

# Marina Coast Water District

*Marina, California*

## Annual Comprehensive Financial Report

For The Fiscal Years Ended

June 30, 2024 and 2023

*Prepared by the Finance Department*



11 Reservation Road, Marina California 93933

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**Marina Coast Water District  
Annual Comprehensive Financial Report**

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## **INTRODUCTORY SECTION**

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# MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: [www.mcwd.org](http://www.mcwd.org)

TEL: (831) 384-6131

FAX: (831) 883-5995

## DIRECTORS

GAIL MORTON  
*President*

JAN SHRINER  
*Vice President*

THOMAS P. MOORE  
HERBERT CORTEZ  
BRAD IMAMURA

October 15, 2024

To the Board of Directors and Citizens  
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, 2024, and 2023. 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 Chavan and Associates LLP, Certified Public Accountants. 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 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 Marina Coast Water District (the "District") is a county water district formed in 1960 under the provisions of the County Water District Law. The District provides water (including recycled water) and wastewater services to customers within the service area of the District. The District serves approximately 41,000 residents through more than 11,000 customer accounts and approximately 20,500 connections in its Marina and Ord service areas. The District currently

pumps all of its supply or approximately 3,365 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 recycled water to its first account, Bayonet and Black Horse Golf Course in November 2022. In FY 2023, the District delivered over 195 acre-feet of irrigation water, and in FY 2024, it delivered 394 acre-feet to Bayonet and Black Horse Golf Course.

The District owns and operates twenty (20) sewer lift stations, more than 162 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 water system encompasses approximately 234 miles of water pipeline, and owns nine (9) production wells (8 of which are active) with an estimated capacity of approximately 20 million gallons of potable water per day ("MGD"). District water storage includes eleven (11) water storage tanks with a combined capacity of eleven million (11) gallons and six (6) booster pump stations. In addition, 34 monitoring wells are strategically located throughout the District to monitor water quality and groundwater levels in the aquifers that are the source for the District's potable 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 49 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 6:00 p.m. at the Imjin Office Park, 920 2<sup>nd</sup> 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 engaged Hilderbrand Consulting LLC to conduct a comprehensive five-year rate study and financial plan. The 2024 Rate Study also includes a review and update of the cost allocation plan between the District's various cost centers. Between the two service areas there are six "cost centers": Marina Water, Ord Water, Marina Sewer, Recycled Water and the Groundwater Sustainability Agency (GSA).

Hilderbrand Consulting also completed a formal Cost Allocation Plan, documenting the review of direct and indirect cost allocations across cost centers. Their findings indicate that the allocation methodology and foundational data are both reasonable and appropriate. Hilderbrand recommends that the District continue to review and update these allocation factors regularly to maintain accuracy and equity.

### ***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 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](http://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 MCWDGSA engaged in the development of Groundwater Sustainability Plans (GSP) for the entirety of these two Subbasins, in coordination with other GSAs within these Subbasins. The 180/400 Aquifer Subbasin GSP was prepared on January 31, 2020, and the Monterey Subbasin GS plan was prepared on January 31, 2022. Both plans were subsequently approved by the California Department of Water Resources. MCWDGSA is currently implementing these plans to achieve sustainability for both basins beginning in 2040.

### ***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***

In April 2024, the District adopted new rates and charges for its water system, wastewater system and recycled water system. The rates and charges are based on a rate study and final plan prepared by Hilderbrand Consulting, LLC and delivered to the District in April 2024 (the "2024 Rate Study") that covers a 5-year period.

The new rates and charges were adopted by the Board of Directors on June 17, 2024, after conducting a notification process under Proposition 218. Additional details on the new rates and charges are described under "– Water Enterprise of the District" and "– Wastewater Enterprise of the District."

District policy direction ensures that all revenues from user charges generated from District customers must support all District operations. The District projects substantial capital improvements to the Water Enterprise for existing and future users in the amount of approximately \$92.9 million over the next five Fiscal Years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, the net proceeds of the Certificates, and Net

Revenues remaining after the payment of the Installment Payments and debt service on the prior parity debt, any additional parity debt, and any other debt of the District. Such capital improvements include 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, demolition of existing corporation yard and construction of new yard, well rehabilitation.

***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 Chavan and Associates 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***

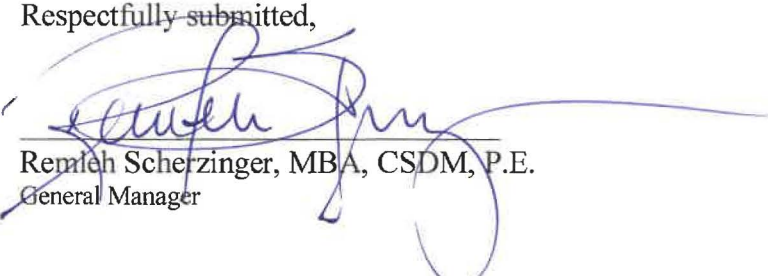
More information is contained in the District’s management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.


***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, 2023. This was the sixteenth 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.

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,

  
Remieh 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

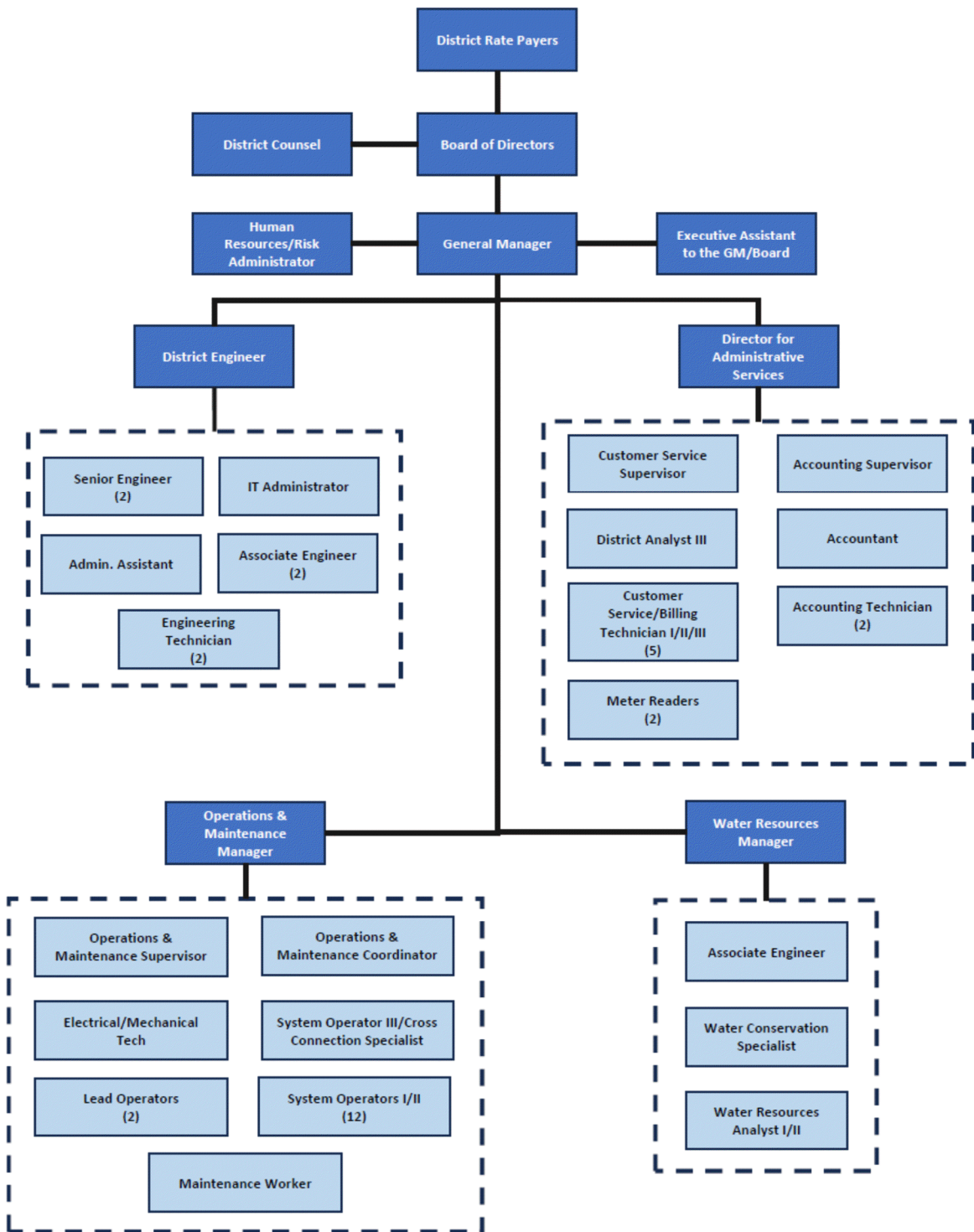
June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



# MCWD ORGANIZATIONAL CHART



# Marina Coast Water District

## Directory

### Board of Directors

June 30, 2024

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

### Management Staff

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

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Marina Coast Water District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the 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 respective financial position of the business-type activities of the Marina Coast Water District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

District management is responsible for the preparation and fair presentation of the 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.



### ***Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of contributions for pension plans, the schedule of proportionate share of the net pension liability, and the schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of



financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***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 auditor's 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.



***Comparative Information***

The Organization's basic financial statements and related notes for the year ended June 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on October 12, 2023. Our opinion has not been modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024 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 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 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.

*C & A LLP*

October 15, 2024  
Morgan Hill, California

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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, 2024 and 2023. 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**  
**June 30, 2024 and 2023**

**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**  
**June 30, 2024 and 2023**

**Financial Highlights for Fiscal Years 2024 and 2023**

- At June 30, 2024, the District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$227.0 million (net position), which is an increase of \$10.1 million or 4.6% from the 2023 fiscal year-end balance. 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.
- The total long-term liabilities for the current fiscal year increased by \$0.7 million or 1.2% due to an increase of \$3.0 million in California State Revolving Fund Loan offset by \$2.3 million in annual debt service payments. Prior 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.
- For fiscal year 2024, capital assets increased by \$1.5 million or 0.6% primarily due to the completion of the Flygt Pump Replacement Project, PLC Replacement Project, Ord Village Lift Station and Force Main Project, and Gigling Force Main Project. 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.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**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.

**Condensed Statements of Net Position**

	June 30			Change between		Change between		
	2024	2023	2022	2024 and 2023		2023 and 2022		
<b>Assets:</b>								
Current assets	\$ 32,115,714	\$ 17,052,329	\$ 14,207,847	\$ 15,063,385	88.3%	\$ 2,844,482	20.0%	
Noncurrent assets	23,741,168	27,544,273	27,258,108	(3,803,105)	-13.8%	286,165	1.0%	
Capital assets, net	<u>242,800,702</u>	<u>241,332,954</u>	<u>231,533,678</u>	<u>1,467,748</u>	0.6%	<u>9,799,276</u>	4.2%	
Total Assets	<u>298,657,584</u>	<u>285,929,556</u>	<u>272,999,633</u>	<u>12,728,028</u>	4.5%	<u>12,929,923</u>	4.7%	
Deferred outflows	<u>3,098,327</u>	<u>3,352,549</u>	<u>1,394,493</u>	<u>(254,222)</u>	-7.6%	<u>1,958,056</u>	140.4%	
<b>Liabilities:</b>								
Current liabilities	9,815,471	7,975,170	14,548,830	1,840,301	23.1%	(6,573,660)	-45.2%	
Noncurrent liabilities	<u>60,175,386</u>	<u>60,115,165</u>	<u>55,286,987</u>	<u>60,221</u>	0.1%	<u>4,828,178</u>	8.7%	
Total Liabilities	<u>69,990,857</u>	<u>68,090,335</u>	<u>69,835,817</u>	<u>1,900,522</u>	2.8%	<u>(1,745,482)</u>	-2.5%	
Deferred inflows	<u>4,719,777</u>	<u>4,227,546</u>	<u>5,921,905</u>	<u>492,231</u>	11.6%	<u>(1,694,359)</u>	-28.6%	
<b>Net Position:</b>								
Net investment in capital assets	188,419,442	190,768,520	183,338,088	(2,349,078)	-1.2%	7,430,432	4.1%	
Restricted for capacity fees	19,034,668	19,824,027	12,906,699	(789,359)	-4.0%	6,917,328	53.6%	
Restricted for debt service	580,020	229,343	171,828	350,677	152.9%	57,515	33.5%	
Unrestricted (deficit)	<u>19,011,147</u>	<u>6,142,334</u>	<u>2,219,789</u>	<u>12,868,813</u>	209.5%	<u>3,922,545</u>	176.7%	
Total Net Position	<u>\$ 227,045,277</u>	<u>\$ 216,964,224</u>	<u>\$ 198,636,404</u>	<u>\$ 10,081,053</u>	4.6%	<u>\$ 18,327,820</u>	9.2%	

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 \$227.0 million, \$217.0 million and \$198.6 million as of June 30, 2024, 2023 and 2022, respectively.

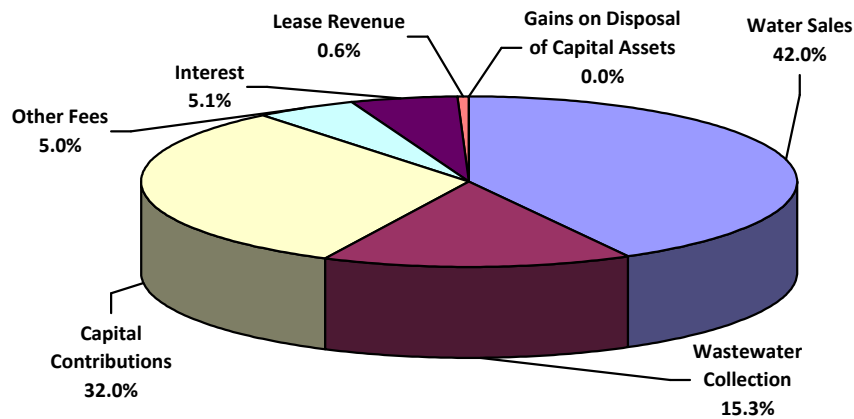
One of the largest portions of the District's net position (83.0%, 87.9% and 92.4% as of June 30, 2024, 2023 and 2022, respectively) reflects the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

The District showed a positive balance in its unrestricted net position of \$19.0 million, \$6.1 million, \$2.2 million as of June 30, 2024, 2023 and 2022, respectively.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Revenues**

The District finances its water sales and wastewater collection operations through user fees and other income. Total revenue for fiscal year 2024 was \$36.5 million, down \$5.1 million or 12.3% from prior year. Fiscal year 2023 included donations from developers on completed projects totaling \$2.6 million. There were no donations in the current year and there was also a reduction in capacity fees collected from developer projects. This was offset by an increase in interest earned from high-yield investments and an increase in water sales revenue due to an increase in rates and an additional 500 new accounts. Total revenue for fiscal year 2023 was \$41.6 million, up \$16.7 million or 67.2% from fiscal year 2022 as a result of developer donations from completed projects and an increase in capacity fees.



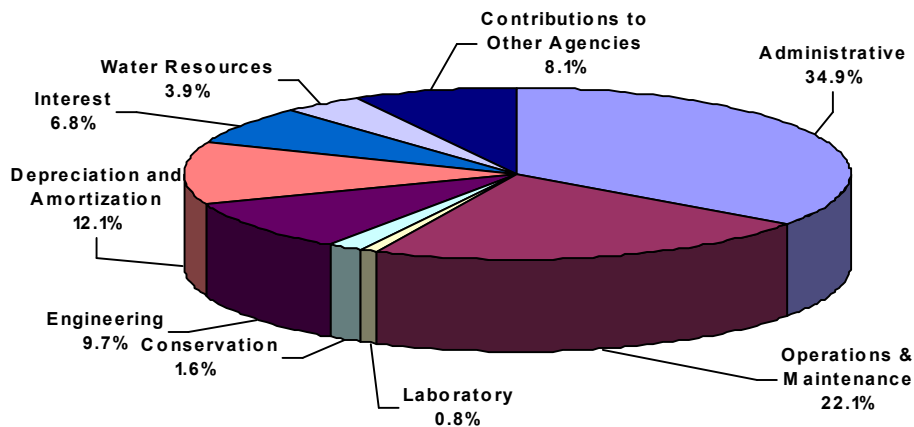
**Revenues**

	Year Ended June 30			Change between		Change between	
	2024	2023	2022	2024 and 2023	2024 and 2023	2023 and 2022	2023 and 2022
<b>Operating Revenues:</b>							
Water sales	\$ 15,323,077	\$ 13,624,939	\$ 13,133,302	\$ 1,698,138	12.5%	\$ 491,637	3.7%
Wastewater collection	5,580,361	5,315,471	4,930,600	264,890	5.0%	384,871	7.8%
Other services & fees	1,828,640	1,654,967	747,980	173,673	10.5%	906,987	121.3%
Total Operating Revenues	<u>22,732,078</u>	<u>20,595,377</u>	<u>18,811,882</u>	<u>2,136,701</u>	<u>10.4%</u>	<u>1,783,495</u>	<u>9.5%</u>
<b>Nonoperating Revenues:</b>							
Lease revenue	204,256	201,755	204,702	2,501	1.2%	(2,947)	-1.4%
Gains on disposal of capital assets	12,714	31,436	-	(18,722)	-59.6%	31,436	100.0%
Investment income	1,871,214	1,117,546	241,183	753,668	67.4%	876,363	363.4%
Total Nonoperating Revenues	<u>2,088,184</u>	<u>1,350,737</u>	<u>445,885</u>	<u>737,447</u>	<u>54.6%</u>	<u>904,852</u>	<u>202.9%</u>
<b>Capital Contributions:</b>							
	<u>11,678,749</u>	<u>19,653,296</u>	<u>5,625,994</u>	<u>(7,974,547)</u>	<u>-40.6%</u>	<u>14,027,302</u>	<u>249.3%</u>
Total Revenues	<u>\$ 36,499,011</u>	<u>\$ 41,599,410</u>	<u>\$ 24,883,761</u>	<u>\$ (5,100,399)</u>	<u>-12.3%</u>	<u>\$ 16,715,649</u>	<u>67.2%</u>

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Expenses**

Total expenses for fiscal year 2024 was \$26.4 million, an increase of \$3.1 million or 13.5% from prior year. Total expenses for fiscal year 2023 was \$23.3 million, an increase of \$4.9 million or 26.9% from fiscal year 2022. In the current year, Operations and Maintenance expenses increased by \$0.9 million or 18.5% primarily due to unexpected emergency repairs and an increase in wages and benefits from the annual cost of living allowance (COLA). Engineering expenses increased by \$0.9 million or 52.1% because of information technology costs being transitioned from the Administration department to the Engineering department along with wage and benefit increases from the annual COLA. In fiscal year 2023, Administration expenses increased by \$4.1 million or 75.8% primarily due to an increase in legal fees, water source fees, consulting services, pension and other post-employment benefit expenses.



**Expenses**

	Year Ended June 30			Change between		Change between	
	2024	2023	2022	2024 and 2023		2023 and 2022	
<b>Operating Expenses:</b>							
Administrative	\$ 9,229,769	\$ 9,445,914	\$ 5,374,514	\$ (216,145)	-2.3%	\$ 4,071,400	75.8%
Operations and maintenance	5,828,094	4,916,612	4,600,041	911,482	18.5%	316,571	6.9%
Laboratory	223,150	208,003	142,525	15,147	7.3%	65,478	45.9%
Conservation	415,930	385,864	341,615	30,066	7.8%	44,249	13.0%
Engineering	2,572,644	1,690,881	1,534,122	881,763	52.1%	156,759	10.2%
Water Resources	1,041,941	715,230	824,856	326,711	45.7%	(109,626)	-13.3%
Depreciation and amortization	3,193,801	2,763,165	2,425,528	430,636	15.6%	337,637	13.9%
<b>Total Operating Expenses</b>	<b>22,505,329</b>	<b>20,125,669</b>	<b>15,243,201</b>	<b>2,379,660</b>	<b>11.8%</b>	<b>4,882,468</b>	<b>32.0%</b>
<b>Nonoperating Expenses and Special Item:</b>							
Interest expense	1,794,052	2,354,838	1,788,554	(560,786)	-23.8%	566,284	31.7%
Contributions to other agencies	2,118,577	791,083	1,301,377	1,327,494	167.8%	(510,294)	-39.2%
<b>Total Nonoperating Expenses</b>	<b>3,912,629</b>	<b>3,145,921</b>	<b>3,089,931</b>	<b>766,708</b>	<b>24.4%</b>	<b>55,990</b>	<b>1.8%</b>
<b>Total Expenses</b>	<b>\$ 26,417,958</b>	<b>\$ 23,271,590</b>	<b>\$ 18,333,132</b>	<b>\$ 3,146,368</b>	<b>13.5%</b>	<b>\$ 4,938,458</b>	<b>26.9%</b>

**MARINA COAST WATER DISTRICT**  
**Management’s Discussion and Analysis**  
**June 30, 2024 and 2023**

**Net Position**

The Statement of Revenues, Expenses and Changes in Net Position on page 32 shows how the District’s net position changed during the fiscal year. Net position increased by \$10.1 million, \$18.3 million and \$6.6 million for the fiscal years ended June 30, 2024, 2023 and 2022, respectively.

**Changes in Net Position**

	Year Ended June 30			Change between 2024 and 2023	Change between 2023 and 2022		
	2024	2023	2022				
Beginning Net Position	\$ 216,964,224	\$ 198,636,404	\$ 192,085,775	\$ 18,327,820	9.2%	\$ 6,550,629	3.4%
Income (loss) before contributions	(1,597,696)	(1,325,476)	924,635	(272,220)	20.5%	(2,250,111)	-243.4%
Capital contributions	11,678,749	19,653,296	5,625,994	(7,974,547)	-40.6%	14,027,302	249.3%
Change in net position	10,081,053	18,327,820	6,550,629	(8,246,767)	-45.0%	11,777,191	179.8%
Ending Net Position	\$ 227,045,277	\$ 216,964,224	\$ 198,636,404	\$ 10,081,053	4.6%	\$ 18,327,820	9.2%



**MARINA COAST WATER DISTRICT**  
**Management’s Discussion and Analysis**  
**June 30, 2024 and 2023**

**Capital Assets**

At the end of fiscal years 2024, 2023 and 2022, the District’s capital assets were \$242.8 million, \$241.3 million and \$231.5 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. Current year increase is due to the completion of the Flygt Pump Replacement Project, PLC Replacement Project, Ord Village Lift Station and Force Main Project, and Gigling Force Main Project along with equipment purchases, such as the CCTV Camera System, two 2023 Hyundai IONIQ5 SUVs and a 2023 CAT Electric Forklift. For fiscal year 2023, capital assets increased 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. Equipment purchases in the prior year included two 2022 Ford F650 service trucks for water and sewer, five replacement work trucks for operations and maintenance, a 2022 John Deere excavator, and replacement generators for lift station sites.

Changes in capital assets were as follows:

	June 30			Change between		Change between	
	2024	2023	2022	2024 and 2023		2023 and 2022	
<b>Capital Assets:</b>							
Non-depreciable assets	\$ 144,954,260	\$ 147,024,501	\$ 153,275,899	\$ (2,070,241)	-1.4%	\$ (6,251,398)	-4.1%
Depreciable assets	154,993,146	148,369,259	131,393,748	6,623,887	4.5%	16,975,512	12.9%
Less accumulated depreciation and amortization	(57,146,704)	(54,060,806)	(53,135,969)	(3,085,898)	5.7%	(924,837)	1.7%
<b>Total Capital Assets, Net</b>	<b>\$ 242,800,702</b>	<b>\$ 241,332,954</b>	<b>\$ 231,533,678</b>	<b>\$ 1,467,748</b>	<b>0.6%</b>	<b>\$ 9,799,277</b>	<b>4.2%</b>

Additional information on the District’s capital assets is provided in Note 5 of the financial statements.



**MARINA COAST WATER DISTRICT**  
**Management’s Discussion and Analysis**  
**June 30, 2024 and 2023**

**Long-Term Liabilities**

As of June 30, 2024, the District had \$55.4 million outstanding in long-term liabilities compared to \$54.8 million as of June 30, 2023, and \$53.3 million as of June 30, 2022. 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:

<b>Schedule of Long-Term Liabilities</b>							
	June 30			Change between		Change between	
	2024	2023	2022	2024 and 2023		2023 and 2022	
<u>Long-Term Liabilities:</u>							
Bonds payable	\$ 37,855,000	\$ 39,400,000	\$ 40,870,000	\$ (1,545,000)	-3.9%	\$ (1,470,000)	-3.6%
Loans payable	13,819,181	11,244,419	8,527,203	2,574,762	22.9%	2,717,216	31.9%
Lease payable	195,878	291,623	55,160	(95,745)	-32.8%	236,463	428.7%
Subscription payable	109,032	162,008	-	(52,976)	-32.7%	162,008	100.0%
Unamortized premiums, net	3,459,440	3,663,253	3,867,066	(203,813)	-5.6%	(203,813)	-5.3%
Total Long-Term Liabilities	\$ 55,438,531	\$ 54,761,303	\$ 53,319,429	\$ 677,228	1.2%	\$ 1,441,874	2.7%

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**  
**June 30, 2024 and 2023**

**Economic Factors and Next Year's Budget and Rates**

The Board of Directors adopted the District's 2024-2025 Marina and Ord Community budgets and rates on June 17, 2024. The approval of the budget provides funding for the District's operating, capital, and debt service costs for the 2024-2025 fiscal year.

The following Water and Sewer Rate Structures are based on a rate study conducted by Hilderbrand Consulting which was presented to the District in April 2024 and approved by the Board on June 17, 2024.

Water Rate Structure Beginning FY 2024-2025

- Fixed Monthly Service Charge: The fixed monthly charge is determined by the size of the water meter and is consistent across all customers.
- Water Consumption Rate: Based on actual water usage, this rate reflects the volume of water consumed by each customer.
- Uniform Consumption Charge: All non-residential and multifamily customers (excluding single-family residences) will transition to a uniform consumption charge.

Sewer Rate Structure Beginning FY 2024-25

The District will implement a new sewer rate structure effective fiscal year 2024-2025, consisting of a 50/50 split between flow-based and fixed-cost charges for both non-residential and residential customers. This approach is designed to align costs more closely with actual usage, promoting fair and equitable billing.

Residential customers:

- Flow-Based Charge (50%): Flow-based charge will be based on the customer's average water usage during the winter months (December, January, and February). Winter water usage is used as an estimate for indoor water use since outdoor watering is minimal during this period. Each residential account's indoor water usage value will be updated annually based on the previous winter's data. For new accounts without water usage history, a temporary default value of 5 HCF per month will be used, reflecting the current average for a single-family home.
- Fixed-Cost Charge (50%): The fixed charge recovers costs that the sewage collection system incurs regardless of increased or decreased sewage flow into the system

Non-Residential customers:

- Flow-Based Charge (50%): This charge will be based on the customer's actual monthly water usage.
- Fixed-Cost Charge (50%): The fixed charge recovers costs that the sewage collection system incurs regardless of increased or decreased sewage flow into the system.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**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 Positions

June 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 20,959,006	\$ 11,748,080
Accounts receivable - net	8,228,272	4,016,033
Interest receivable	258,427	170,375
Other receivables	1,851,435	442,742
Inventories	533,808	390,658
Prepaid items	88,737	106,155
Deposits	15,762	6,792
Leases receivable, current	180,267	171,494
Total current assets	32,115,714	17,052,329
Noncurrent assets:		
Restricted cash and investments	21,138,483	24,761,322
Leases receivable, noncurrent	2,602,685	2,782,951
Capital assets - net	242,800,702	241,332,954
Total noncurrent assets	266,541,870	268,877,227
<b>TOTAL ASSETS</b>	\$ 298,657,584	\$ 285,929,556
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension adjustments	\$ 2,596,991	\$ 2,794,706
OPEB adjustments	501,336	557,843
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 3,098,327	\$ 3,352,549
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,952,069	\$ 2,159,057
Accrued liabilities	3,109,406	2,147,986
Accrued payroll liabilities	284,577	235,141
Interest payable	245,772	240,967
Customer Deposits	1,943,949	1,054,245
Other current liabilities	-	9,198
Current portion of long-term liabilities	2,180,921	2,037,540
Compensated absences, current	98,777	91,036
Total current liabilities	9,815,471	7,975,170
Noncurrent liabilities:		
Long-term liabilities	53,257,610	52,723,762
Net pension liability	5,205,724	4,832,291
Total OPEB liability	1,129,856	2,033,377
Compensated absences	582,196	525,735
Total noncurrent liabilities	60,175,386	60,115,165
<b>TOTAL LIABILITIES</b>	\$ 69,990,857	\$ 68,090,335
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension adjustments	\$ 176,351	\$ 339,450
OPEB Adjustments	1,746,273	855,181
Debt refunding gains	454,687	489,665
Leases	2,342,466	2,543,250
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	\$ 4,719,777	\$ 4,227,546
 <b>NET POSITION</b>		
Net investment in capital assets	\$ 188,419,442	\$ 190,768,520
Restricted for capacity fees	19,034,668	19,824,027
Restricted for debt service	580,020	229,343
Unrestricted (deficit)	19,011,147	6,142,334
<b>TOTAL NET POSITION</b>	\$ 227,045,277	\$ 216,964,224

The accompanying notes are an integral part of these financial statements.

**Marina Coast Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	2024	2023
<b>OPERATING REVENUES</b>		
Water services	\$ 15,323,077	\$ 13,624,939
Wastewater services	5,580,361	5,315,471
Other services and fees	1,828,640	1,654,967
<b>Total operating revenues</b>	<b>22,732,078</b>	<b>20,595,377</b>
<b>OPERATING EXPENSES</b>		
Administrative	9,229,769	9,445,914
Operations and maintenance	5,828,094	4,916,612
Laboratory	223,150	208,003
Conservation	415,930	385,864
Engineering	2,572,644	1,690,881
Water resources	1,041,941	715,230
Depreciation and amortization	3,193,801	2,763,165
<b>Total operating expenses</b>	<b>22,505,329</b>	<b>20,125,669</b>
<b>Operating income (loss)</b>	<b>226,749</b>	<b>469,708</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Lease revenue	204,256	201,755
Gain (loss) on sales of assets	12,714	31,436
Contributions to other agencies	(2,118,577)	(791,083)
Investment income	1,871,214	1,117,546
Interest expense	(1,794,052)	(2,354,838)
<b>Total nonoperating revenues(expenses)</b>	<b>(1,824,445)</b>	<b>(1,795,184)</b>
<b>Income (loss) before capital contributions</b>	<b>(1,597,696)</b>	<b>(1,325,476)</b>
<b>CAPITAL CONTRIBUTIONS</b>		
Grants	505,877	2,502,600
Developer capacity and connection fees	11,172,872	14,362,215
Developer contributions	-	2,788,481
<b>Total capital contributions</b>	<b>11,678,749</b>	<b>19,653,296</b>
Change in net position	10,081,053	18,327,820
Total net position - beginning	216,964,224	198,636,404
Total net position - ending	<b>\$ 227,045,277</b>	<b>\$ 216,964,224</b>

The accompanying notes are an integral part of these financial statements.

**Marina Coast Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash flows from operating activities:</b>		
Received from customers and users	\$ 18,507,685	\$ 19,384,237
Paid to suppliers	(11,001,822)	(11,145,855)
Paid to employees	(7,830,813)	(6,986,713)
Net cash provided (used) by operating activities	<u>(324,950)</u>	<u>1,251,669</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(4,936,133)	(9,843,696)
Proceeds from insurance claim on stolen property	150	95,139
Sale of capital assets	12,564	6,033
Lease receipts	174,966	-
Grant receipts	155,819	2,508,294
Payments to other agencies	(1,492,020)	(5,694)
Developer contributions, capacity and connection receipts	11,326,548	14,727,683
Issuance of long-term liabilities	2,979,413	3,578,623
Principal paid on long-term liabilities	(2,063,392)	(7,272,229)
Interest paid on long-term liabilities	(2,028,039)	(2,561,678)
Net cash provided (used) by capital and related financing activities	<u>4,129,876</u>	<u>1,232,475</u>
<b>Cash flows from investing activities:</b>		
Investment income (loss)	1,783,161	978,853
Net cash provided (used) by investing activities	<u>1,783,161</u>	<u>978,853</u>
Net increase (decrease) in cash and cash equivalents	5,588,087	3,462,997
Cash and cash equivalents - beginning	36,509,402	33,046,405
Cash and cash equivalents - ending	<u>\$ 42,097,489</u>	<u>\$ 36,509,402</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and investments	\$ 20,959,006	\$ 11,748,080
Restricted cash and investments	21,138,483	24,761,322
Total cash and cash equivalents	<u>\$ 42,097,489</u>	<u>\$ 36,509,402</u>

**Continued**

**Marina Coast Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 226,749	\$ 469,708
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,193,801	2,763,165
Change in operating assets and liabilities:		
Accounts receivables	(4,212,238)	52,134
Inventories	(143,150)	(130,535)
Prepaid items	17,418	20,829
Deposits	(8,970)	-
Deferred outflows of resources	254,222	(1,958,056)
Accounts payable	(16,113)	(793,324)
Accrued liabilities	73,141	(129,859)
Accrued payroll liabilities	49,436	-
Customer deposits	(12,155)	(1,263,274)
Other current liabilities	(9,198)	-
Net pension liabilities	373,433	3,176,194
Total OPEB liability	(903,522)	500,275
Compensated absences	64,203	3,013
Deferred inflows of resources	727,993	(1,458,601)
Net cash provided (used) by operating activities	<u>\$ (324,950)</u>	<u>\$ 1,251,669</u>
<b>Capital and related financing noncash items</b>		
Amortization of deferred charges and premiums	\$ 238,792	\$ 238,788
Amortization of leases	\$ 200,783	\$ 200,783
Developer contribution of capital assets	\$ -	\$ 2,788,481

**Concluded**

The accompanying notes are an integral part of these financial statements.



**Marina Coast Water District**  
Index to Notes to the Basic Financial Statements  
For the Years Ended June 30, 2024 and June 30, 2023

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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, 2024 and June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of the 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.

*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.

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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.

*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 accounted for using the flow of economic resources measurement focus, utilizing full accrual accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unavailable resources.

*Deferred Outflows and Deferred Inflows of Resources*

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

*Statement of Net Position*

The statement of net position is designed to display the financial position of the District. The District's net position is classified into three categories as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those 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. Deferred outflows

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of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

The following summarizes the District's net investment in capital assets for the last two years:

	2024	2023
Capital assets, net	\$ 242,800,702	\$ 241,332,954
2015 Series A Bonds	(23,377,221)	(24,703,545)
2019 Revenue Bonds	(17,937,219)	(18,359,708)
Unspent 2019 Bond proceeds	480,360	4,707,952
Unspent grant funds	1,043,435	-
CWSRF Loan - Transmission	(3,808,954)	(3,912,925)
WRFP Prop 1 Loan - Transmission	(1,116,515)	(1,147,644)
CWSRF Loan - Distribution	(4,750,509)	(3,831,930)
WRFP Prop 1 Loan - Distribution	(1,990,477)	(90,307)
Santa Cruz Bank Installment Loan	(2,152,726)	(2,261,614)
Leases payable	(195,878)	(291,622)
SBITAs payable	(109,032)	(162,008)
Retention payable	(11,837)	(21,418)
Deferred gain on refunding debt	(454,687)	(489,665)
Net investment in capital assets	\$ 188,419,442	\$ 190,768,520

- **Restricted** - This component of net position consists of constraints placed on an asset's use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
- **Unrestricted** - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Amounts included as unrestricted net position are available for designation for specific purposes established by the District's Board of Directors.

*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.

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

*Budgets and Budgetary Accounting*

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.

*Pensions*

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

The following time frames were used for pension reporting:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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.

*Other Postemployment Benefits Other Than Pensions (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.

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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.

#### *Cash and Investments*

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components: overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

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*Cash Equivalents*

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

*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.

*Inventories*

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

*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.

*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.

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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.

*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 or amortization. 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 and amortization 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.

*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.



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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.

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.

#### *Lessee Leases*

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 straightline 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

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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.

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.

#### *Long-Term Liabilities*

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported with applicable bond premium and discounts are reported as noncurrent assets along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

#### *Compensated Absences*

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

#### *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.

#### *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.

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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.

*Accounting Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Accounting and Reporting Changes*

**GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62***

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This statement did not have a material impact on the financial statements.

*Upcoming Accounting and Reporting Changes*

Management will continue to analyze its accounting practices to determine the potential impact of the following recent GASB Statements on the District's financial statements:

**GASB Statement No. 101, *Compensated Absences***

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized

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until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**GASB Statement No. 102, *Certain Risk Disclosures***

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

**GASB Statement No. 103, *Financial Reporting Model Improvements***

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

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

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**NOTE 2 - CASH AND INVESTMENTS**

The following summarizes the District’s cash and investments:

	2024	2023
Unrestricted Cash and Investments:		
Cash on hand	\$ 1,050	\$ 1,050
Deposits with Financial Institutions	14,085,896	6,957,881
Local Agency Investment Fund	3,319,611	4,789,149
California CLASS Investment Pool	3,552,449	-
Total Unrestricted Cash and Investments	20,959,006	11,748,080
Restricted Cash and Investments		
Deposits with Financial Institutions	12,268,899	19,341,409
Local Agency Investment Fund	3,774,163	5,419,913
California CLASS Investment Pool	5,095,421	-
Total Restricted Cash and Investments	21,138,483	24,761,322
Total Cash and Investments	\$ 42,097,489	\$ 36,509,402

*Cash Deposits (Collateral and Categorization Requirements)*

As of June 30, 2024, the District’s carrying amount of demand deposits was \$25,865,541 and the bank account balance was \$26,011,718. The difference of \$146,177 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$25,761,718 was 110% collateralized in accordance with California Government Code requirements by securities held by the pledging financial institution in the District’s name.

As of June 30, 2023, the District’s carrying amount of demand deposits was \$21,578,041 and the bank account balance was \$22,096,302. The difference of \$518,261 represented outstanding checks and deposits in transit. Of the total deposit balances, \$500,000 was insured by federal depository insurance and \$21,596,302 was 110% collateralized in accordance with California Government Code requirements by securities held by the pledging financial institution in the District’s name.

*Fair Value Measurements*

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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*Investment Policy*

The District’s investment policy authorizes investments in money market funds, certificates of deposit, US Treasury Securities, Federal agency or United States government-sponsored enterprise obligations, guaranteed investment contracts (GIC), investment pools with Joint Powers Authorities meeting the requirements of Government Code Section 53601(p), the local government investment pool administered by the State of California’s Local Agency Investment Fund (LAIF), bonds issued by the local agency, registered state warrants or treasury notes or bonds of this state, and investments in repurchase agreements. 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.

*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, 2024:

Investment Type	Investment Maturities (in Years)	
	Less Than 1	Fair Value
State Investment Pool (LAIF)	\$ 7,093,774	\$ 7,093,774
Money Market Funds	2,202,821	2,202,821
California CLASS Investment Pool	8,647,870	8,647,870
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	489,254	489,254
Total	\$ 18,433,719	\$ 18,433,719

The following table summarizes the District’s investments and maturities as of June 30, 2023:

Investment Type	Investment Maturities (in Years)	
	Less Than 1	Fair Value
State Investment Pool (LAIF)	\$ 10,209,063	\$ 10,209,063
Money Market Funds	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

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*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.

The following table summarizes the Standard and Poor’s credit ratings for the District’s investments as of June 30, 2024:

Investment Type	Total as of June 30,2024	Minimum Legal Rating	A or Higher	Not Rated
State Investment Pool (LAIF)	\$ 7,093,774	N/A	\$ -	\$ 7,093,774
Money Market Funds	2,202,821	AAA	2,202,821	-
California CLASS Investment Pool	8,647,870	N/A	-	8,647,870
Debt Reserve Fund/ Bond Project Fund (T-Fund Money Market)	489,254	N/A	489,254	-
Total	<u>\$ 18,433,719</u>		<u>\$ 2,692,075</u>	<u>\$15,741,644</u>

The following table summarizes the Standard and Poor’s credit ratings for the District’s investments as of June 30, 2023:

Investment Type	Total as of June 30,2024	Minimum Legal Rating	A or Higher	Not Rated
State Investment Pool (LAIF)	\$ 10,209,063	N/A	\$ -	\$10,209,063
Money Market Funds	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	<u>\$ 17,028,239</u>		<u>\$ 6,819,176</u>	<u>\$10,209,063</u>

*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.

*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

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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 or California CLASS).

*State of California Local Agency Investment Fund (LAIF)*

The District participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates. LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurers Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. A Local Agency Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value. The total amount invested by all public agencies in LAIF, as of June 30, 2024 and 2023, was approximately \$178 and \$176 billion, respectively, which was invested in non-derivative financial products.

*California Cooperative Liquid Assets Securities System (CLASS)*

California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns. The California CLASS fund is a \$1.00 NAV local government investment pool that offers daily liquidity. Investments include U.S. Agencies and Treasuries, commercial paper, collateralized bank deposits, money market funds, and more. The total amount invested by all public agencies in California CLASS, as of June 30, 2024, was approximately \$1.19 billion.

**NOTE 3 - RECEIVABLES**

*Accounts Receivable*

At June 30, 2024 and 2023, accounts receivable consisted of utility customer receivables of \$8,575,849 and \$4,363,610, respectively. The allowance for uncollectible accounts related to utility customers was \$347,577 and \$347,577, respectively.



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*Other Receivables*

Other receivable balance, net of allowance for doubtful accounts, currently outstanding at June 30, 2024 and 2023 was \$1,851,435 and \$442,742, respectively. Other receivables include balances from agreements with local developers, grant receivables, lease payments, and miscellaneous reimbursements. The allowance for doubtful accounts reported net of the other receivables balances were \$429,000 and \$429,000, respectively, as of June 30, 2024 and 2023.

**NOTE 4 - LEASES RECEIVABLE**

The District is a lessor of office space and has an agreement with others for the right to use the underlying assets owned by the District with a term of 20 years. For the fiscal year ended June 30, 2024, the District recognized \$200,783 in lease revenue and \$143,828 in interest revenue. For the fiscal year ended June 30, 2023, the District recognized \$200,783 in lease revenue and \$152,174 in interest revenue. The following summarizes the changes in leases receivable for fiscal years ended June 30, 2024 and 2023:

Year Ending June 30,	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2024	\$ 2,954,445	\$ -	\$ (171,493)	\$ 2,782,952	\$ 180,267
2023	3,117,592	-	(163,147)	2,954,445	171,494

The following summarizes the future collections for leases:

Year Ending June 30	Principal	Interest	Total
2025	\$ 180,267	\$ 135,054	\$ 315,321
2026	189,491	125,831	315,322
2027	199,185	116,136	315,321
2028	209,376	105,945	315,321
2029	220,088	95,233	315,321
2030 - 2034	1,281,315	295,292	1,576,607
2035 - 2036	503,230	22,307	525,537
Total	<u>\$ 2,782,952</u>	<u>\$ 895,798</u>	<u>\$ 3,678,750</u>

The following summarizes the amounts reported as deferred inflows of resources related to leases that will be recognized as lease revenue:

Year Ending June 30	Total
2025	\$ 200,783
2026	200,783
2027	200,783
2028	200,783
2029	200,783
2030 - 2034	1,003,914
2035 - 2036	334,638
Total	<u>\$ 2,342,467</u>

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**NOTE 5 - CAPITAL ASSETS**

The District's capital assets consisted of the following as of June 30, 2024:

Description	Beginning Balance	Additions	Deletions	Transfers/ Adjustments	Ending Balance
<b>Non-depreciable:</b>					
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	32,275,847	4,173,650	-	(6,243,891)	30,205,606
Total Non-Depreciable	<u>147,024,501</u>	<u>4,173,650</u>	<u>-</u>	<u>(6,243,891)</u>	<u>144,954,260</u>
<b>Depreciable/Amortizable:</b>					
Land Improvements	190,092	-	-	-	190,092
Buildings & Improvements	8,699,562	-	-	-	8,699,562
Equipment	5,995,982	489,744	(107,903)	-	6,377,823
Infrastructure	132,897,237	-	-	6,243,891	139,141,128
Subscription assets	191,589	-	(1,845)	-	189,744
Lease assets:				-	
Buildings and improvements	318,315	-	-	-	318,315
Equipment	76,482	-	-	-	76,482
Total Depreciable/Amortizable	<u>148,369,259</u>	<u>489,744</u>	<u>(109,748)</u>	<u>6,243,891</u>	<u>154,993,146</u>
<b>Less Accumulated Depreciation/Amortization:</b>					
Land Improvements	(109,357)	(9,714)	-	-	(119,071)
Buildings & Improvements	(2,743,572)	(191,800)	-	-	(2,935,372)
Equipment	(1,800,502)	(429,538)	107,903	-	(2,122,137)
Infrastructure	(49,356,436)	(2,390,437)	-	-	(51,746,873)
Subscription assets	(13,230)	(52,341)	-	-	(65,571)
Lease assets					
Buildings and improvements	-	(106,105)	-	-	(106,105)
Equipment	(37,709)	(13,866)	-	-	(51,575)
Total Accumulated Dep/Amort	<u>(54,060,806)</u>	<u>(3,193,801)</u>	<u>107,903</u>	<u>-</u>	<u>(57,146,704)</u>
Total Dep/Amort - Net	<u>94,308,453</u>	<u>(2,704,057)</u>	<u>(1,845)</u>	<u>6,243,891</u>	<u>97,846,442</u>
<b>Total Capital Assets - Net</b>	<u>\$ 241,332,954</u>	<u>\$ 1,469,593</u>	<u>\$ (1,845)</u>	<u>\$ -</u>	<u>\$ 242,800,702</u>

Depreciation and amortization expense was charged to functions and programs based on their usage of the related assets. Depreciation and amortization expense for the year ended June 30, 2024 was \$3,193,801.

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The District's capital assets consisted of the following as of June 30, 2023:

Description	Beginning Balance	Additions	Deletions	Transfers/ Adjustments	Ending Balance
<b>Non-depreciable:</b>					
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 Non-Depreciable	<u>153,275,899</u>	<u>8,279,213</u>	<u>-</u>	<u>(14,530,611)</u>	<u>147,024,501</u>
<b>Depreciable/Amortizable:</b>					
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
Subscription assets	-	191,589	-	-	191,589
Lease assets:					
Buildings and improvements	-	318,315	-	-	318,315
Equipment	76,482	-	-	-	76,482
Total Depreciable/Amortizable	<u>131,393,748</u>	<u>4,352,964</u>	<u>(1,908,064)</u>	<u>14,530,611</u>	<u>148,369,259</u>
<b>Less Accumulated Depreciation/Amortization:</b>					
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)
Subscription assets	-	(13,230)	-	-	(13,230)
Lease assets					
Equipment	(22,413)	(15,296)	-	-	(37,709)
Total Accumulated Dep/Amort	<u>(53,135,969)</u>	<u>(2,763,165)</u>	<u>1,838,328</u>	<u>-</u>	<u>(54,060,806)</u>
Total Dep/Amort - Net	<u>78,257,779</u>	<u>1,589,799</u>	<u>(69,736)</u>	<u>14,530,611</u>	<u>94,308,453</u>
<b>Total Capital Assets - Net</b>	<u>\$ 231,533,678</u>	<u>\$ 9,869,012</u>	<u>\$ (69,736)</u>	<u>\$ -</u>	<u>\$ 241,332,954</u>

Depreciation and amortization expense for the year ended June 30, 2023 was \$2,763,165.

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**NOTE 6 - LONG-TERM LIABILITIES**

The District's changes in long-term liabilities consisted of the following as of June 30, 2024:

Long-term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Long-term Debt:</b>					
2015 Series A Bonds - Publicly offered	\$ 22,795,000	\$ -	\$ (1,190,000)	\$ 21,605,000	\$ 1,235,000
Unamortized premiums	1,908,545	-	(136,324)	1,772,221	-
Total 2015 Series A Bonds	24,703,545	-	(1,326,324)	23,377,221	1,235,000
2019 Series Revenue Bonds - Publicly offered	16,605,000	-	(355,000)	16,250,000	365,000
Unamortized premiums	1,754,708	-	(67,489)	1,687,219	-
Total 2019 Series Revenue Bonds	18,359,708	-	(422,489)	17,937,219	365,000
CWSRF Loan - Transmission	3,912,925	-	(103,971)	3,808,954	105,816
WRFP Prop 1 Loan - Transmission	1,147,643	-	(31,128)	1,116,515	32,124
CWSRF Loan - Distribution	3,831,930	1,048,708	(130,129)	4,750,509	126,196
WRFP Prop 1 Loan - Distribution	90,307	1,930,705	(30,535)	1,990,477	52,877
Santa Cruz Cnty Bank Inst. Loan (Pvt Placement)	2,261,614	-	(108,888)	2,152,726	115,240
Total Long-Term Debt	54,307,672	2,979,413	(2,153,464)	55,133,621	2,032,253
Lease payable	291,623	-	(95,745)	195,878	96,315
Subscription payable	162,008	-	(52,976)	109,032	52,353
Net Pension Liabilities	4,832,291	2,299,066	(1,925,633)	5,205,724	-
Total OPEB Liability	2,033,377	971,625	(1,875,146)	1,129,856	-
Compensated absences	616,770	498,268	(434,065)	680,973	98,777
Total Long-term Liabilities	<u>\$ 62,243,741</u>	<u>\$ 6,748,372</u>	<u>\$ (6,537,029)</u>	<u>\$ 62,455,084</u>	<u>\$ 2,279,698</u>

The District's changes in long-term liabilities consisted of the following as of June 30, 2023:

Long-term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Long-term Debt:</b>					
2015 Series A Bonds - Publicly offered	\$ 23,925,000	\$ -	\$ (1,130,000)	\$ 22,795,000	\$ 1,190,000
Unamortized premiums	2,044,870	-	(136,325)	1,908,545	-
Total 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
Unamortized premiums	1,822,196	-	(67,488)	1,754,708	-
Total 2019 Series Revenue Bonds	18,767,196	-	(407,488)	18,359,708	355,000
CWSRF Loan - Transmission	4,932,096	(917,255)	(101,916)	3,912,925	103,620
WRFP Prop 1 Loan - Transmission	-	1,202,383	(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 Cnty Bank Inst. Loan (Pvt Placement)	2,364,501	-	(102,887)	2,261,614	108,888
Total Long-Term Debt	53,264,269	2,976,759	(1,933,356)	54,307,672	1,888,819
Lease payable	55,160	251,556	(15,093)	291,623	95,746
Subscription payable	-	186,189	(24,181)	162,008	52,976
Net Pension Liabilities	1,656,097	4,161,420	(985,226)	4,832,291	-
Total OPEB Liability	1,533,102	548,189	(47,914)	2,033,377	-
Compensated absences	613,757	419,225	(416,212)	616,770	91,035
Total Long-term Liabilities	<u>\$ 57,122,385</u>	<u>\$ 8,543,338</u>	<u>\$ (3,421,982)</u>	<u>\$ 62,243,741</u>	<u>\$ 2,128,576</u>

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*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.

The future debt service requirements were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
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	1,500,000	748,400	2,248,400
2030 - 2034	8,645,000	2,605,563	11,250,563
2035 - 2037	6,130,000	623,000	6,753,000
Total Debt Service	<u>\$ 21,605,000</u>	<u>\$ 7,653,063</u>	<u>\$ 29,258,063</u>

*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.

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The future debt service requirements were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
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	445,000	559,900	1,004,900
2030 - 2034	2,580,000	2,447,650	5,027,650
2035 - 2039	3,175,000	1,854,500	5,029,500
2040 - 2044	3,860,000	1,166,700	5,026,700
2045 - 2049	4,610,000	422,850	5,032,850
Total Debt Service	<u>\$ 16,250,000</u>	<u>\$ 8,893,700</u>	<u>\$ 25,143,700</u>

*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, 2024, a total of \$7,595,158

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has been received by the District of which, \$2,655,747 are grant funds and \$4,939,411 are loan proceeds.

The future principal and interest payments on the CWSRF Loan - Transmission were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 105,816	\$ 68,562	\$ 174,378
2026	107,721	66,657	174,378
2027	109,660	64,718	174,378
2028	111,634	62,744	174,378
2029	113,643	60,734	174,377
2030 - 2034	599,647	272,241	871,888
2035 - 2039	655,593	216,295	871,888
2039 - 2043	716,759	155,129	871,888
2044 - 2048	783,632	88,256	871,888
2049 - 2052	504,849	18,280	523,129
Total Debt Service	<u>\$ 3,808,954</u>	<u>\$ 1,073,616</u>	<u>\$ 4,882,570</u>

The future principal and interest payments on the WRF Prop 1 Loan – Transmission were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 32,124	\$ 20,097	\$ 52,221
2026	32,702	19,519	52,221
2027	33,291	18,930	52,221
2028	33,890	18,331	52,221
2029	34,500	17,721	52,221
2030 - 2034	182,042	79,064	261,106
2035 - 2039	199,026	62,080	261,106
2040 - 2044	217,595	43,511	261,106
2045 - 2049	237,897	23,209	261,106
2050 - 2052	113,448	3,401	116,849
Total Debt Service	<u>\$ 1,116,515</u>	<u>\$ 305,863</u>	<u>\$ 1,422,378</u>

*State Revolving Fund (SRF) Loan Agreement 120 – Distribution*

On June 27, 2018, the District entered into a second construction installment sale agreement and grant (“2<sup>nd</sup> 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.

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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.

As of June 30, 2024, a total of \$10,600,429 has been received by the District of which, \$3,698,779 are grant funds and \$6,901,650 are loan proceeds.

The future principal and interest payments on the CWSRF Loan – Distribution were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 126,196	\$ 85,509	\$ 211,705
2026	128,468	83,237	211,705
2027	130,780	80,925	211,705
2028	133,134	78,571	211,705
2029	135,531	76,174	211,705
2030 - 2034	715,137	343,390	1,058,527
2035 - 2039	781,858	276,669	1,058,527
2040 - 2044	854,804	203,723	1,058,527
2045 - 2049	934,557	123,970	1,058,527
2050 - 2053	810,044	36,779	846,823
<b>Total Debt Service</b>	<b>\$ 4,750,509</b>	<b>\$ 1,388,947</b>	<b>\$ 6,139,456</b>

The future principal and interest payments on the WRFPP Prop 1 Loan – Distribution were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 52,877	\$ 35,828	\$ 88,705
2026	53,828	34,877	88,705
2027	54,797	33,908	88,705
2028	55,784	32,921	88,705
2029	56,788	31,917	88,705
2030 - 2034	299,644	143,881	443,525
2035 - 2039	327,601	115,924	443,525
2040 - 2044	358,165	85,360	443,525
2045 - 2049	391,582	51,943	443,525
2050 - 2053	339,411	15,414	354,825
<b>Total Debt Service</b>	<b>\$ 1,990,477</b>	<b>\$ 581,973</b>	<b>\$ 2,572,450</b>

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



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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.

*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 plus 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% - 7% 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.

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The future principal and interest payments were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 115,240	\$ 122,149	\$ 237,389
2026	121,961	115,427	237,388
2027	129,075	108,314	237,389
2028	136,603	100,785	237,388
2029	144,571	92,817	237,388
2030 - 2034	859,615	327,325	1,186,941
2035 - 2037	645,661	66,503	712,164
Total Debt Service	<u>\$ 2,152,726</u>	<u>\$ 933,321</u>	<u>\$ 3,086,047</u>

*Lease Payable*

The District entered into leases for the use of equipment and office space. The terms of the agreements are for 3 to 5 years. The calculated interest rate ranges were from 2% to 3%.

The future principal and interest payments were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 96,315	\$ 4,250	\$ 100,565
2026	94,987	1,556	96,543
2027	4,576	59	4,635
Total Debt Service	<u>\$ 195,878</u>	<u>\$ 5,865</u>	<u>\$ 201,743</u>

*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%.

The future principal and interest payments were as follows as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 52,353	\$ 2,556	\$ 54,909
2026	56,679	1,329	58,008
Total Debt Service	<u>\$ 109,032</u>	<u>\$ 3,885</u>	<u>\$ 112,917</u>

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**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plans*

**Plan Description** - The District provides benefits to eligible employees through cost-sharing multiple employers defined benefit pension plans (the Plans) administered by the California Public Employees' Retirement System (CalPERS). Members of the Plans include all permanent employees working full-time. Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or from CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for employees affected by the California Public Employee's Pension Reform Act) with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024 and 2023, are summarized as follows:

	2024		2023	
	Tier 1	PEPRA	Tier 1	PEPRA
Benefit formula	2% @ 60	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50 to 63+	52 to 67+	50 to 63+	52 to 67+
Monthly benefits as a				
% of eligible compensation	1.1% to 2.4%	1% to 2.5%	1.1% to 2.4%	1% to 2.5%
Required employee contribution rates	7%	7.75%	7%	6.75%
Required employer contribution rates	10.66%	7.68%	9.12%	7.47%

**Employees Covered** - The following employees were covered by the benefit terms for the Plan:

	2024	2023
Active	41	40
Transferred	13	8
Separated	33	29
Retired	17	18
Total	104	95

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding

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

The contributions recognized as part of pension expense for the Plan were as follows:

	2024	2023
Contributions - employer	\$ 810,311	\$ 733,319
Contributions - employee	390,312	328,125
Total	\$ 1,200,623	\$ 1,061,444

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

The District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	2024	2023
Proportionate Share of NPL	\$ 5,205,724	\$ 4,832,291

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 is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan was as follows:

	2024	2023
Beginning Proportion	0.10327%	0.08722%
Ending Proportion	0.10411%	0.10327%
Change - Increase/(Decrease)	-0.00084%	-0.01605%

For the year ended June 30, 2024 and 2023, the District recognized a pension expense of \$1,218,359 and \$933,485.

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The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 314,319	\$ -	\$ 495,169	\$ -
Differences between Expected and Actual Experience	265,959	41,257	97,042	64,994
Differences between Projected and Actual Investment Earnings	842,923	-	885,147	-
Differences between Employer's Contributions and Proportionate Share of Contributions	24,490	135,094	-	274,456
Change in Employer's Proportion	338,988	-	584,029	-
Pension Contributions Made Subsequent to Measurement Date	810,311	-	733,319	-
<b>Total</b>	<u>\$ 2,596,991</u>	<u>\$ 176,351</u>	<u>\$ 2,794,706</u>	<u>\$ 339,450</u>

The District reported \$810,311 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the year ended June 30, 2025.

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

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources	
	2024	2023
2024		\$ 497,740
2025	\$ 564,039	436,783
2026	372,116	246,027
2027	650,341	541,387
2028	23,834	-
2029	-	-
Thereafter	-	-
<b>Total</b>	<u>\$ 1,610,329</u>	<u>\$ 1,721,937</u>

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**Actuarial Assumptions** - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability was 6.9 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap 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%
<b>Total</b>	<b>100.00%</b>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate 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:

	2024	2023
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 8,186,274	7,806,885
Current	6.90%	6.90%
Net Pension Liability	\$ 5,205,724	4,832,291
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 2,753,263	2,384,939

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

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**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS**

*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.

*Benefits Provided*

Retirees are eligible for medical benefits if they retire at age 63+ and have 20+ years of District service. The District pays for 50% for single party premiums for retirees with a retirement date of June 30, 2019 or earlier and 75% of single party premiums 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 retires with at least 3 years of District Service. The Plan is open and may only be changed through negotiations between employee groups and the District. There are no automatic increases in benefits offered other than due to changes in premium rates.

*Employees Covered by Benefit Terms*

The benefit terms covered the following employees:

	2024	2023
Active employees	41	39
Inactive employees	5	6
<b>Total employees</b>	46	45

*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, 2024, the District paid \$21,239 in pay-as-you-go premiums and the estimated implicit subsidy was \$14,944 resulting in total payments of \$36,183. 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. There are no assets accumulated in a GASB compliant trust for the District’s OPEB plan.



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*Actuarial Assumptions*

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

	<u>2024</u>	<u>2023</u>
Valuation Date:	June 30, 2023	June 30, 2022
Measurement Date:	June 30, 2023	June 30, 2022
Actuarial Cost Method:	Entry-Age Normal	Entry-Age Normal
Amortization Period:	20 years	20 years
Actuarial Assumptions:		
Discount Rate	3.86%	3.69%
Inflation	2.30%	2.30%
Payroll Increases	2.80%	2.80%
Trend Rate Pre-Medicare	7.40%	6.50%
Trend Rate Medicare	4.20%	5.50%
Mortality	CalPERS Tables	CalPERS Tables

*Discount Rate*

The discount rate used to measure the total OPEB liability at June 30, 2023 and 2022 was 3.86% and 3.69%, respectively. 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.

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2023 (measurement date), and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023 (valuation date) for the fiscal year ended June 30, 2024 (reporting date). The following summarizes the changes in the Total OPEB liability:

	<u>2024</u>	<u>2023</u>
<b>Beginning Total OPEB Liability</b>	\$ 2,033,377	\$ 1,533,102
Service cost	136,514	95,579
Interest in Total OPEB Liability	79,360	59,277
Employer implicit subsidy	(15,885)	(14,953)
Balance of diff between actual/exp experience	(752,603)	(3,424)
Balance of changes in assumptions	(328,293)	393,333
Benefit payments	(22,614)	(29,537)
<b>Net changes</b>	<u>(903,521)</u>	<u>500,275</u>
<b>Ending Total OPEB Liability</b>	<u>\$ 1,129,856</u>	<u>\$ 2,033,377</u>

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For the Years Ended June 30, 2024 and June 30, 2023

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*Deferred Inflows and Outflows of Resources*

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>		<u>2023</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 1,267,033	\$ -	\$ 651,056
Change in assumptions	465,153	479,240	519,344	204,125
OPEB contribution subsequent to measurement date	36,183	-	38,499	-
<b>Totals</b>	<u>\$ 501,336</u>	<u>\$ 1,746,273</u>	<u>\$ 557,843</u>	<u>\$ 855,181</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$36,183 resulted from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the Total OPEB liability in the year ended June 30, 2025.

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

Year Ended June 30,	<u>2024</u>	<u>2023</u>
2025	\$ (135,612)	\$ (56,714)
2026	(135,612)	(56,714)
2027	(135,612)	(56,714)
2028	(135,612)	(56,714)
2029	(135,027)	(56,714)
Thereafter	(603,644)	(52,267)
<b>Total</b>	<u>\$ (1,281,119)</u>	<u>\$ (335,837)</u>

*OPEB Expense*

The following summarizes the OPEB expense by source during the year ended June 30, 2024:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 136,514	\$ 95,579
Interest in TOL	79,360	59,277
Difference between actual and expected experience	(136,627)	(81,691)
Change in assumptions	1,014	24,977
<b>OPEB Expense</b>	<u>\$ 80,261</u>	<u>\$ 98,142</u>

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The following summarizes changes in the Total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024:

	<u>2024</u>	<u>2023</u>
Net OPEB liability ending	\$ 1,129,856	\$ 2,033,377
Net OPEB liability beginning	(2,033,377)	(1,533,102)
Change in net OPEB liability	(903,521)	500,275
Changes in deferred outflows	891,092	(107,481)
Changes in deferred inflows	56,507	(333,151)
Employer contributions and implicit subsidy	36,183	38,499
<b>OPEB Expense</b>	<b><u>\$ 80,261</u></b>	<b><u>\$ 98,142</u></b>

*Sensitivity to Changes in the Discount Rate*

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, is as follows:

	<u>2024</u>	<u>2023</u>
1% Decrease	\$ 1,339,618	\$ 2,432,308
Discount Rate 3.86%	\$ 1,129,856	\$ 2,033,377
1% Increase	\$ 960,513	\$ 1,713,107

*Sensitivity to Changes in the Healthcare Cost Trend Rates*

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, is as follows

	<u>2024</u>	<u>2023</u>
1% Decrease	\$ 926,308	\$ 1,641,424
Trend Rate 7.4%	\$ 1,129,856	\$ 2,033,377
1% Increase	\$ 1,399,003	\$ 2,553,591

**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.

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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 sublimit 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Marina Coast Water District**  
Schedule of Contributions for Pension Plans  
June 30, 2024

**Miscellaneous Plan**

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 227,120	\$ 216,963	\$ 242,478	\$ 257,161	\$ 305,381
Contributions in Relation to					
Contractually Required Contributions	227,120	216,963	242,478	257,161	305,381
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	<b>\$ 2,722,805</b>	<b>\$ 3,046,005</b>	<b>\$ 3,230,862</b>	<b>\$ 3,444,211</b>	<b>\$ 3,894,712</b>
<b>Contributions as a % of Covered Payroll</b>	<b>8.34%</b>	<b>7.12%</b>	<b>7.51%</b>	<b>7.47%</b>	<b>7.84%</b>

**Miscellaneous Plan**

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 525,416	\$ 592,479	\$ 645,776	\$ 733,319	\$ 810,311
Contributions in Relation to					
Contractually Required Contributions	525,416	592,479	645,776	733,319	810,311
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	<b>\$ 4,186,505</b>	<b>\$ 4,178,492</b>	<b>\$ 4,161,854</b>	<b>\$ 4,763,777</b>	<b>\$ 5,330,738</b>
<b>Contributions as a % of Covered Payroll</b>	<b>12.55%</b>	<b>14.18%</b>	<b>15.52%</b>	<b>15.39%</b>	<b>15.20%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
Remaining Amortization Period no more than 29 years  
Inflation Assumed at 2.30%  
Investment Rate of Returns set at 6.8%

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.5% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.

**Marina Coast Water District**  
Schedule of Proportionate Share of the Net Pension Liability  
June 30, 2024

**Miscellaneous Plan**

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Proportion of Net Pension Liability	0.03046%	0.02383%	0.02802%	0.02991%	0.03003%
Proportionate Share of Net Pension Liability	\$ 1,895,347	\$ 1,635,836	\$ 2,424,531	\$ 2,965,935	\$ 2,893,601
Covered Payroll	\$ 2,714,872	\$ 2,722,805	\$ 3,046,005	\$ 3,230,862	\$ 3,444,211
Proportionate Share of NPL as a % of Covered Payroll	69.81%	60.08%	79.60%	91.80%	84.01%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	86.23%	81.01%	79.94%	81.79%

**Miscellaneous Plan**

Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Proportion of Net Pension Liability	0.03331%	0.03526%	0.03062%	0.04184%	0.04173%
Proportion of Net Pension Liability (Misc Plan Only)	0.08525%	0.09096%	0.08722%	0.10327%	0.10411%
Proportionate Share of Net Pension Liability	\$ 3,413,789	\$ 3,836,821	\$ 1,656,097	\$ 4,832,291	\$ 5,205,724
Covered Payroll	\$ 3,894,712	\$ 4,186,505	\$ 4,178,492	\$ 4,161,854	\$ 4,763,777
Proportionate Share of NPL as a % of Covered Payroll	87.65%	91.65%	39.63%	116.11%	109.28%
Plan's Fiduciary Net Position as a % of the TPL	80.31%	80.38%	91.86%	77.85%	76.37%

The CalPERS discount rate was increased from 7.5% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.9% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.



**Marina Coast Water District**  
**Schedule of Changes in the Total OPEB Liability**  
**June 30, 2024**

Fiscal Year Ended Measurement Period (FYE)	2018 2017	2019 2018	2020 2019	2021 2020	2022 2021	2023 2022	2024 2023
<b>Total OPEB liability</b>							
Service cost	\$ 129,003	\$ 132,712	\$ 134,969	\$ 124,636	\$ 150,737	\$ 95,579	\$ 136,514
Interest	75,849	83,597	90,006	69,051	63,257	59,277	79,360
Changes of benefit terms	-	-	-	-	(387,188)	-	-
Diff. between expected/act experience	-	-	(265,724)	(4,741)	(592,836)	(3,424)	(752,603)
Changes of assumptions	-	(31,095)	(173,828)	224,158	(100,356)	393,333	(328,293)
Benefit payments	(20,082)	(20,896)	(24,432)	(26,247)	(29,533)	(29,537)	(22,614)
Implicit subsidy fulfilled	(14,526)	(15,034)	(22,710)	(37,201)	(33,865)	(14,953)	(15,885)
Net change in Total OPEB Liability	170,244	149,284	(261,719)	349,656	(929,784)	500,275	(903,521)
Total OPEB Liability - beginning	2,055,421	2,225,665	2,374,949	2,113,230	2,462,886	1,533,102	2,033,377
Total OPEB Liability - ending	<u>\$ 2,225,665</u>	<u>\$ 2,374,949</u>	<u>\$ 2,113,230</u>	<u>\$ 2,462,886</u>	<u>\$ 1,533,102</u>	<u>\$ 2,033,377</u>	<u>\$ 1,129,856</u>
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 3,235,398	\$ 3,162,056	\$ 3,616,988	\$ 3,716,265	\$ 3,361,265	\$ 3,569,242	\$ 4,458,879
TOL as a % of covered emp. payroll	68.79%	75.11%	58.43%	66.27%	45.61%	56.97%	25.34%

*Other Notes*

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

GASB 75 was adopted as of June 30, 2018.

The discount rate changed from 3.69% to 3.86% in FY2024.

No assets have been accumulated in a trust to pay the benefits for this plan.

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## **SUPPLEMENTARY INFORMATION**

**Marina Coast Water District**  
**Combining Schedule of Net Position**  
**June 30, 2024**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 8,213,072	\$ 3,357,570	\$ 1,116,674	\$ 7,122,466
Accounts receivable - net	617,337	185,892	5,407,851	1,779,043
Interest receivable	67,550	6,131	88,611	35,011
Other receivables	40,793	3,131	746,448	401,733
Inventories	158,376	4,196	360,549	10,141
Prepaid items	23,784	4,600	48,447	11,026
Deposits	3,492	3,492	3,492	3,492
Leases receivable, current	50,475	14,421	90,134	25,237
Due from other funds	5,000,000	3,554,796	-	11,713,557
Total current assets	<u>14,174,879</u>	<u>7,134,229</u>	<u>7,862,206</u>	<u>21,101,706</u>
Noncurrent assets:				
Restricted cash and investments	940,603	69,819	8,430,776	3,825,645
Leases receivable, noncurrent	728,752	208,215	1,301,342	364,376
Capital assets - net	17,353,947	5,486,302	126,066,358	50,791,451
Total noncurrent assets	<u>19,023,302</u>	<u>5,764,336</u>	<u>135,798,476</u>	<u>54,981,472</u>
<b>TOTAL ASSETS</b>	<u>\$ 33,198,181</u>	<u>\$ 12,898,565</u>	<u>\$ 143,660,682</u>	<u>\$ 76,083,178</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension adjustments	\$ 695,936	\$ 154,903	\$ 1,427,176	\$ 313,620
OPEB adjustments	135,361	25,067	275,735	60,160
<b>TOTAL DEFERRED OUTFLOWS OF RES.</b>	<u>\$ 831,297</u>	<u>\$ 179,970</u>	<u>\$ 1,702,911</u>	<u>\$ 373,780</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 255,810	\$ 43,729	\$ 596,706	\$ 209,292
Accrued liabilities	153	-	128,513	-
Accrued payroll liabilities	284,577	-	-	-
Interest payable	36,128	13,978	83,259	40,457
Customer Deposits	255,577	57,920	1,228,701	396,015
Due to other funds	-	-	9,546,348	-
Current portion of long-term liabilities	265,203	114,903	835,815	363,101
Compensated absences, current	26,691	4,922	54,371	11,808
Total current liabilities	<u>1,124,139</u>	<u>235,452</u>	<u>12,473,713</u>	<u>1,020,673</u>
Noncurrent liabilities:				
Long-term liabilities	6,951,866	3,035,144	16,654,701	10,172,885
Net pension liability	1,447,317	346,545	2,787,916	612,879
Total OPEB liability	278,939	104,871	578,046	177,035
Compensated absences	160,152	26,644	326,128	63,942
Total noncurrent liabilities	<u>8,838,274</u>	<u>3,513,204</u>	<u>20,346,791</u>	<u>11,026,741</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 9,962,413</u>	<u>\$ 3,748,656</u>	<u>\$ 32,820,504</u>	<u>\$ 12,047,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension adjustments	\$ 43,480	\$ 22,989	\$ 93,037	\$ 18,475
OPEB Adjustments	471,493	87,314	960,450	209,553
Debt refunding gains	43,289	23,770	248,673	97,671
Leases	655,891	187,397	1,171,233	327,945
<b>TOTAL DEFERRED INFLOWS OF RES.</b>	<u>\$ 1,214,153</u>	<u>\$ 321,470</u>	<u>\$ 2,473,393</u>	<u>\$ 653,644</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 10,243,517	\$ 2,312,485	\$ 109,689,199	\$ 40,157,794
Restricted for capacity fees	785,699	69,241	7,056,955	3,823,694
Restricted for debt service	1,189	577	3,740	1,952
Unrestricted (deficit)	11,822,507	6,626,106	(6,680,198)	19,772,460
<b>TOTAL NET POSITION</b>	<u>\$ 22,852,912</u>	<u>\$ 9,008,409</u>	<u>\$ 110,069,696</u>	<u>\$ 63,755,900</u>

Continued

**Marina Coast Water District**  
**Combining Schedule of Net Position**  
**June 30, 2024**

	Recycled Water Fund	Groundwater Sustainability Agency Fund	Interfund Eliminations	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 14,420	\$ 1,134,804	\$ -	\$ 20,959,006
Accounts receivable - net	238,149	-	-	8,228,272
Interest receivable	61,124	-	-	258,427
Other receivables	2,177	657,153	-	1,851,435
Inventories	546	-	-	533,808
Prepaid items	880	-	-	88,737
Deposits	1,794	-	-	15,762
Leases receivable, current	-	-	-	180,267
Due from other funds	-	-	(20,268,353)	-
Total current assets	319,090	1,791,957	(20,268,353)	32,115,714
Noncurrent assets:				
Restricted cash and investments	7,871,640	-	-	21,138,483
Leases receivable, noncurrent	-	-	-	2,602,685
Capital assets - net	43,048,253	54,391	-	242,800,702
Total noncurrent assets	50,919,893	54,391	-	266,541,870
<b>TOTAL ASSETS</b>	<b>\$ 51,238,983</b>	<b>\$ 1,846,348</b>	<b>\$ (20,268,353)</b>	<b>\$ 298,657,584</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension adjustments	\$ 5,356	\$ -	\$ -	\$ 2,596,991
OPEB adjustments	5,013	-	-	501,336
<b>TOTAL DEFERRED OUTFLOWS OF RES.</b>	<b>\$ 10,369</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,098,327</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 238,331	\$ 608,201	\$ -	\$ 1,952,069
Accrued liabilities	2,980,740	-	-	3,109,406
Accrued payroll liabilities	-	-	-	284,577
Interest payable	71,950	-	-	245,772
Customer Deposits	5,736	-	-	1,943,949
Due to other funds	10,722,005	-	(20,268,353)	-
Current portion of long-term liabilities	601,899	-	-	2,180,921
Compensated absences, current	985	-	-	98,777
Total current liabilities	14,621,646	608,201	(20,268,353)	9,815,471
Noncurrent liabilities:				
Long-term liabilities	16,443,014	-	-	53,257,610
Net pension liability	11,067	-	-	5,205,724
Total OPEB liability	(9,035)	-	-	1,129,856
Compensated absences	5,330	-	-	582,196
Total noncurrent liabilities	16,450,376	-	-	60,175,386
<b>TOTAL LIABILITIES</b>	<b>\$ 31,072,022</b>	<b>\$ 608,201</b>	<b>\$ (20,268,353)</b>	<b>\$ 69,990,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension adjustments	\$ (1,630)	\$ -	\$ -	\$ 176,351
OPEB Adjustments	17,463	-	-	1,746,273
Debt refunding gains	41,284	-	-	454,687
Leases	-	-	-	2,342,466
<b>TOTAL DEFERRED INFLOWS OF RES.</b>	<b>\$ 57,117</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,719,777</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 25,962,056	\$ 54,391	\$ -	\$ 188,419,442
Restricted for capacity fees	7,299,079	-	-	19,034,668
Restricted for debt service	572,562	-	-	580,020
Unrestricted (deficit)	(13,713,484)	1,183,756	-	19,011,147
<b>TOTAL NET POSITION</b>	<b>\$ 20,120,213</b>	<b>\$ 1,238,147</b>	<b>\$ -</b>	<b>\$ 227,045,277</b>

**Concluded**

**Marina Coast Water District**  
**Combining Schedule of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund
<b>OPERATING REVENUES</b>				
Water services	\$ 4,444,114	\$ -	\$ 9,712,860	\$ -
Wastewater services	-	1,625,640	-	3,954,721
Other services and fees	140,205	15,298	766,618	31,472
<b>Total operating revenues</b>	<b>4,584,319</b>	<b>1,640,938</b>	<b>10,479,478</b>	<b>3,986,193</b>
<b>OPERATING EXPENSES</b>				
Administrative	2,685,710	244,078	5,655,709	579,891
Operations and maintenance	1,577,797	546,138	2,641,272	1,036,755
Laboratory	78,912	-	143,108	-
Conservation	137,360	-	278,570	-
Engineering	509,538	109,605	1,367,070	510,759
Water resources	119,459	-	226,495	-
Depreciation and amortization	375,421	198,709	1,140,187	677,428
<b>Total operating expenses</b>	<b>5,484,197</b>	<b>1,098,530</b>	<b>11,452,411</b>	<b>2,804,833</b>
<b>Operating income (loss)</b>	<b>(899,878)</b>	<b>542,408</b>	<b>(972,933)</b>	<b>1,181,360</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Lease revenue	57,191	16,341	102,128	28,596
Gain (loss) on sales of assets	3,335	792	7,020	1,567
Contributions to other agencies	-	-	-	-
Investment income	361,361	63,668	645,262	426,019
Interest expense	(259,967)	(113,240)	(654,982)	(369,120)
<b>Total nonoperating revenues(expenses)</b>	<b>161,920</b>	<b>(32,439)</b>	<b>99,428</b>	<b>87,062</b>
<b>Income (loss) before capital contributions</b>	<b>(737,958)</b>	<b>509,969</b>	<b>(873,505)</b>	<b>1,268,422</b>
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	29,998	-	44,998	-
Developer capacity and connection fees	221,277	106,110	8,052,123	2,786,684
<b>Total capital contributions</b>	<b>251,275</b>	<b>106,110</b>	<b>8,097,121</b>	<b>2,786,684</b>
Change in net position	(486,683)	616,079	7,223,616	4,055,106
Total net position - beginning	23,339,595	8,392,330	102,846,080	59,700,794
Total net position - ending	<b>\$ 22,852,912</b>	<b>\$ 9,008,409</b>	<b>\$ 110,069,696</b>	<b>\$ 63,755,900</b>

**Continued**

**Marina Coast Water District**  
**Combining Schedule of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

	Recycled Water Fund	Groundwater Sustainability Agency Fund	Total
<b>OPERATING REVENUES</b>			
Water services	\$ 1,166,103	\$ -	\$ 15,323,077
Wastewater services	-	-	5,580,361
Other services and fees	79	874,968	1,828,640
<b>Total operating revenues</b>	<b>1,166,182</b>	<b>874,968</b>	<b>22,732,078</b>
<b>OPERATING EXPENSES</b>			
Administrative	63,644	737	9,229,769
Operations and maintenance	26,132	-	5,828,094
Laboratory	1,130	-	223,150
Conservation	-	-	415,930
Engineering	75,672	-	2,572,644
Water resources	-	695,987	1,041,941
Depreciation and amortization	802,056	-	3,193,801
<b>Total operating expenses</b>	<b>968,634</b>	<b>696,724</b>	<b>22,505,329</b>
<b>Operating income (loss)</b>	<b>197,548</b>	<b>178,244</b>	<b>226,749</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Lease revenue	-	-	204,256
Gain (loss) on sales of assets	-	-	12,714
Contributions to other agencies	(2,118,577)	-	(2,118,577)
Investment income	374,904	-	1,871,214
Interest expense	(396,743)	-	(1,794,052)
<b>Total nonoperating revenues(expenses)</b>	<b>(2,140,416)</b>	<b>-</b>	<b>(1,824,445)</b>
<b>Income (loss) before capital contributions</b>	<b>(1,942,868)</b>	<b>178,244</b>	<b>(1,597,696)</b>
<b>CAPITAL CONTRIBUTIONS</b>			
Grants	35,451	395,430	505,877
Developer capacity and connection fees	6,678	-	11,172,872
<b>Total capital contributions</b>	<b>42,129</b>	<b>395,430</b>	<b>11,678,749</b>
Change in net position	(1,900,739)	573,674	10,081,053
Total net position - beginning	22,020,952	664,473	216,964,224
Total net position - ending	<b>\$ 20,120,213</b>	<b>\$ 1,238,147</b>	<b>\$ 227,045,277</b>
			<b>Concluded</b>

**Marina Coast Water District**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund
<b>Cash flows from operating activities:</b>				
Received from customers and users	\$ 4,589,291	\$ 1,644,409	\$ 7,480,396	\$ 2,737,695
Paid to suppliers	(2,881,840)	(242,019)	(6,282,328)	(989,382)
Paid to employees	(2,114,803)	(645,646)	(3,944,872)	(1,083,500)
Net cash provided (used) by operating activities	(407,352)	756,744	(2,746,804)	664,813
<b>Cash flows from noncapital financing activities:</b>				
Due from other funds	3,149,982	550,204	-	(118,557)
Due to other funds	-	-	(2,429,628)	-
Net cash provided (used) by noncapital financing activities	3,149,982	550,204	(2,429,628)	(118,557)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(1,077,048)	(137,054)	(2,682,815)	(1,012,392)
Proceeds from insurance claim on stolen property	150	-	-	-
Sale of capital assets	3,185	792	7,020	1,567
Lease receipts	48,989	13,998	87,484	24,495
Grant receipts	29,998	-	44,998	-
Payments to other agencies	-	-	-	-
Developer cont., capacity and connection receipts	253,165	73,872	8,430,710	2,570,152
Issuance of long-term liabilities	-	-	-	-
Principal paid on long-term liabilities	(253,866)	(109,318)	(789,188)	(343,916)
Interest paid on long-term liabilities	(292,975)	(129,131)	(761,717)	(424,105)
Net cash provided (used) by capital and related financing activities	(1,288,402)	(286,841)	4,336,492	815,801
<b>Cash flows from investing activities:</b>				
Investment income (loss)	338,304	63,156	640,058	408,187
Net cash provided (used) by investing activities	338,304	63,156	640,058	408,187
Net increase (decrease) in cash and cash equivalents	1,792,532	1,083,263	(199,882)	1,770,244
Cash and cash equivalents - beginning	7,361,143	2,344,126	9,747,332	9,177,867
Cash and cash equivalents - ending	\$ 9,153,675	\$ 3,427,389	\$ 9,547,450	\$ 10,948,111
<b>Reconciliation to the Statement of Net Position</b>				
Cash and investments	\$ 8,213,072	\$ 3,357,570	\$ 1,116,674	\$ 7,122,466
Restricted cash and investments	940,603	69,819	8,430,776	3,825,645
Total cash and cash equivalents	\$ 9,153,675	\$ 3,427,389	\$ 9,547,450	\$ 10,948,111

Continued



**Marina Coast Water District**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

	Recycled Water Fund	Groundwater Sustainability Agency Fund	Interfund Eliminations	Total
<b>Cash flows from operating activities:</b>				
Received from customers and users	\$ 1,180,926	\$ 874,968	\$ -	\$ 18,507,685
Paid to suppliers	(327,564)	(278,689)	-	(11,001,822)
Paid to employees	(41,992)	-	-	(7,830,813)
Net cash provided (used) by operating activities	811,370	596,279	-	(324,950)
<b>Cash flows from noncapital financing activities:</b>				
Due from other funds	-	807,000	(4,388,629)	-
Due to other funds	(1,959,001)	-	4,388,629	-
Net cash provided (used) by noncapital financing activities	(1,959,001)	807,000	-	-
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(16,492)	(10,332)	-	(4,936,133)
Proceeds from insurance claim on stolen property	-	-	-	150
Sale of capital assets	-	-	-	12,564
Lease receipts	-	-	-	174,966
Grant receipts	80,823	-	-	155,819
Payments to other agencies	(1,230,297)	(261,723)	-	(1,492,020)
Developer cont., capacity and connection receipts	(1,351)	-	-	11,326,548
Issuance of long-term liabilities	2,979,413	-	-	2,979,413
Principal paid on long-term liabilities	(567,104)	-	-	(2,063,392)
Interest paid on long-term liabilities	(420,111)	-	-	(2,028,039)
Net cash provided (used) by capital and related financing activities	824,881	(272,055)	-	4,129,876
<b>Cash flows from investing activities:</b>				
Investment income (loss)	333,456	-	-	1,783,161
Net cash provided (used) by investing activities	333,456	-	-	1,783,161
Net increase (decrease) in cash and cash equivalents	10,706	1,131,224	-	5,588,087
Cash and cash equivalents - beginning	7,875,354	3,580	-	36,509,402
Cash and cash equivalents - ending	\$ 7,886,060	\$ 1,134,804	\$ -	\$ 42,097,489
<b>Reconciliation to the Statement of Net Position</b>				
Cash and investments	\$ 14,420	\$ 1,134,804	\$ -	\$ 20,959,006
Restricted cash and investments	7,871,640	-	-	21,138,483
Total cash and cash equivalents	\$ 7,886,060	\$ 1,134,804	\$ -	\$ 42,097,489

Continued

**Marina Coast Water District**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (899,878)	\$ 542,408	\$ (972,933)	\$ 1,181,360
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	375,421	198,709	1,140,187	677,428
Change in operating assets and liabilities:				
Accounts receivables	17,127	3,471	(2,999,082)	(1,248,498)
Inventories	(42,785)	1,243	(103,827)	2,765
Prepaid items	4,912	1,035	9,258	2,549
Deposits	(1,794)	(1,794)	(1,794)	(1,794)
Deferred outflows of resources	55,728	12,710	165,646	30,507
Accounts payable	(36,644)	(14,982)	(155,448)	(12,961)
Accrued liabilities	-	-	73,141	-
Accrued payroll liabilities	49,436	-	-	-
Customer deposits	(12,155)	-	-	-
Other current liabilities	(9,198)	-	-	-
Net pension liabilities	108,160	18,672	190,722	44,812
Total OPEB liability	(243,951)	(45,176)	(496,937)	(108,423)
Compensated absences	23,160	4,048	20,971	9,709
Deferred inflows of resources	205,109	36,400	383,292	87,359
Net cash provided (used) by operating activities	<u>\$ (407,352)</u>	<u>\$ 756,744</u>	<u>\$ (2,746,804)</u>	<u>\$ 664,813</u>
<b>Capital and related financing noncash items</b>				
Amortization of deferred charges and premiums	\$ 31,783	\$ 15,394	\$ 103,462	\$ 53,622
Amortization of leases	\$ 56,219	\$ 16,063	\$ 100,391	\$ 28,110

**Continued**

**Marina Coast Water District**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

	Recycled Water Fund	Groundwater Sustainability Agency Fund	Interfund Eliminations	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 197,548	\$ 178,244	\$ -	\$ 226,749
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	802,056	-	-	3,193,801
Change in operating assets and liabilities:				
Accounts receivables	14,744	-	-	(4,212,238)
Inventories	(546)	-	-	(143,150)
Prepaid items	(336)	-	-	17,418
Deposits	(1,794)	-	-	(8,970)
Deferred outflows of resources	(10,369)	-	-	254,222
Accounts payable	(214,113)	418,035	-	(16,113)
Accrued liabilities	-	-	-	73,141
Accrued payroll liabilities	-	-	-	49,436
Customer deposits	-	-	-	(12,155)
Other current liabilities	-	-	-	(9,198)
Net pension liabilities	11,067	-	-	373,433
Total OPEB liability	(9,035)	-	-	(903,522)
Compensated absences	6,315	-	-	64,203
Deferred inflows of resources	15,833	-	-	727,993
Net cash provided (used) by operating activities	<u>\$ 811,370</u>	<u>\$ 596,279</u>	<u>\$ -</u>	<u>\$ (324,950)</u>
<b>Capital and related financing noncash items</b>				
Amortization of deferred charges and premiums	\$ 34,531	\$ -	\$ -	\$ 238,792
Amortization of leases	\$ -	\$ -	\$ -	\$ 200,783

**Concluded**

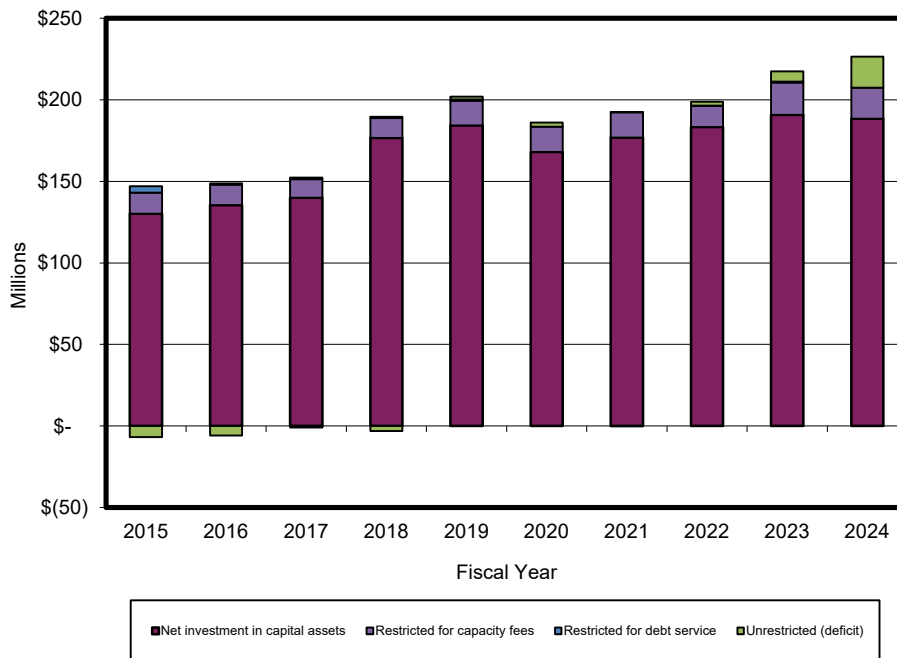
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## **STATISTICAL SECTION**

**MARINA COAST WATER DISTRICT**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**  
**Schedule 1**

	2015	2016	2017	2018	2019
Changes in net position:					
Operating revenues	\$ 12,862,362	\$ 12,100,265	\$ 13,685,334	\$ 16,018,094	\$ 15,803,229
Operating expenses	(9,458,477)	(9,948,528)	(11,226,580)	(12,020,913)	(14,050,996)
Operating income (loss)	3,403,885	2,151,737	2,458,754	3,997,181	1,752,233
Non-operating revenues (expenses)	(1,621,996)	(2,313,611)	(881,262)	(858,930)	(780,481)
Net income before capital contributions	1,781,889	(161,874)	1,577,492	3,138,251	971,752
Capital contributions	1,808,824	2,948,012	6,630,732	16,364,028	12,136,994
Special Item - RDP Closeout	-	-	-	-	-
Changes in net position	3,590,713	2,786,138	8,208,224	19,502,279	13,108,746
Net position, beginning of year	138,994,781	140,246,516	143,032,654	151,240,878	186,460,294
Prior period adjustments	(2,338,978)	-	-	15,717,137	2,361,569
Net position, end of year	\$ 140,246,516	\$ 143,032,654	\$ 151,240,878	\$ 186,460,294	\$ 201,930,609
Net position by component:					
Net investment in capital assets	\$ 130,072,044	\$ 135,455,049	\$ 139,827,693	\$ 176,633,556	\$ 184,250,677
Restricted for capacity fees	12,927,953	12,521,538	11,531,344	12,105,493	15,042,160
Restricted for debt service	3,933,765	849,786	850,404	851,747	852,793
Unrestricted (deficit)	(6,687,246)	(5,793,719)	(968,563)	(3,130,502)	1,784,979
Total net position	\$ 140,246,516	\$ 143,032,654	\$ 151,240,878	\$ 186,460,294	\$ 201,930,609

Continued



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**

	2020	2021	2022	2023	2024
Changes in net position:					
Operating revenues	\$ 16,960,026	\$ 17,598,554	\$ 18,811,882	\$ 20,595,377	\$ 22,732,078
Operating expenses	(16,681,600)	(16,037,098)	(15,243,201)	(20,125,669)	(22,505,329)
Operating income (loss)	278,426	1,561,456	3,568,681	469,708	226,749
Non-operating revenues (expenses)	(2,131,778)	(1,364,306)	(2,644,046)	(1,795,184)	(1,824,445)
Net income before capital contributions	(1,853,352)	197,150	924,635	(1,325,476)	(1,597,696)
Capital contributions	9,868,096	5,695,353	5,625,994	19,653,296	11,678,749
Special Item - RDP Closeout	(24,019,800)	-	-	-	-
Changes in net position	(16,005,056)	5,892,503	6,550,629	18,327,820	10,081,053
Net position, beginning of year	201,930,609	185,925,553	192,085,775	198,636,404	216,964,224
Prior period adjustments	-	267,719	-	-	-
Net position, end of year	<u>\$ 185,925,553</u>	<u>\$ 192,085,775</u>	<u>\$ 198,636,404</u>	<u>\$ 216,964,224</u>	<u>\$ 227,045,277</u>
Net position by component:					
Net investment in capital assets	\$ 167,935,356	\$ 176,866,309	\$ 183,338,088	\$ 190,768,520	\$ 188,419,442
Restricted for capacity fees	15,587,995	15,367,302	12,906,699	19,824,027	19,034,668
Restricted for debt service	-	-	171,828	229,343	580,020
Unrestricted (deficit)	2,402,202	(147,836)	2,219,789	6,142,334	19,011,147
Total net position	<u>\$ 185,925,553</u>	<u>\$ 192,085,775</u>	<u>\$ 198,636,404</u>	<u>\$ 216,964,224</u>	<u>\$ 227,045,277</u>

**Concluded**

**Notes:**

The FY2015 prior period adjustment was for the implementation of GASB 68 related to pensions.

The FY2018 prior period adjustment was for the implementation of GASB 75 related to OPEB of \$1M and corrections to capital assets for developer contributions of \$16.7M.

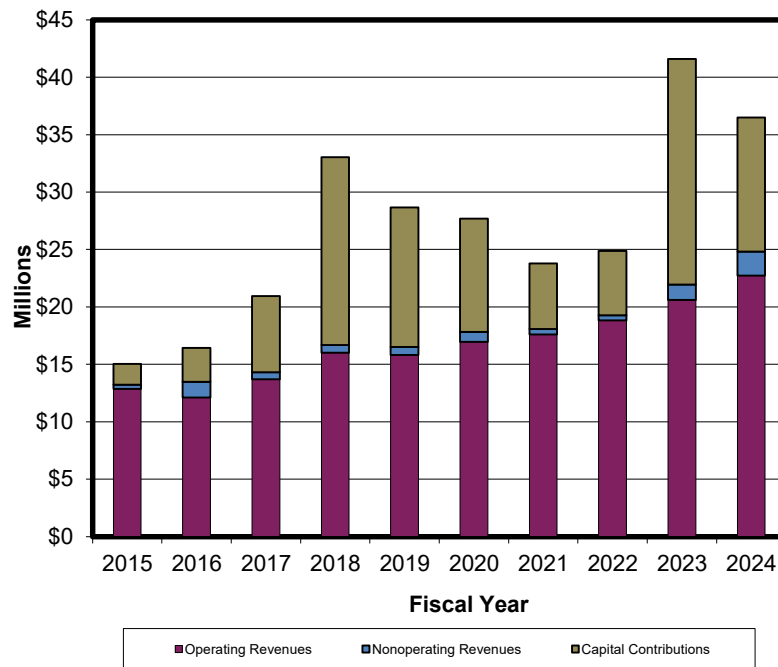
The FY2019 prior period adjustment was for the correction of receivables for RUWAP and Utility billing.

The FY2021 prior period adjustment was for the implementation of GASB 87, Leases.

**MARINA COAST WATER DISTRICT**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
**Schedule 2**

	2015	2016	2017	2018	2019
<b>Operating revenues:</b>					
Water sales	\$ 9,581,388	\$ 8,620,556	\$ 9,486,324	\$ 10,844,656	\$ 10,693,992
Wastewater services	2,800,880	3,116,103	3,450,138	3,828,160	4,196,352
Other services and fees	480,094	363,606	748,872	1,345,278	912,885
<b>Total operating revenues</b>	<b>12,862,362</b>	<b>12,100,265</b>	<b>13,685,334</b>	<b>16,018,094</b>	<b>15,803,229</b>
<b>Nonoperating revenues:</b>					
Gains on the disposal of capital assets	-	-	-	-	-
Investment income	192,909	618,904	64,012	132,986	220,362
Lease revenue	179,438	764,986	566,651	519,024	497,767
<b>Total nonoperating revenues</b>	<b>372,347</b>	<b>1,383,890</b>	<b>630,663</b>	<b>652,010</b>	<b>718,129</b>
<b>Capital contributions:</b>					
Grant revenue	-	-	555,104	10,676,158	5,101,452
Capacity and connection fees	1,129,206	2,270,405	5,503,637	5,151,848	4,306,233
Developer contributions	679,618	677,607	571,991	536,022	2,729,309
<b>Total capital contributions</b>	<b>1,808,824</b>	<b>2,948,012</b>	<b>6,630,732</b>	<b>16,364,028</b>	<b>12,136,994</b>
<b>Total revenues</b>	<b>\$ 15,043,533</b>	<b>\$ 16,432,167</b>	<b>\$ 20,946,729</b>	<b>\$ 33,034,132</b>	<b>\$ 28,658,352</b>

**Continued**



Source: Marina Coast Water District, Audited Financial Statements



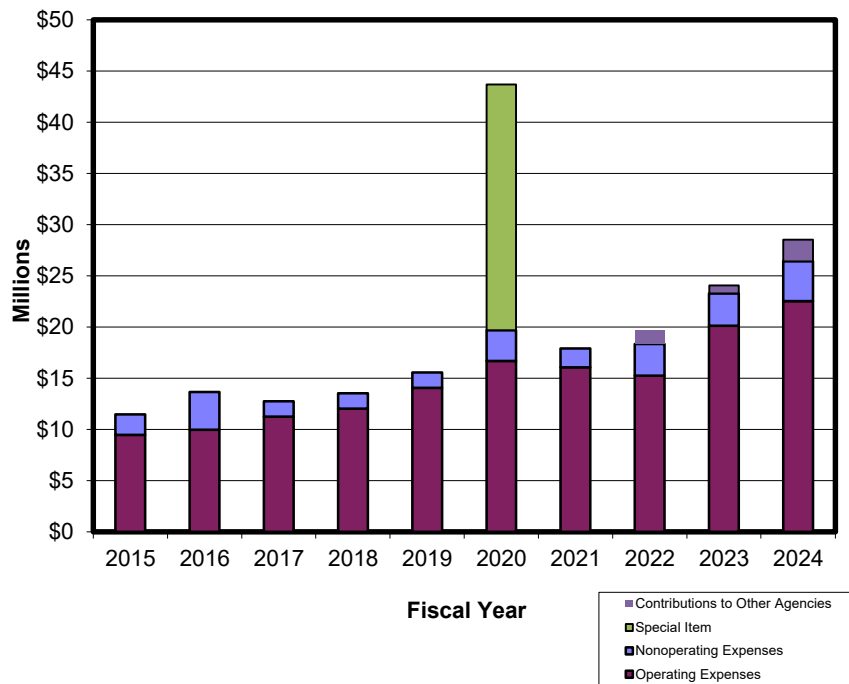
**MARINA COAST WATER DISTRICT**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
**Schedule 2**

	2020	2021	2022	2023	2024
<b>Operating revenues:</b>					
Water sales	\$ 11,652,404	\$ 12,366,437	\$ 13,133,302	\$ 13,624,939	\$ 15,323,077
Wastewater services	4,484,940	4,633,032	4,930,600	5,315,471	5,580,361
Other services and fees	822,682	599,085	747,980	1,654,967	1,828,640
<b>Total operating revenues</b>	<b>16,960,026</b>	<b>17,598,554</b>	<b>18,811,882</b>	<b>20,595,377</b>	<b>22,732,078</b>
<b>Nonoperating revenues:</b>					
Gains on the disposal of capital assets	-	-	-	31,436	12,714
Investment income	359,505	274,738	241,183	1,117,546	1,871,214
Lease revenue	497,152	204,702	204,702	201,755	204,256
<b>Total nonoperating revenues</b>	<b>856,657</b>	<b>479,440</b>	<b>445,885</b>	<b>1,350,737</b>	<b>2,088,184</b>
<b>Capital contributions:</b>					
Grant revenue	6,063,324	2,187,939	590,598	2,502,600	505,877
Capacity and connection fees	3,296,628	1,209,529	4,192,221	14,362,215	11,172,872
Developer contributions	508,144	2,297,885	843,175	2,788,481	-
<b>Total capital contributions</b>	<b>9,868,096</b>	<b>5,695,353</b>	<b>5,625,994</b>	<b>19,653,296</b>	<b>11,678,749</b>
<b>Total revenues</b>	<b>\$ 27,684,779</b>	<b>\$ 23,773,347</b>	<b>\$ 24,883,761</b>	<b>\$ 41,599,410</b>	<b>\$ 36,499,011</b>
					<b>Concluded</b>

**MARINA COAST WATER DISTRICT**  
**Expenses by Function**  
**Last Ten Fiscal Years**  
**Schedule 3**

	2015	2016	2017	2018	2019
<b>Operating expenses:</b>					
Administrative	\$ 2,979,535	\$ 3,118,186	\$ 4,220,398	\$ 4,907,644	\$ 5,579,270
Operations and maintenance	3,036,913	3,140,765	3,173,240	3,181,860	3,658,830
Laboratory	245,496	238,256	256,607	251,818	280,385
Conservation	319,617	376,383	304,338	301,155	336,553
Engineering	1,280,311	1,494,965	1,656,803	1,822,501	1,470,323
Water Resources	-	-	-	-	871,915
Depreciation and amortization	1,596,605	1,579,973	1,615,194	1,555,935	1,853,720
<b>Total operating expenses</b>	<b>9,458,477</b>	<b>9,948,528</b>	<b>11,226,580</b>	<b>12,020,913</b>	<b>14,050,996</b>
<b>Nonoperating expenses:</b>					
Interest expense	1,994,343	2,954,075	1,511,925	1,510,940	1,498,610
Contributions to other agencies	-	-	-	-	-
RDP liability expense	-	-	-	-	-
Investment loss	-	474,892	-	-	-
Bond issuance costs	-	268,534	-	-	-
<b>Total nonoperating expenses</b>	<b>1,994,343</b>	<b>3,697,501</b>	<b>1,511,925</b>	<b>1,510,940</b>	<b>1,498,610</b>
<b>Special Item:</b>					
RDP closeout	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 11,452,820</b>	<b>\$ 13,646,029</b>	<b>\$ 12,738,505</b>	<b>\$ 13,531,853</b>	<b>\$ 15,549,606</b>

**Continued**



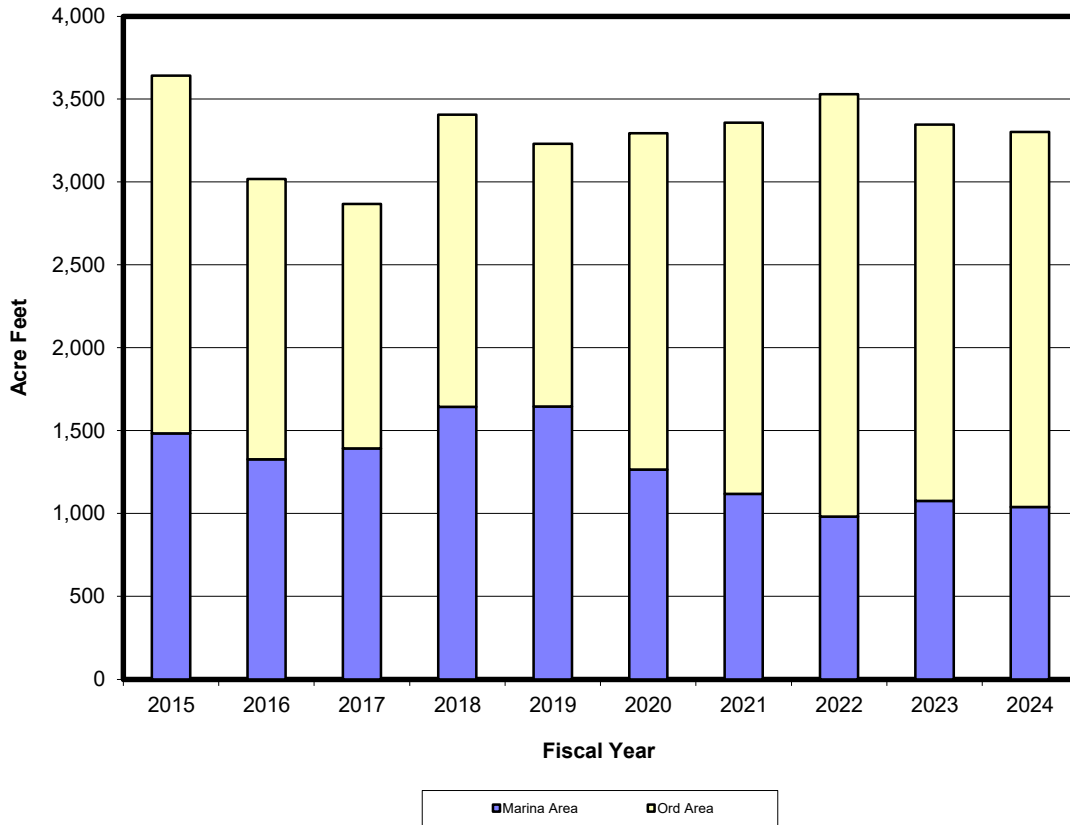
Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Expenses by Function**  
**Last Ten Fiscal Years**  
**Schedule 3**

	2020	2021	2022	2023	2024
Operating expenses:					
Administrative	\$ 7,703,802	\$ 6,855,325	\$ 5,374,514	\$ 9,445,914	\$ 9,229,769
Operations and maintenance	3,698,491	4,083,157	4,600,041	4,916,612	5,828,094
Laboratory	255,418	87,294	142,525	208,003	223,150
Conservation	326,074	286,123	341,615	385,864	415,930
Engineering	1,525,620	1,336,329	1,534,122	1,690,881	2,572,644
Water Resources	948,216	1,019,506	824,856	715,230	1,041,941
Depreciation and amortization	2,223,979	2,369,364	2,425,528	2,763,165	3,193,801
<b>Total operating expenses</b>	<b>16,681,600</b>	<b>16,037,098</b>	<b>15,243,201</b>	<b>20,125,669</b>	<b>22,505,329</b>
Nonoperating expenses:					
Interest expense	1,753,074	1,843,746	1,788,554	2,354,838	1,794,052
Contributions to other agencies	-	-	1,301,377	791,083	2,118,577
RDP liability expense	1,000,000	-	-	-	-
Investment loss	-	-	-	-	-
Bond issuance costs	235,361	-	-	-	-
<b>Total nonoperating expenses</b>	<b>2,988,435</b>	<b>1,843,746</b>	<b>3,089,931</b>	<b>3,145,921</b>	<b>3,912,629</b>
Special Item:					
RDP closeout	24,019,800	-	-	-	-
<b>Total expenses</b>	<b>\$ 43,689,835</b>	<b>\$ 17,880,844</b>	<b>\$ 18,333,132</b>	<b>\$ 23,271,590</b>	<b>\$ 26,417,958</b>
					<b>Concluded</b>

**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)
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
2024	1,039	2,263	3,302



*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	Fiscal Year	Calendar Year									Fiscal Year
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015
	1/1/2024	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
0-8 hcf	\$ 3.80	\$ 3.80	\$ 3.65	\$ 3.51	\$ 3.38	\$ 3.25	\$ 2.78	\$ 2.70	\$ 2.62	\$ 2.55	\$ 2.47
9-16 hcf	5.79	5.79	5.57	5.36	5.15	4.95	3.19	3.10	3.01	2.92	2.83
16+ hcf	N/A	N/A	N/A	N/A	N/A	N/A	5.63	5.47	5.31	5.15	5.00

**Marina Service Area Water & Sewer Service Charges (monthly)**

Meter Size	Fiscal Year	Calendar Year									Fiscal Year
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015
	1/1/2024	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
5/8" - 3/4"	\$ 28.34	\$ 28.34	\$ 27.26	\$ 26.22	\$ 25.21	\$ 24.24	\$ 22.36	\$ 21.71	\$ 21.07	\$ 20.46	\$ 19.87
1"	38.22	38.22	36.77	35.35	33.99	32.69	36.07	35.02	34.00	33.01	32.05
1 1/2"	62.91	62.91	60.52	58.19	55.95	53.80	58.94	57.22	55.55	53.94	52.36
2"	92.55	92.55	89.02	85.60	82.30	79.14	86.36	83.85	81.41	79.04	76.73
3"	171.56	171.56	165.03	158.69	152.57	146.72	150.41	146.03	141.78	137.65	133.64
4"	260.46	260.46	250.55	240.92	231.62	222.74	241.82	234.77	227.93	221.30	214.85
6"	507.39	507.39	488.08	469.33	451.22	433.91	470.42	456.71	443.41	430.50	417.96
8"	1,001.26	1,001.26	963.15	926.15	890.40	856.25	927.88	900.86	874.62	849.14	824.41
Sewer (EDU)	17.98	17.98	17.29	16.63	15.99	15.37	14.78	13.44	12.22	11.11	10.10

**Ord Service Area Water Consumption Rates (hcf)**

Description	Fiscal Year	Calendar Year									Fiscal Year
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015
	1/1/2024	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
0-8 hcf	\$ 4.90	\$ 4.90	\$ 4.72	\$ 4.54	\$ 4.37	\$ 4.13	\$ 3.68	\$ 3.40	\$ 2.97	\$ 2.60	\$ 2.22
9-16 hcf	9.55	9.55	9.19	8.84	8.51	8.04	5.65	5.22	4.56	3.98	3.40
16+ hcf	N/A	N/A	N/A	N/A	N/A	N/A	7.62	7.03	6.14	5.37	4.59
Flat Rate	194.40	194.40	186.90	179.70	172.75	162.95	153.99	143.94	127.29	112.65	98.36
CS <sup>1</sup> - Water	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

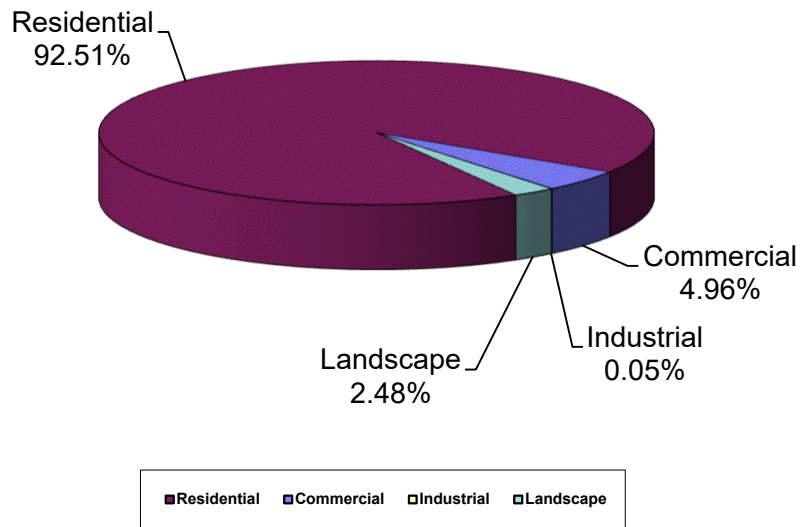
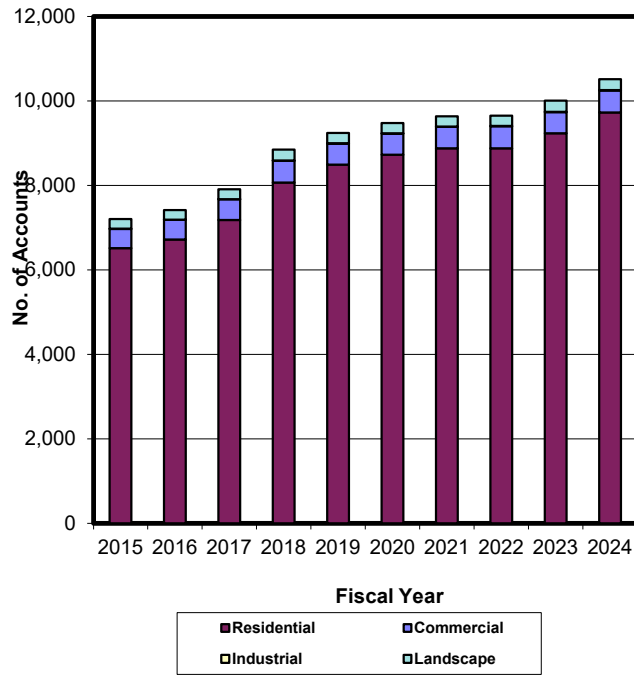
**Ord Service Area Water & Sewer Service Charges (monthly)**

Description	Fiscal Year	Calendar Year									Fiscal Year
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2015
	1/1/2024	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
5/8" - 3/4"	\$ 48.94	\$ 48.94	\$ 47.09	\$ 45.32	\$ 43.62	\$ 41.20	\$ 38.79	\$ 37.55	\$ 34.37	\$ 31.48	\$ 28.96
1"	68.76	68.76	66.16	63.68	61.28	57.88	60.51	58.57	53.62	49.11	45.18
1 1/2"	118.29	118.29	113.82	109.55	105.43	99.57	96.71	93.62	85.71	78.49	72.21
2"	177.74	177.74	171.02	164.61	158.41	149.61	140.14	135.66	124.20	113.74	104.64
3"	336.26	336.26	323.55	311.42	299.68	283.05	241.57	233.85	214.09	196.05	180.37
4"	514.60	514.60	495.14	476.58	458.62	433.16	386.31	373.96	342.36	313.52	288.45
6"	1,003.98	1,003.98	971.80	935.37	900.12	850.15	748.31	724.39	663.18	607.31	558.75
8"	2,000.75	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
Sewer (EDU)	38.15	38.15	37.00	35.90	34.85	33.80	32.18	29.80	28.65	27.55	26.49
CS <sup>1</sup> - 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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water customer accounts										
Residential	6,511	6,717	7,182	8,066	8,491	8,726	8,881	9,182	9,231	9,727
Commercial	458	469	488	518	502	501	507	522	504	521
Industrial	4	4	4	4	4	4	4	5	5	5
Landscape	227	222	232	258	247	246	240	245	265	261
<b>Total water accounts</b>	<b>7,200</b>	<b>7,412</b>	<b>7,906</b>	<b>8,846</b>	<b>9,244</b>	<b>9,477</b>	<b>9,632</b>	<b>9,954</b>	<b>10,005</b>	<b>10,514</b>



Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Principal Water Users**  
**Fiscal Years Ended June 30, 2015 and June 30, 2024**  
**Schedule 7**

<b>2015</b>			<b>2024</b>		
Customer	Water Usage (acre feet)	Percentage of Water Sold	Customer	Water Usage (acre feet)	Percentage of Water Sold
Monterey Bay Military Housing	579	16.18%	City of Seaside	387	11.56%
Bayonet/Blackhorse Club House	383	10.69%	Monterey Bay Military Housing	249	7.44%
University Corporation at Monterey Bay	175	4.89%	California State Univ Mtry Bay	156	4.66%
CSU Monterey Bay	135	3.76%	University Corporation at Monterey Bay	139	4.15%
Bay View Mobile Home Park	71	1.99%	Seaside Highlands H.O. Association	52	1.55%
Seaside Highlands H.O. Association	44	1.23%	Sun Bay Apartments	47	1.40%
LV44 Ltd Partnership	44	1.23%	Bay View Mobile Home Park	36	1.08%
City of Marina	42	1.17%	MPUSD -Seaside High School	34	1.02%
Sun Bay Apartments	40	1.13%	City of Marina	29	0.87%
Shelter Outreach Plus	27	0.74%	LV44 Ltd Partnership	27	0.81%
<b>Total Principal Water Users</b>	<b>1,540</b>	<b>43.02%</b>	<b>Total Principal Water Users</b>	<b>1,156</b>	<b>34.54%</b>
<b>Total All Users</b>	<b>3,578</b>	<b>100.00%</b>	<b>Total All Users</b>	<b>3,347</b>	<b>100.00%</b>

Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Schedule 8**

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Fiscal Year	Loans Payable	Bonds Payable	Leases Payable	Subscriptions Payable	Total Debt	Total Customer Accounts	Total Debt per Account
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
2024	13,819,181	41,314,440	195,878	109,032	55,438,531	10,514	5,273

Source: Marina Coast Water District, Audited Financial Statements

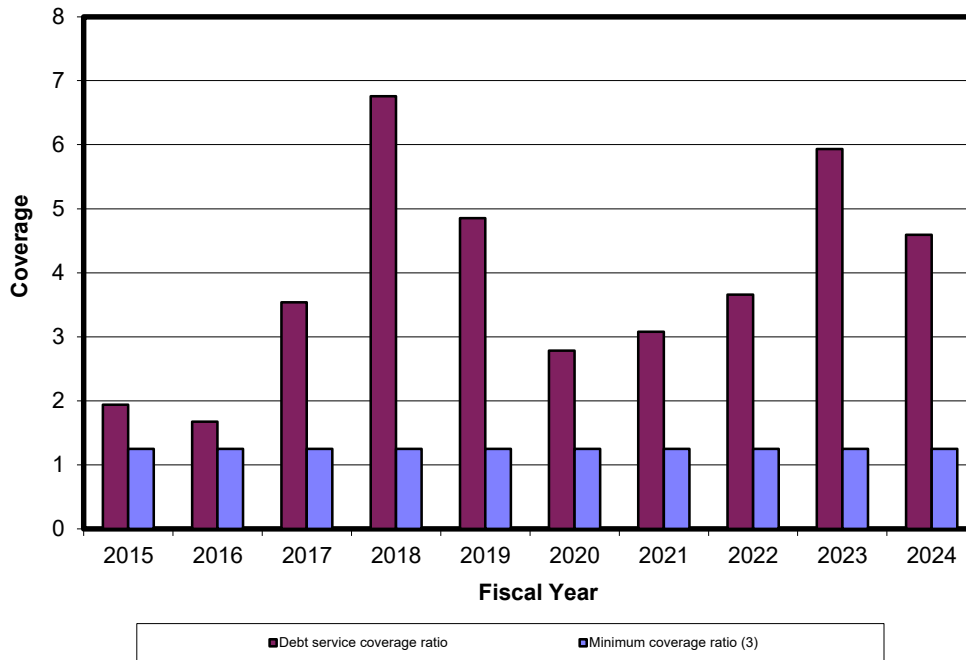


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**MARINA COAST WATER DISTRICT**  
**Debt Service Coverage**  
**Last Ten Fiscal Years**  
**Schedule 9**

	2015	2016	2017	2018	2019
Debt service coverage					
Gross revenues (1)	\$ 15,043,533	\$ 16,432,167	\$ 20,946,729	\$ 33,034,132	\$ 28,658,352
Operating expenses (2)	(7,861,872)	(8,368,555)	(9,611,386)	(10,464,978)	(12,197,276)
Net available revenues	\$ 7,181,661	\$ 8,063,612	\$ 11,335,343	\$ 22,569,154	\$ 16,461,076
Debt service					
Principal	\$ 1,715,000	\$ 1,870,000	\$ 1,690,000	\$ 1,828,158	\$ 1,892,013
Interest	1,994,343	2,954,075	1,511,925	1,510,940	1,498,610
	\$ 3,709,343	\$ 4,824,075	\$ 3,201,925	\$ 3,339,098	\$ 3,390,623
Debt service coverage ratio	1.94	1.67	3.54	6.76	4.85
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25

**Continued**



**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**

	2020	2021	2022	2023	2024
Debt service coverage					
Gross revenues (1)	\$ 27,684,779	\$ 23,773,347	\$ 24,883,761	\$ 41,599,410	\$ 36,499,011
Operating expenses (2)	(14,457,621)	(13,667,734)	(12,817,673)	(17,362,504)	(19,311,528)
Net available revenues	<u>\$ 13,227,158</u>	<u>\$ 10,105,613</u>	<u>\$ 12,066,088</u>	<u>\$ 24,236,906</u>	<u>\$ 17,187,483</u>
Debt service					
Principal	\$ 3,002,076	\$ 1,441,859	\$ 1,512,217	\$ 1,729,542	\$ 1,949,652
Interest	1,753,074	1,843,746	1,788,554	2,354,838	1,794,052
	<u>\$ 4,755,150</u>	<u>\$ 3,285,605</u>	<u>\$ 3,300,771</u>	<u>\$ 4,084,380</u>	<u>\$ 3,743,704</u>
Debt service coverage ratio	2.78	3.08	3.66	5.93	4.59
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25
					<b>Concluded</b>

**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)
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	446,229	28,189,179	65,123	37	18.1%
2023	**	**	**	**	**
2024	**	**	**	**	**

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2023)

\*\* Data not available at time of print.

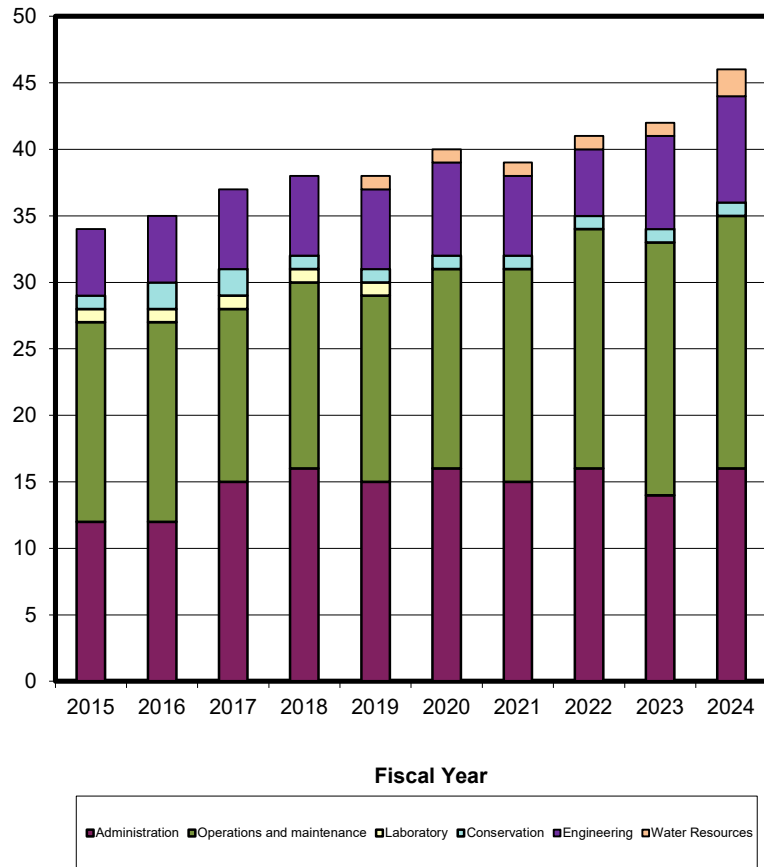
**MARINA COAST WATER DISTRICT**  
**Employment by Industry for Monterey County - by Annual Average**  
**Prior Year and Ten Years Ago**  
**Schedule 11**

2023				2014			
Employer	Employees	Rank	Percentage of Total Employment Listed	Employer	Employees	Rank	Percentage of Total Employment Listed
Agriculture	55,000	1	27.99%	Agriculture	52,200	1	29.29%
Government	34,800	2	17.71%	Government	30,600	2	17.17%
Leisure and Hospitality	25,500	3	12.98%	Leisure and Hospitality	22,800	3	12.79%
Educational and Health Services	21,900	4	11.15%	Educational and Health Services	18,000	4	10.10%
Retail Trade	16,200	5	8.24%	Retail Trade	16,200	5	9.09%
Professional and Business Services	14,900	6	7.58%	Professional and Business Services	12,100	6	6.79%
Natural Resources, Mining and Construction	7,400	7	3.77%	Wholesale Trade	5,400	7	3.03%
Wholesale Trade	5,900	8	3.00%	Manufacturing	5,300	8	2.97%
Other Services	5,500	9	2.80%	Natural Resources, Mining and Construction	5,100	9	2.86%
Manufacturing	5,100	10	2.60%	Other Services	4,900	10	2.75%
Transportation, Warehousing and Utilities	3,400	11	1.73%	Transportation, Warehousing and Utilities	4,200	11	2.36%
Information	900	12	0.46%	Information	1,400	12	0.79%
<b>Total</b>	<b>196,500</b>		<b>100.00%</b>	<b>Total</b>	<b>178,200</b>		<b>100.00%</b>

Source: State of California Employment Development Department

**MARINA COAST WATER DISTRICT**  
**Personnel Trends by Department**  
**Last Ten Fiscal Years**  
**Schedule 12**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employees by department										
Administration	12	12	15	16	15	16	15	16	14	16
Operations and maintenance	15	15	13	14	14	15	16	18	19	19
Laboratory	1	1	1	1	1	-	-	-	-	-
Conservation	1	2	2	1	1	1	1	1	1	1
Engineering	5	5	6	6	6	7	6	5	7	8
Water Resources	-	-	-	-	1	1	1	1	1	2
<b>Total employees</b>	<b>34</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>40</b>	<b>39</b>	<b>41</b>	<b>42</b>	<b>46</b>



Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Operating and Capacity Indicators**  
**Last Ten Fiscal Years**  
**Schedule 13**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Facilities</b>										
Distribution pipeline (miles)	147	147	147	147	162	162	162	215	215	234
Storage capacity (mg)(1)	11	11	11	11	11.2	11.2	11.2	11.2	11.2	11.2
System capacity (mgd)(2)	16.6	16.6	16.6	16.6	15.6	15.6	15.6	19.0	19.0	20.0
<b>Water produced</b>										
Water produced - Marina (mg)(1)	483	432	454	536	536	413	365	320	351	339
Average per day (mgd)(2)	1.3	1.2	1.2	1.5	1.5	1.1	1.0	0.9	1.0	0.9
Water produced - Ord (mg)(1)	703	551	481	574	517	661	730	830	740	737
Average per day (mgd)(2)	1.9	1.5	1.3	1.6	1.4	1.8	2.0	2.3	2.0	2.0
Total water produced (mg)(1)	1,187	983	935	1,110	1,053	1,074	1,094	1,150	1,091	1,076
Average per day (mgd)(2)	3.3	2.7	2.6	3.0	2.9	2.9	3.0	3.2	3.0	2.9

(1) mg = million gallons

(2) mgd = million gallons per day

Source: Marina Coast Water District's Finance Department

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**OTHER INDEPENDENT AUDITOR'S REPORTS**



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

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

We have audited, 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, the financial statements of the Marina Coast Water District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

October 15, 2024  
Morgan Hill, California