Schedule 2

	2014	2015	2016	2017	2018
Operating revenues:					
Water sales	\$ 9,106,401	\$ 9,581,388	\$ 8,620,556	\$ 9,486,324	\$ 10,844,656
Wastewater services	2,507,048	2,800,880	3,116,103	3,450,138	3,828,160
Other services and fees	472,679	480,094	363,606	748,872	1,345,278
Total operating revenues	12,086,128	12,862,362	12,100,265	13,685,334	16,018,094
Nonoperating revenues:					
Gains on the disposal of assets	-	-	-	-	-
Interest earned	197,277	192,909	618,904	64,012	132,986
Lease revenue	179,438	179,438	764,986	566,651	519,024
Total nonoperating revenues	376,715	372,347	1,383,890	630,663	652,010
Capital contributions:					
Grant revenue	-	-	-	555,104	10,676,158
Capacity and connection fees	3,197,978	1,129,206	2,270,405	5,503,637	5,151,848
Developer contributions	602,239	679,618	677,607	571,991	536,022
Total capital contributions	3,800,217	1,808,824	2,948,012	6,630,732	16,364,028
Total revenues	\$ 16,263,060	\$ 15,043,533	\$ 16,432,167	\$ 20,946,729	\$ 33,034,132



Source: Marina Coast Water District, Audited Financial Statements

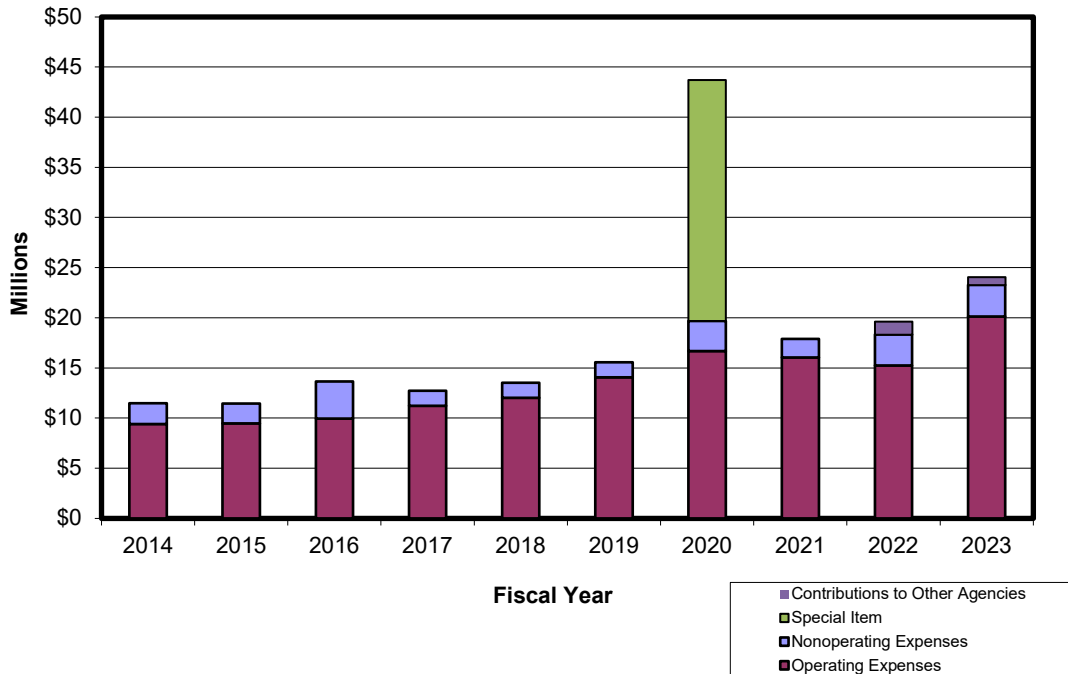
Marina Coast Water District
Revenues by Source
Last Ten Fiscal Years
Schedule 2 (Continued)

	2019	2020	2021	2022	2023
Operating revenues:					
Water sales	\$ 10,693,992	\$ 11,652,404	\$ 12,366,437	\$ 13,133,302	\$ 13,624,939
Wastewater services	4,196,352	4,484,940	4,633,032	4,930,600	5,315,471
Other services and fees	912,885	822,682	599,085	747,980	1,654,967
Total operating revenues	15,803,229	16,960,026	17,598,554	18,811,882	20,595,377
Nonoperating revenues:					
Gains on the disposal of assets	-	-	-	-	31,436
Interest earned	220,362	359,505	274,738	241,183	1,117,546
Lease revenue	497,767	497,152	204,702	204,702	201,755
Total nonoperating revenues	718,129	856,657	479,440	445,885	1,350,737
Capital contributions:					
Grant revenue	5,101,452	6,063,324	2,187,939	590,598	2,502,600
Capacity and connection fees	4,306,233	3,296,628	1,209,529	4,192,221	14,362,215
Developer contributions	2,729,309	508,144	2,297,885	843,175	2,788,481
Total capital contributions	12,136,994	9,868,096	5,695,353	5,625,994	19,653,296
Total revenues	<u>\$ 28,658,352</u>	<u>\$ 27,684,779</u>	<u>\$ 23,773,347</u>	<u>\$ 24,883,761</u>	<u>\$ 41,599,410</u>

Source: Marina Coast Water District, Audited Financial Statements

Marina Coast Water District
Expenses by Function
Last Ten Fiscal Years
Schedule 3

	2014	2015	2016	2017	2018
Operating expenses:					
Administrative	\$ 2,868,768	\$ 2,979,535	\$ 3,118,186	\$ 4,220,398	\$ 4,907,644
Operations and maintenance	3,154,941	3,036,913	3,140,765	3,173,240	3,181,860
Laboratory	263,015	245,496	238,256	256,607	251,818
Conservation	241,849	319,617	376,383	304,338	301,155
Engineering	1,087,355	1,280,311	1,494,965	1,656,803	1,822,501
Water Resources	-	-	-	-	-
Depreciation and amortization	1,791,439	1,596,605	1,579,973	1,615,194	1,555,935
Total operating expenses	9,407,367	9,458,477	9,948,528	11,226,580	12,020,913
Nonoperating expenses:					
Interest expense	2,065,728	1,994,343	2,954,075	1,511,925	1,510,940
Contributions to other agencies	-	-	-	-	-
RDP liability expense	-	-	-	-	-
Investment loss	-	-	474,892	-	-
Bond issuance costs	-	-	268,534	-	-
Total nonoperating expenses	2,065,728	1,994,343	3,697,501	1,511,925	1,510,940
Special Item:					
RDP closeout	-	-	-	-	-
Total expenses	<u>\$ 11,473,095</u>	<u>\$ 11,452,820</u>	<u>\$ 13,646,029</u>	<u>\$ 12,738,505</u>	<u>\$ 13,531,853</u>



Source: Marina Coast Water District, Audited Financial Statements

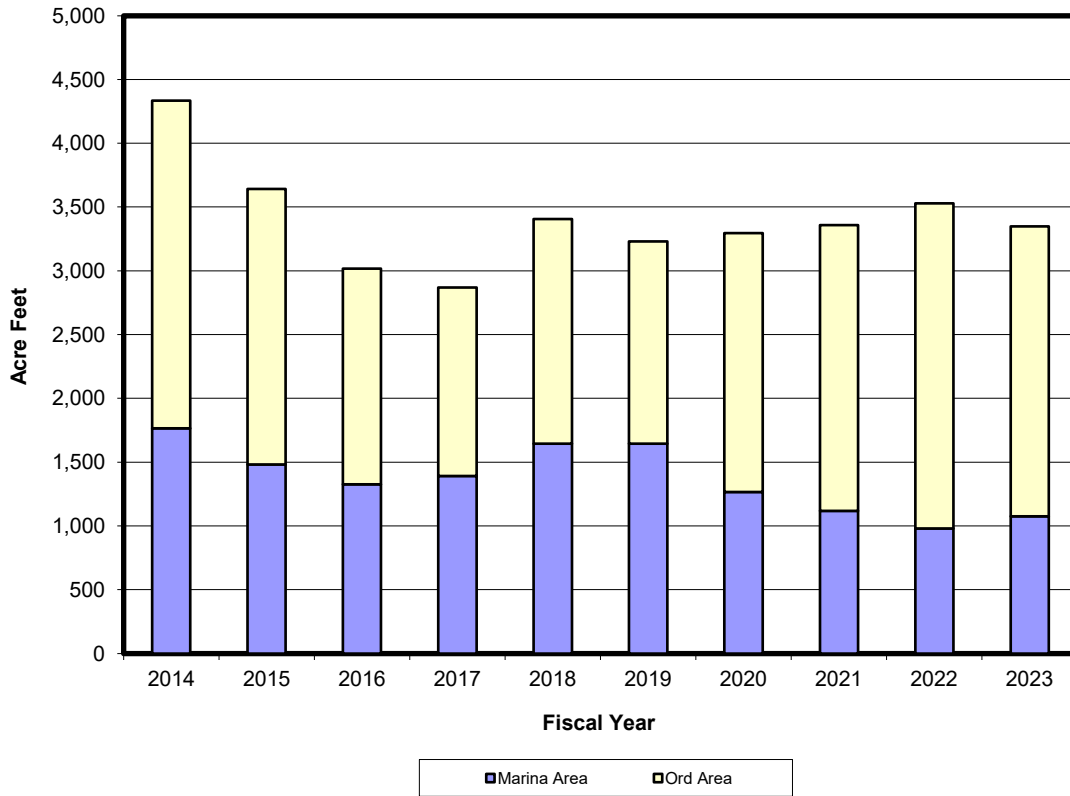
Marina Coast Water District
Expenses by Function
Last Ten Fiscal Years
Schedule 3 (Continued)

	2019	2020	2021	2022	2023
Operating expenses:					
Administrative	\$ 5,579,270	\$ 7,703,802	\$ 6,855,325	\$ 5,374,514	\$ 9,445,914
Operations and maintenance	3,658,830	3,698,491	4,083,157	4,600,041	4,916,612
Laboratory	280,385	255,418	87,294	142,525	208,003
Conservation	336,553	326,074	286,123	341,615	385,864
Engineering	1,470,323	1,525,620	1,336,329	1,534,122	1,690,881
Water Resources	871,915	948,216	1,019,506	824,856	715,230
Depreciation and amortization	1,853,720	2,223,979	2,369,364	2,425,528	2,763,165
Total operating expenses	14,050,996	16,681,600	16,037,098	15,243,201	20,125,669
Nonoperating expenses:					
Interest expense	1,498,610	1,753,074	1,843,746	1,788,554	2,354,838
Contributions to other agencies	-	-	-	1,301,377	791,083
RDP liability expense	-	1,000,000	-	-	-
Investment loss	-	-	-	-	-
Bond issuance costs	-	235,361	-	-	-
Total nonoperating expenses	1,498,610	2,988,435	1,843,746	3,089,931	3,145,921
Special Item:					
RDP closeout	-	24,019,800	-	-	-
Total expenses	<u>\$ 15,549,606</u>	<u>\$ 43,689,835</u>	<u>\$ 17,880,844</u>	<u>\$ 18,333,132</u>	<u>\$ 23,271,590</u>

Source: Marina Coast Water District, Audited Financial Statements

**Marina Coast Water District
Water Production by Service Area
Last Ten Fiscal Years
Schedule 4**

Fiscal Year	Marina Area	Ord Area	Water Production (acre feet)
2014	1,764	2,570	4,334
2015	1,483	2,159	3,642
2016	1,327	1,691	3,018
2017	1,392	1,476	2,868
2018	1,644	1,763	3,407
2019	1,645	1,586	3,231
2020	1,266	2,029	3,295
2021	1,119	2,239	3,358
2022	981	2,548	3,529
2023	1,076	2,271	3,347



*Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.
Source: Marina Coast Water District's Finance Department*

Marina Coast Water District
Rates, Fees & Charges
Last Ten Years
Schedule 5

Marina Service Area Water Consumption Rates (hcf)

Description	Calendar Year									Fiscal Year	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015	2014
	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	7/1/2014	7/1/2013
0-8 hcf	\$ 3.80	\$ 3.65	\$ 3.51	\$ 3.38	\$ 3.25	\$ 2.78	\$ 2.70	\$ 2.62	\$ 2.55	\$ 2.47	\$ 2.29
9-16 hcf	5.79	5.57	5.36	5.15	4.95	3.19	3.10	3.01	2.92	2.83	2.79
16+ hcf	N/A	N/A	N/A	N/A	N/A	5.63	5.47	5.31	5.15	5.00	5.09

Marina Service Area Water & Sewer Service Charges (monthly)

Meter Size	Calendar Year									Fiscal Year	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015	2014
	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	7/1/2014	7/1/2013
5/8" - 3/4"	\$ 28.34	\$ 27.26	\$ 26.22	\$ 25.21	\$ 24.24	\$ 22.36	\$ 21.71	\$ 21.07	\$ 20.46	\$ 19.87	\$ 18.85
1"	38.22	36.77	35.35	33.99	32.69	36.07	35.02	34.00	33.01	32.05	47.09
1 1/2"	62.91	60.52	58.19	55.95	53.80	58.94	57.22	55.55	53.94	52.36	94.19
2"	92.55	89.02	85.60	82.30	79.14	86.36	83.85	81.41	79.04	76.73	150.68
3"	171.56	165.03	158.69	152.57	146.72	150.41	146.03	141.78	137.65	133.64	282.52
4"	260.46	250.55	240.92	231.62	222.74	241.82	234.77	227.93	221.30	214.85	470.87
6"	507.39	488.08	469.33	451.22	433.91	470.42	456.71	443.41	430.50	417.96	941.75
8"	1,001.26	963.15	926.15	890.40	856.25	927.88	900.86	874.62	849.14	824.41	1,883.49
Sewer (EDU)	17.98	17.29	16.63	15.99	15.37	14.78	13.44	12.22	11.11	10.10	9.15

Ord Service Area Water Consumption Rates (hcf)

Description	Calendar Year									Fiscal Year	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015	2014
	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	7/1/2014	7/1/2013
0-8 hcf	\$ 4.90	\$ 4.72	\$ 4.54	\$ 4.37	\$ 4.13	\$ 3.68	\$ 3.40	\$ 2.97	\$ 2.60	\$ 2.22	\$ 2.33
9-16 hcf	9.55	9.19	8.84	8.51	8.04	5.65	5.22	4.56	3.98	3.40	3.27
16+ hcf	N/A	N/A	N/A	N/A	N/A	7.62	7.03	6.14	5.37	4.59	4.22
Flat Rate	194.40	186.90	179.70	172.75	162.95	153.99	143.94	127.29	112.65	98.36	84.34
CS ¹ - Water	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

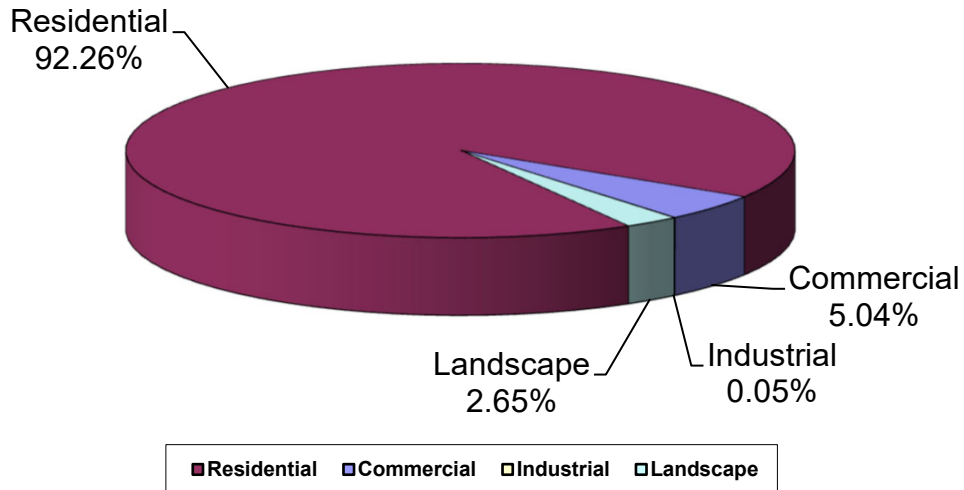
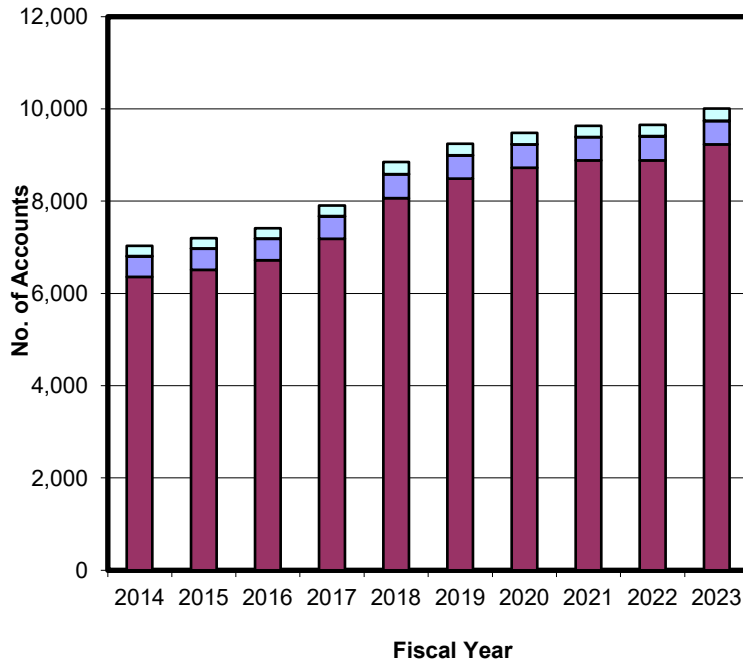
Ord Service Area Water & Sewer Service Charges (monthly)

Description	Calendar Year									Fiscal Year	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015	2014
	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	7/1/2014	7/1/2013
5/8" - 3/4"	\$ 48.94	\$ 47.09	\$ 45.32	\$ 43.62	\$ 41.20	\$ 38.79	\$ 37.55	\$ 34.37	\$ 31.48	\$ 28.96	\$ 17.11
1"	68.76	66.16	63.68	61.28	57.88	60.51	58.57	53.62	49.11	45.18	42.76
1 1/2"	118.29	113.82	109.55	105.43	99.57	96.71	93.62	85.71	78.49	72.21	85.49
2"	177.74	171.02	164.61	158.41	149.61	140.14	135.66	124.20	113.74	104.64	136.78
3"	336.26	323.55	311.42	299.68	283.05	241.57	233.85	214.09	196.05	180.37	256.47
4"	514.60	495.14	476.58	458.62	433.16	386.31	373.96	342.36	313.52	288.45	427.45
6"	1,003.98	971.80	935.37	900.12	850.15	748.31	724.39	663.18	607.31	558.75	854.89
8"	2,000.75	1,925.11	1,852.94	1,783.11	1,684.12	1,472.72	1,425.66	1,305.19	1,195.24	1,099.66	1,709.79
Sewer (EDU)	38.15	37.00	35.90	34.85	33.80	32.18	29.80	28.65	27.55	26.49	25.56
CS ¹ - Sewer	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Note: (1) CS = Monthly Capital Surcharge for new EDU's.
Source: Marina Coast Water District's Finance Department

Marina Coast Water District
Water Accounts by Type of Customer
Last Ten Fiscal Years
Schedule 6

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water customer accounts										
Residential	6,359	6,511	6,717	7,182	8,066	8,491	8,726	8,881	9,182	9,231
Commercial	445	458	469	488	518	502	501	507	522	504
Industrial	5	4	4	4	4	4	4	4	5	5
Landscape	225	227	222	232	258	247	246	240	245	265
Total water accounts	7,034	7,200	7,412	7,906	8,846	9,244	9,477	9,632	9,954	10,005



Source: Marina Coast Water District's Finance Department

Marina Coast Water District
Principal Water Users
Fiscal Years Ended June 30, 2014 and June 30, 2023
Schedule 7

2014			2023		
Customer	Water Usage (acre feet)	Percentage of Water Sold	Customer	Water Usage (acre feet)	Percentage of Water Sold
Monterey Bay Military Housing	536	12.37%	Monterey Bay Military Housing	195	5.83%
Bayonet/Blackhorse Club House	522	12.04%	City of Seaside	178	5.32%
University Corporation at Monterey Bay	200	4.61%	California State Univ Mtry Bay	146	4.36%
CSU Monterey Bay	165	3.81%	University Corporation at Monterey Bay	139	4.15%
Bay View Mobile Home Park	90	2.07%	Bay View Mobile Home Park	60	1.79%
City of Marina	58	1.33%	Sun Bay Apartments	40	1.20%
Sun Bay Apartments	57	1.32%	Seaside Highlands H.O. Association	38	1.14%
Seaside Highlands H.O. Association	52	1.21%	The Gates at Marina LLC	31	0.93%
LV44 Ltd Partnership	47	1.08%	Marina Hotels CI, LLC	30	0.90%
MPUSD - Seaside High School	34	0.79%	LV44 Ltd Partnership	29	0.87%
Total Principal Water Users	<u>1,761</u>	<u>40.63%</u>	Total Principal Water Users	<u>886</u>	<u>26.47%</u>
Total All Users	<u><u>4,334</u></u>	<u><u>100.00%</u></u>	Total All Users	<u><u>3,347</u></u>	<u><u>100.00%</u></u>

Source: Marina Coast Water District's Finance Department

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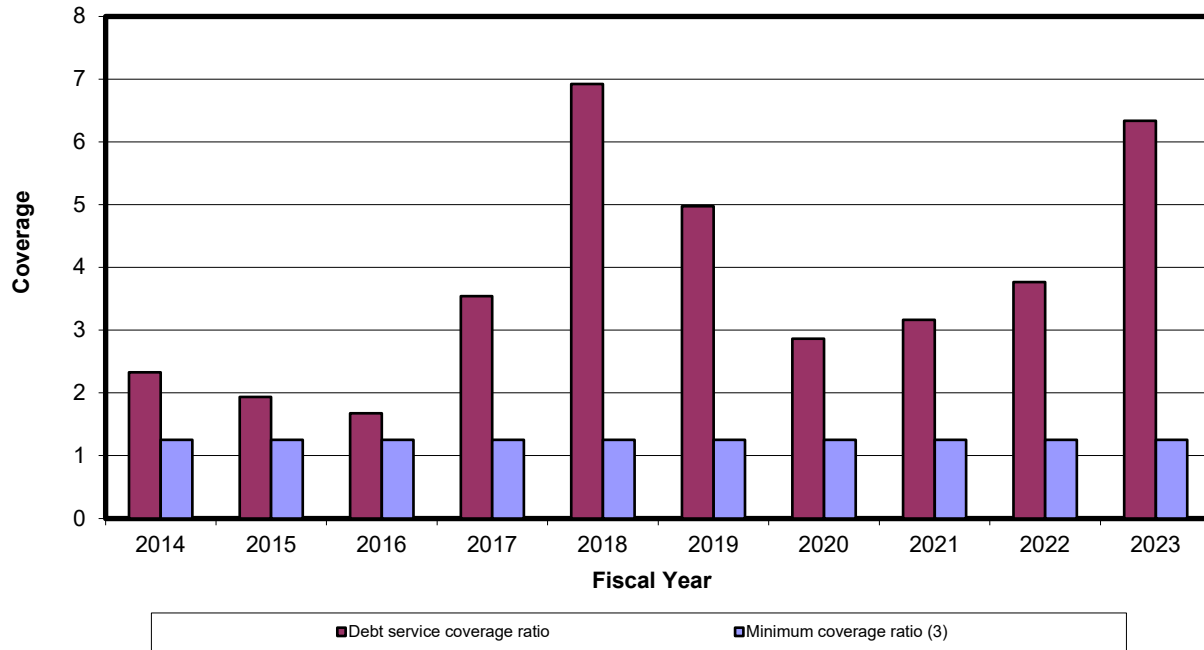
Marina Coast Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Schedule 8

Fiscal Year	Loans Payable	Bonds Payable	Leases Payable	Subscriptions Payable	Total Debt	Total Accounts	Total Debt per Account
2014	\$ -	\$ 42,703,651	\$ -	\$ -	\$ 42,703,651	7,034	\$ 6,071
2015	-	40,940,994	-	-	40,940,994	7,200	5,686
2016	2,776,000	36,938,034	-	-	39,714,034	7,412	5,358
2017	2,799,880	35,100,405	-	-	37,900,285	7,906	4,794
2018	2,722,387	33,202,777	-	-	35,925,164	8,846	4,061
2019	8,268,477	31,245,149	-	-	39,513,626	9,244	4,275
2020	6,211,842	47,909,693	-	-	54,121,535	9,477	5,711
2021	8,624,420	46,355,879	-	-	54,980,299	9,632	5,708
2022	8,527,203	44,737,066	55,160	-	53,319,429	9,954	5,357
2023	11,244,419	43,063,253	291,623	162,008	54,761,303	10,005	5,473

Source: Marina Coast Water District, Audited Financial Statements

Marina Coast Water District
Debt Service Coverage
Last Ten Fiscal Years
Schedule 9

	2014	2015	2016	2017	2018
Debt service coverage					
Gross revenues (1)	\$ 16,263,060	\$ 15,043,533	\$ 16,432,167	\$ 20,946,729	\$ 33,034,132
Operating expenses (2)	(7,615,928)	(7,861,872)	(8,368,555)	(9,611,386)	(10,464,978)
Net available revenues	\$ 8,647,132	\$ 7,181,661	\$ 8,063,612	\$ 11,335,343	\$ 22,569,154
Debt service					
Principal	\$ 1,650,000	\$ 1,715,000	\$ 1,870,000	\$ 1,690,000	\$ 1,750,000
Interest	2,065,728	1,994,343	2,954,075	1,511,925	1,510,940
	\$ 3,715,728	\$ 3,709,343	\$ 4,824,075	\$ 3,201,925	\$ 3,260,940
Debt service coverage ratio	2.33	1.94	1.67	3.54	6.92
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25



Notes:

- (1) Gross revenues includes all operating revenue, interest income, other nonoperating revenue and connection fees.
- (2) Operating expenses exclude depreciation and amortization.
- (3) Minimum coverage ratio requirement per debt covenants.

Source: Marina Coast Water District, Audited Financial Statements

Marina Coast Water District
Debt Service Coverage
Last Ten Fiscal Years
Schedule 9 (Continued)

	2019	2020	2021	2022	2023
Debt service coverage					
Gross revenues (1)	\$ 28,658,352	\$ 27,684,779	\$ 23,773,347	\$ 24,883,761	\$ 41,599,410
Operating expenses (2)	(12,197,276)	(14,457,621)	(13,667,734)	(12,817,673)	(17,362,504)
Net available revenues	\$ 16,461,076	\$ 13,227,158	\$ 10,105,613	\$ 12,066,088	\$ 24,236,906
Debt service					
Principal	\$ 1,810,000	\$ 2,870,000	\$ 1,350,000	\$ 1,415,000	\$ 1,470,000
Interest	1,498,610	1,753,074	1,843,746	1,788,554	2,354,838
	\$ 3,308,610	\$ 4,623,074	\$ 3,193,746	\$ 3,203,554	\$ 3,824,838
Debt service coverage ratio	4.98	2.86	3.16	3.77	6.34
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25

Marina Coast Water District
Demographic and Economic Statistics - Monterey County
Last Ten Years
Schedule 10

Calendar Year Ended December 31	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	Unemployment Rate (5)
2014	431,344	19,889,054	46,109	34	9.1%
2015	433,898	21,623,627	49,836	34	8.1%
2016	435,232	22,827,059	52,448	34	7.6%
2017	437,907	23,819,797	54,395	34	7.2%
2018	435,594	24,477,179	56,193	35	4.7%
2019	434,061	25,973,189	59,838	35	7.8%
2020	434,172	26,504,847	61,510	38	6.6%
2021	434,283	27,747,802	63,449	38	14.0%
2022	**	**	**	**	**
2023	**	**	**	**	**

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2022)

** Data not available at time of print.

Marina Coast Water District
Employment by Industry for Monterey County - by Annual Average
Prior Year and Ten Years Ago
Schedule 11

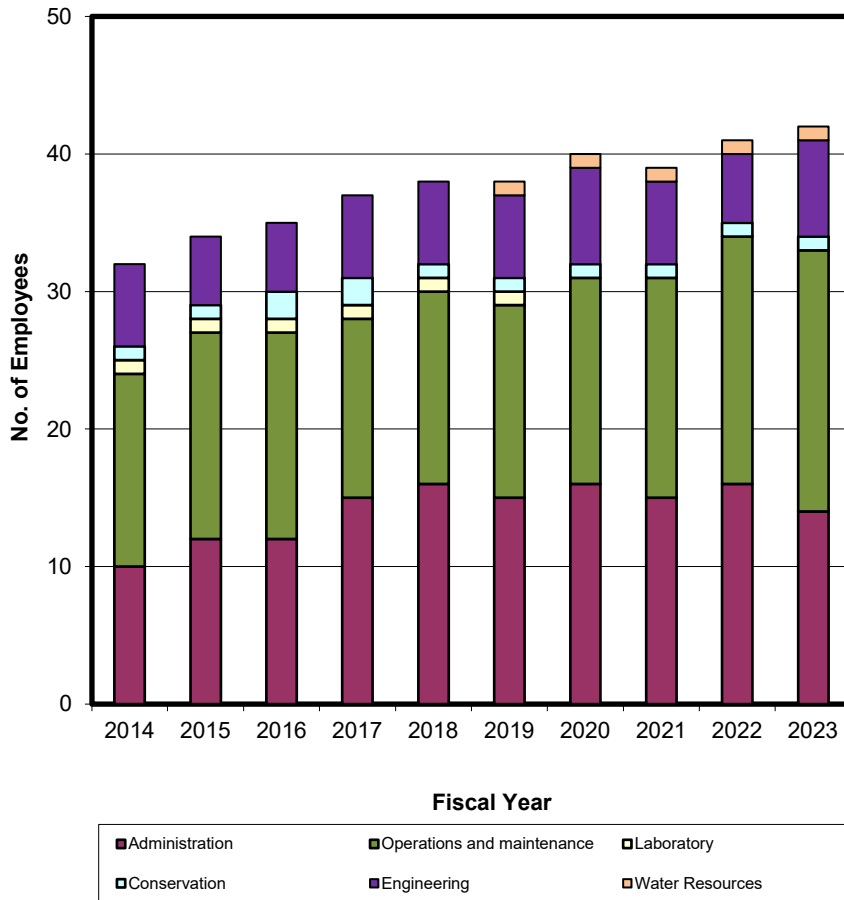
2022				2013			
Employer	Employees	Rank	Percentage of Total Employment Listed	Employer	Employees	Rank	Percentage of Total Employment Listed
Agriculture	60,900	1	30.43%	Agriculture	50,100	1	29.03%
Government	34,400	2	17.19%	Government	30,200	2	17.50%
Leisure and Hospitality	24,300	3	12.14%	Leisure and Hospitality	21,900	3	12.69%
Educational and Health Services	21,000	4	10.49%	Educational and Health Services	17,500	4	10.14%
Retail Trade	16,200	5	8.10%	Retail Trade	16,200	5	9.39%
Professional and Business Services	15,500	6	7.75%	Professional and Business Services	11,300	6	6.55%
Natural Resources, Mining and Construction	7,200	7	3.60%	Wholesale Trade	5,200	7	3.01%
Wholesale Trade	5,500	8	2.75%	Manufacturing	5,200	8	3.01%
Other Services	5,400	9	2.70%	Other Services	4,800	9	2.78%
Manufacturing	5,100	10	2.55%	Natural Resources, Mining and Constructi	4,700	10	2.72%
Transportation, Warehousing and Utilities	3,700	11	1.85%	Transportation, Warehousing and Utilities	4,000	11	2.32%
Information	900	12	0.45%	Information	1,500	12	0.87%
Total	<u>200,100</u>		<u>100.00%</u>	Total	<u>172,600</u>		<u>100.00%</u>

Source: State of California Employment Development Department

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**Marina Coast Water District
Personnel Trends by Department
Last Ten Fiscal Years
Schedule 12**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employees by department										
Administration	10	12	12	15	16	15	16	15	16	14
Operations and maintenance	14	15	15	13	14	14	15	16	18	19
Laboratory	1	1	1	1	1	1	-	-	-	-
Conservation	1	1	2	2	1	1	1	1	1	1
Engineering	6	5	5	6	6	6	7	6	5	7
Water Resources	-	-	-	-	-	1	1	1	1	1
Total employees	32	34	35	37	38	38	40	39	41	42



Source: Marina Coast Water District's Finance Department

**Marina Coast Water District
Operating and Capacity Indicators
Last Ten Fiscal Years
Schedule 13**

	2014	2015	2016	2017	2018
Facilities					
Distribution pipeline (miles)	142	147	147	147	147
Storage capacity (mg)(1)	11	11	11	11	11
System capacity (mgd)(2)	16.6	16.6	16.6	16.6	16.6
Water produced					
Water produced - Marina (mg)(1)	575	483	432	454	536
Average per day (mgd)(2)	1.6	1.3	1.2	1.2	1.5
Water produced - Ord (mg)(1)	837	703	551	481	574
Average per day (mgd)(2)	2.3	1.9	1.5	1.3	1.6
Total water produced (mg)(1)	1,412	1,187	983	935	1,110
Average per day (mgd)(2)	3.9	3.3	2.7	2.6	3.0

(1) mg = million gallons

(2) mgd = million gallons per day

Source: Marina Coast Water District's Finance Department

**Marina Coast Water District
Operating and Capacity Indicators
Last Ten Fiscal Years
Schedule 13 (Continued)**

	2019	2020	2021	2022	2023
Facilities					
Distribution pipeline (miles)	162	162	162	215	215
Storage capacity (mg)(1)	11.2	11.2	11.2	11.2	11.2
System capacity (mgd)(2)	15.6	15.6	15.6	19.0	19.0
Water produced					
Water produced - Marina (mg)(1)	536	413	365	320	351
Average per day (mgd)(2)	1.5	1.1	1.0	0.9	1.0
Water produced - Ord (mg)(1)	517	661	730	830	740
Average per day (mgd)(2)	1.4	1.8	2.0	2.3	2.0
Total water produced (mg)(1)	1,053	1,074	1,094	1,150	1,091
Average per day (mgd)(2)	2.9	2.9	3.0	3.2	3.0

(1) mg = million gallons

(2) mgd = million gallons per day

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