

# Marina Coast Water District

*Marina, California*

## Comprehensive Annual Financial Report

For The Fiscal Year Ended

June 30, 2015



11 Reservation Road, Marina California 93933

DRAFT



# **Marina Coast Water District**

*Marina, California*

## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended**

**June 30, 2015**

**11 Reservation Road  
Marina, California 93933**



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**INTRODUCTORY  
SECTION  
(UNAUDITED)**

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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

HOWARD GUSTAFSON  
*President*

PETER LE  
*Vice President*

THOMAS P. MOORE  
WILLIAM Y. LEE  
JAN SHRINER

November 16, 2015

Board of Directors  
Marina Coast Water District  
Marina, California

It is a pleasure to submit the Marina Coast Water District's (MCWD or District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

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

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

### ***District Overview***

The District is a special district formed in 1960 under the County Water District Act for the purpose of installing and operating a water supply, water distribution system and wastewater collection system for the City of Marina. The District serves approximately 30,000 residents through 8,000 connections in its Marina and former Fort Ord (Ord Community) service areas.

The District currently pumps all of its supply or approximately 4,000 acre feet of water (both Marina and Ord Community systems) annually from groundwater wells. The District also conveys in excess of two million gallons per day of sewage to the Monterey Regional Water Pollution Control Agency for treatment. The Monterey Regional Water Pollution Control Agency operates the regional wastewater treatment plant.

The District's system encompasses approximately 350 miles of water and sewer pipelines. It owns and operates eight production wells with an estimated capacity of approximately twenty million gallons per day. District water storage includes eight water storage tanks with a combined capacity of eleven million gallons and six booster pump stations. In addition, a monitoring well is strategically located along the coast to monitor water quality and groundwater levels in the aquifers that are the source for the District's water supply. All wells are sampled to identify the presence of chemicals, the threat of salt water intrusion, and to monitor water levels. The District also owns and operates seventeen sewer lift stations.

The District has an authorized staff of 42 full-time employees providing services to its six service area funds: Marina Water, Marina Wastewater, Ord Community Water, Ord Community Wastewater, New Water Project and Regional Desalination Project.

### ***Governance***

MCWD is a public agency (special district) governed by a five member independently elected Board of Directors (Board) serving staggered four-year terms elected at-large from within the District's Marina service area. The Ord Community is not annexed into the District's service area and as such Board members are not elected from the Ord Community area. 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 first and third Monday of each month. Regular meetings are held at 6:30 p.m. at the Marina Council Chambers, 211 Hillcrest Avenue, 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.

### ***Economic Condition and Outlook***

California's water supply continues to be a concern due to projected population increases and current state-wide drought conditions. This concern has increased interest in conservation and new water sources. The District has led the area in its conservation efforts and will continue to make strides in this area.

The District is working on multiple concepts that will provide new water sources to its customers. If each concept is successful the District's water portfolio may include groundwater, conservation savings, river water, desalination water and recycled water.

The District continues to align construction projects with current economic growth and is preparing for increased activity by the development community.

### ***Long-term Financial Planning***

The District contracted with Carollo Engineers to prepare a five-year rate study and financial plan (Study) for the District. The Study was completed in September 2013 and identified those resources necessary for the District to properly fund its operations and capital program for the fiscal years 2014 through 2018. The Study provides the appropriate means to obtain the needed resources through a combination of rate increases and project financing. A full version of the Study can be viewed on the District's website [www.mcwd.org](http://www.mcwd.org).

### ***Major Initiatives***

The District completed a five-year rate study and financial plan in September 2013. The financial plan was to provide the resources that are necessary to properly fund the District as we meet future needs and requirements that are identified in the plan. Based on the recommendations, the District conducted a Proposition 218 notification process and adopted rate increases in 2014 for its Marina and Ord Community service areas for fiscal years 2015 through 2018.

### ***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 periodically 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 normally invested in the State Treasurer’s Local Agency Investment Fund (LAIF), Certificates of Deposits, and guaranteed investment contracts (GIC).

## ***Water Rates and District Revenues***

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

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

During fiscal year 2014-15, water and sewer rate increases occurred July 1, 2014 and January 1, 2015 for both the Central Marina and the Ord Community due to scheduling issues of the Proposition 218 notification process in 2014.

## ***Independent Audit***

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm The Pun Group has conducted the 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 CAFR for the fiscal year ended June 30, 2014. This was the seventh 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 CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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Keith Van Der Maaten  
General Manager

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Kelly M. Cadiente  
Director of Administrative Services



Government Finance Officers Association

**Certificate of  
Achievement  
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in Financial  
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Presented to

**Marina Coast Water District  
California**

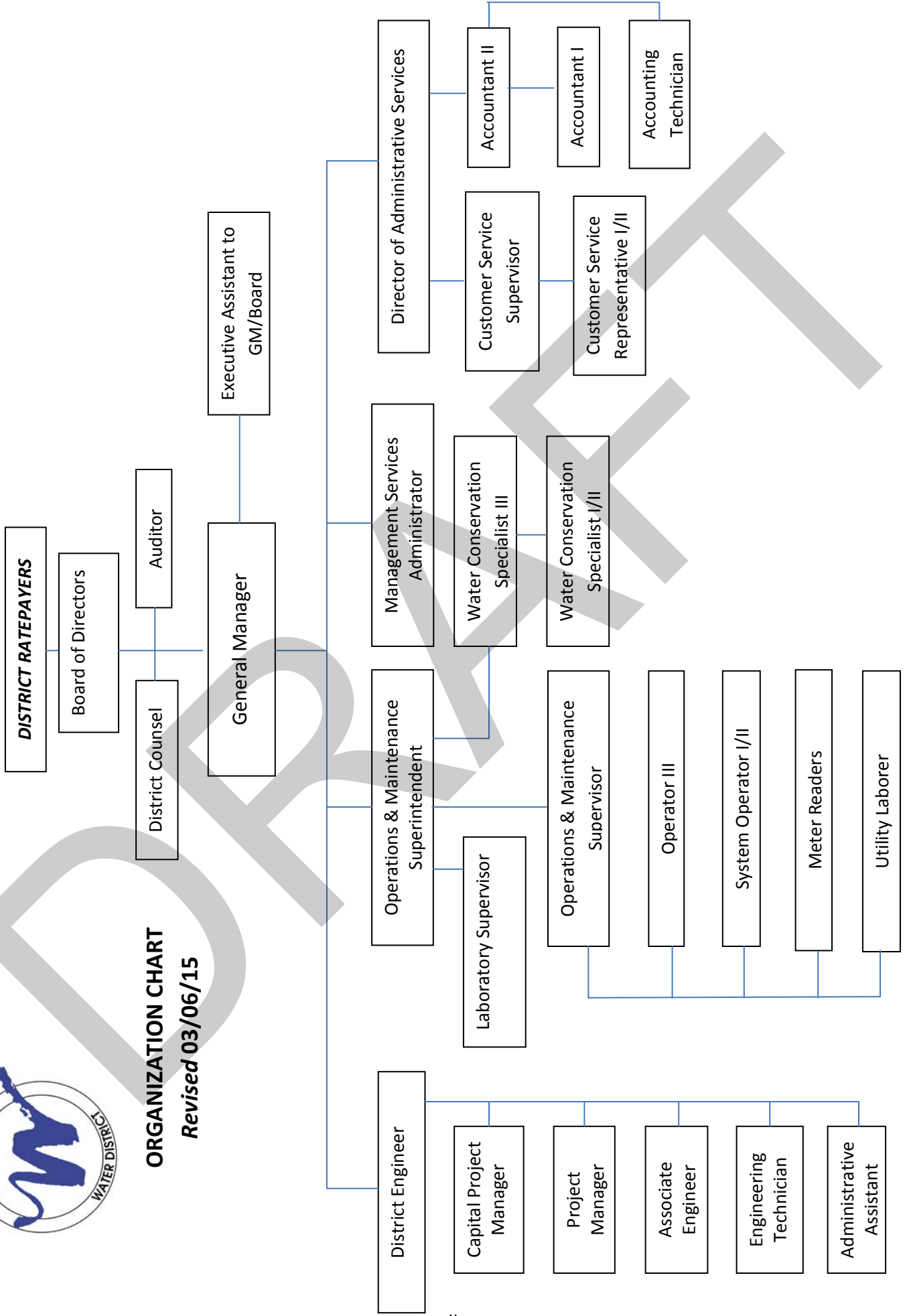
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



**ORGANIZATION CHART**  
*Revised 03/06/15*



# Marina Coast Water District

## Directory

### Board of Directors June 30, 2015

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Howard Gustafson	President
Peter Le	Vice-President
Thomas P. Moore	Director
William Y. Lee	Director
Jan Shriner	Director

### Management Staff

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Keith Van Der Maaten	General Manager (August 2015)
Bill Kocher	Interim General Manager
Mike Wegley	District Engineer
Kelly Cadiente	Director of Administrative Services
Jean Premutati	Management Services Administrator
James Derbin	Operations & Maintenance Superintendent



**FINANCIAL  
SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying statements of net position of Marina Coast Water District (the "District"), as of and for the years ended June 30, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

## **Emphasis of Matter**

### *Implementation of GASB Statements Nos. 68 and 71*

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 12 to the basic financial statements. In addition, net pension liability is reported in the Statement of Net Position in the amount of \$1,895,347 as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of Jun 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System (“CalPERS”) plans and from an actuarial valuation as of June 30, 2013 rolled-forwarded to June 30, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Schedules of Funding Progress on pages 3 to 10 and 43 be presented to supplement the financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

This section of the Marina Coast Water District's (District) financial statements presents an analysis of the District's financial performance during the fiscal year ended June 30, 2015. 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 and liabilities and 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 identify 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, 2015**

**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 between assets and liabilities. 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.

**Financial Highlights for Fiscal Year 2014-2015**

- At June 30, 2015, the District's total assets exceeded the total liabilities by \$140.2 million (net position), which is an increase of \$1.3 million or 0.9% over the 2014 fiscal year-end balance.
- The total long-term debt for the current fiscal year decreased by \$1.6 million or 3.7% from prior year due to annual debt service payments made without new debt being incurred.
- Capital assets increased by \$1.9 million or 1.2% primarily due to increases in several major capital projects. The District is continuing to align construction projects with current economic growth, but is also preparing for increased activity by the development community.
- Capital contributions decreased \$2.0 million primarily due to capacity and connection fees.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**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.

**Statements of Net Position**

	June 30		Change between	
	2015	2014	2015 and 2014	
<u>Assets and Deferred Outflows of Resources:</u>				
Current assets	\$ 12,189,649	\$ 11,545,080	\$ 644,569	5.6%
Noncurrent assets	10,487,382	10,278,700	208,682	2.0%
Deferred outflows	227,120	-	227,120	100.0%
Capital assets, net	169,293,808	167,364,201	1,929,607	1.2%
Total Assets and Deferred Outflows of Resources	<u>192,197,959</u>	<u>189,187,981</u>	<u>3,009,978</u>	1.6%
<u>Liabilities and Deferred Inflows of Resources:</u>				
Current liabilities	5,983,383	5,007,842	975,541	19.5%
Noncurrent liabilities	45,310,245	45,185,358	124,887	0.3%
Deferred inflows	657,815	-	657,815	100.0%
Total Liabilities and Deferred Inflows of Resources	<u>51,951,443</u>	<u>50,193,200</u>	<u>1,758,243</u>	3.5%
<u>Net Position:</u>				
Net investment in capital assets	130,072,044	126,769,451	3,302,593	2.6%
Restricted	3,933,765	3,933,764	1	0.0%
Unrestricted	6,240,707	8,291,566	(2,050,859)	-24.7%
Total Net Position	<u>\$ 140,246,516</u>	<u>\$ 138,994,781</u>	<u>\$ 1,251,735</u>	0.9%

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 exceeded liabilities by \$140.2 million and \$139.0 million as of June 30, 2015 and 2014, respectively.

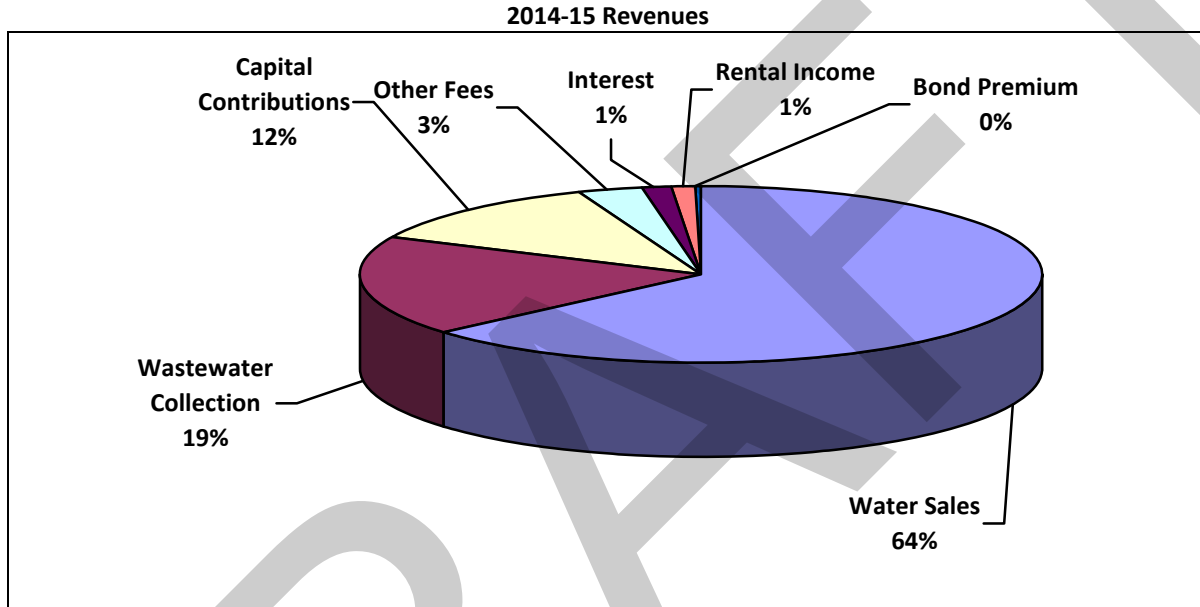
One of the largest portions of the District's assets (92.7% and 91.2% as of June 30, 2015 and 2014, respectively) reflects the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2015 and 2014, the District showed a positive balance in its unrestricted net position of \$6.2 million and \$8.3 million, respectively.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**Revenue and Expenses**

The District finances its water sales and wastewater collection operations through user fees, and other income. Total revenue for fiscal year 2014-15 was \$15.1 million, down \$1.2 million from prior year. Capital contributions decreased \$2.0 million from fiscal year 2013-14 primarily due to a decrease in capacity and connection fees.



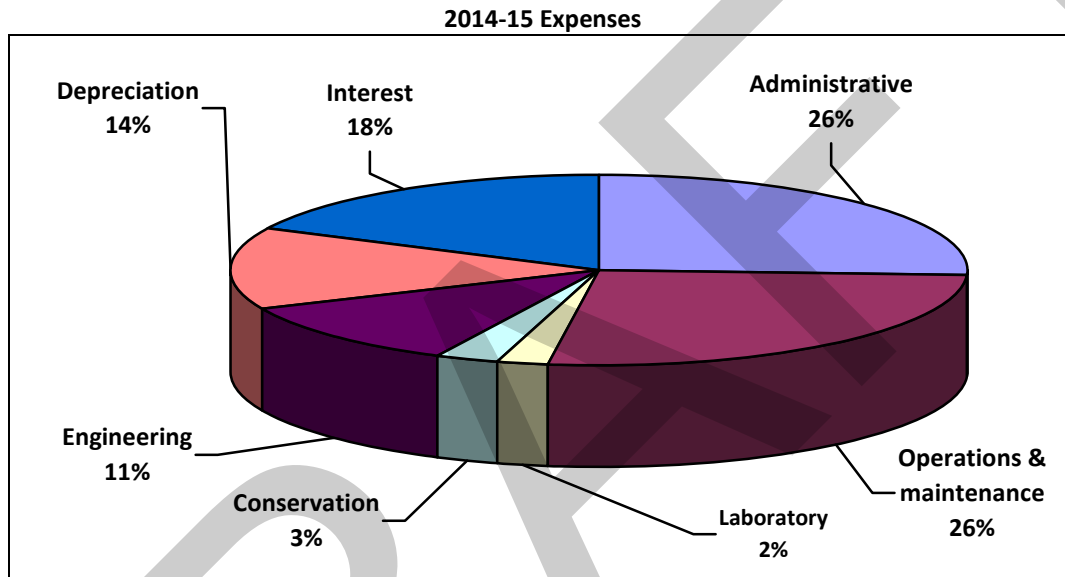
	Revenues			
	June 30			
	2015	2014	Change between 2015 and 2014	
<b>Operating Revenues:</b>				
Water sales	\$ 9,581,388	\$ 9,106,401	\$ 474,987	5.2%
Wastewater collection	2,800,880	2,507,048	293,832	11.7%
Other services & fees	480,094	472,679	7,415	1.6%
<b>Total Operating Revenues</b>	<b>12,862,362</b>	<b>12,086,128</b>	<b>776,234</b>	<b>6.4%</b>
<b>Nonoperating Revenues:</b>				
Rental income	179,438	179,438	-	0.0%
Interest earned	192,909	197,277	(4,368)	-2.2%
Bond premium	47,658	47,658	-	0.0%
<b>Total Nonoperating Revenues</b>	<b>420,005</b>	<b>424,373</b>	<b>(4,368)</b>	<b>-1.0%</b>
<b>Capital Contributions:</b>	<b>1,808,824</b>	<b>3,800,217</b>	<b>(1,991,393)</b>	<b>-52.4%</b>
<b>Total Revenues</b>	<b>\$ 15,091,191</b>	<b>\$ 16,310,718</b>	<b>\$ (1,219,527)</b>	<b>-7.5%</b>



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**Revenue and Expenses (continued)**

Total expenses for fiscal year 2014-15 were \$11.5 million, similar to prior year. Administrative expenses increased \$0.1 million and Engineering expenses increased \$0.2 million, whereas Operations and Maintenance expenses decreased by \$0.1 million. Depreciation expense decreased \$0.2 million due to a portion of infrastructure assets becoming fully depreciated in the prior year.



	June 30		Change between	
	2015	2014	2015 and 2014	
<b>Operating Expenses:</b>				
Administrative	\$ 2,979,535	\$ 2,868,768	\$ 110,767	3.9%
Operations and maintenance	3,036,913	3,154,941	(118,028)	-3.7%
Laboratory	245,496	263,015	(17,519)	-6.7%
Conservation	319,617	241,849	77,768	32.2%
Engineering	1,280,311	1,087,355	192,956	17.7%
Depreciation and amortization	1,596,605	1,791,439	(194,834)	-10.9%
<b>Total Operating Expenses</b>	<b>9,458,477</b>	<b>9,407,367</b>	<b>51,110</b>	<b>0.5%</b>
<b>Nonoperating Expenses:</b>				
Interest expense	2,042,001	2,113,386	(71,385)	-3.4%
<b>Total Nonoperating Expenses</b>	<b>2,042,001</b>	<b>2,113,386</b>	<b>(71,385)</b>	<b>-3.4%</b>
<b>Total Expenses</b>	<b>\$ 11,500,478</b>	<b>\$ 11,520,753</b>	<b>\$ (20,275)</b>	<b>-0.2%</b>

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**Revenue and Expenses (concluded)**

The Statement of Revenues, Expenses and Changes in Net Position on page 12 show how the District's net position changed during the fiscal year. Net position increased by \$3.6 million and \$4.8 million for the fiscal years ended June 30, 2015 and 2014, respectively.

	<b>Changes in Net Position</b>			
	June 30			
	2015	2014	Change between 2015 and 2014	
Beginning Net Position, as restated	\$ 136,655,803	\$ 134,204,816	\$ 2,450,987	1.8%
Income before contributions	1,781,889	989,748	792,141	80.0%
Capital contributions	1,808,824	3,800,217	(1,991,393)	-52.4%
Change in net position	<u>3,590,713</u>	<u>4,789,965</u>	<u>(1,199,252)</u>	-25.0%
Ending Net Position	<u>\$ 140,246,516</u>	<u>\$ 138,994,781</u>	<u>\$ 1,251,735</u>	0.9%

**Capital Assets**

At the end of fiscal years 2015 and 2014, the District's capital assets amounted to \$169.3 million and \$167.4 million, respectively, (net of accumulated depreciation). Capital assets includes land, water/wastewater rights, easements, transmission and distribution systems, wells, tanks, reservoirs, pumps, building and structures, equipment, vehicles and construction-in-progress.

Changes in capital assets were as follows:

	<b>Capital Assets</b>			
	June 30			
	2015	2014	Change between 2015 and 2014	
<u>Capital Assets:</u>				
Non-depreciable assets	\$ 141,240,218	\$ 137,771,670	\$ 3,468,548	2.5%
Depreciable assets	66,120,439	66,081,773	38,666	0.1%
Less accumulated depreciation	<u>(38,066,849)</u>	<u>(36,489,242)</u>	<u>(1,577,607)</u>	4.3%
Total Capital Assets, Net	<u>\$ 169,293,808</u>	<u>\$ 167,364,201</u>	<u>\$ 1,929,607</u>	1.2%

Additional information on the District's capital assets is provided in Note 3 on page 26 of the financial statements.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**Debt Administration**

As of June 30, 2015, the District had \$42.0 million in outstanding debt compared to \$43.6 million as of June 30, 2014. 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. The District bought land in 2009 and 2010, securing both purchases with a promissory note. In 2010 subordinate enterprise revenue refunding bonds in the amount of \$8.5 million were issued to refinance the promissory note associated with the Armstrong Ranch land purchase. The District has a line of credit (LOC) in the amount of \$3.5 million secured by a \$3.3 million certificate of deposit. As of June 30, 2015, \$2.2 million of the LOC had been used to fund construction projects related to the Imjin Office Park. 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 percent of the debt service for such fiscal year. At the time of the 2006 revenue certificates of participation bond, Standard & Poor's gave the District an "A-" rating. In April 2009, the District's rating was increased to "A+" and again in December 2010 to "AA-". The 2010 subordinate enterprise revenue refunding bonds were assigned an "A+" long-term rating at the time of issue. Both ratings were affirmed in November 2013 by Standard & Poor's Ratings Services.

Changes in long-term debt amounts were as follows:

	<b>Outstanding Debt at Year End</b>			
	June 30			
	2015	2014	Change between 2015 and 2014	
<u>Long-Term Debt:</u>				
Bonds payable	\$ 40,115,000	\$ 41,830,000	\$ (1,715,000)	-4.1%
Compensated absences	284,242	276,313	7,929	2.9%
OPEB liability	733,300	599,781	140,741	23.5%
Unamortized premiums, net	825,994	873,651	(47,657)	-5.5%
Total Long-Term Debt	\$ 41,958,536	\$ 43,579,745	\$ (1,613,987)	-3.7%

Additional information on the District's long-term debt is provided in Note 6 on pages 28-30 of the financial statements.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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

The Board of Directors adopted the District's 2015-2016 Marina and Ord Community budgets and rates on June 15, 2015. The approval of the budget provides funding for the District's operating, capital and debt service costs for the 2015-16 fiscal year. The District's water and wastewater rates are reviewed by staff on an annual basis.

Water augmentation cost center does not generate revenues and is created to capture accruing costs related to water augmentation projects.

**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.

**DRAFT**

***BASIC FINANCIAL STATEMENTS***



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**MARINA COAST WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

Current assets:

Cash and investments	\$ 10,583,990
Accounts receivable, net	1,285,784
Interest receivable	18,067
Other receivable	31,214
Inventories	123,048
Deposits	3,612
Prepaid items	143,934
Total current assets	<u>12,189,649</u>

Noncurrent assets:

Restricted cash and investments	10,487,382
Capital assets, net	169,293,808
Total noncurrent assets	<u>179,781,190</u>

**TOTAL ASSETS**

191,970,839

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred contributions made after measurement date	227,120
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**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

227,120

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

192,197,959

**LIABILITIES**

Current liabilities:

Accounts payable	780,901
Accrued expenses	198,085
Interest payable	164,618
Line of credit	2,227,979
Customer deposits payable	902,924
Current portion of long-term debt	1,694,429
Other current liabilities	14,447
Total current liabilities	<u>5,983,383</u>

Noncurrent liabilities:

Long-term debt	39,530,807
Unearned revenue	150,792
Net OPEB obligation	733,300
Net pension liability	1,895,347
Other noncurrent liability	3,000,000
Total noncurrent liabilities	<u>45,310,245</u>

**TOTAL LIABILITIES**

51,293,628

**DEFERRED INFLOWS OF RESOURCES**

Deferred difference between projected and actual earnings on pension plan investments	636,925
Deferred adjustment due to differences in proportions	20,890

**TOTAL DEFERRED INFLOWS OF RESOURCES**

657,815

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

51,951,443

**NET POSITION**

Net investment in capital assets	130,072,044
Restricted for debt service	3,933,765
Unrestricted	6,240,707

**TOTAL NET POSITION**

\$ 140,246,516

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

**MARINA COAST WATER DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For The Year Ended June 30, 2015**

OPERATING REVENUES:	
Water services	\$ 9,581,388
Wastewater services	2,800,880
Other services and fees	480,094
Total operating revenues	<u>12,862,362</u>
OPERATING EXPENSES:	
Administrative	2,979,535
Operations and maintenance	3,036,913
Laboratory	245,496
Conservation	319,617
Engineering	1,280,311
Depreciation and amortization	1,596,605
Total operating expenses	<u>9,458,477</u>
Operating income	<u>3,403,885</u>
NONOPERATING REVENUES (EXPENSES):	
Rental income	179,438
Interest earned	192,909
Interest expense	(2,042,001)
Bond premium (discount)	47,658
Total nonoperating revenue (expenses)	<u>(1,621,996)</u>
Income before capital contributions	1,781,889
CAPITAL CONTRIBUTIONS:	
Capacity and connection fees	1,129,206
Developer contributions	679,618
Total capital contributions	<u>1,808,824</u>
Increase in net position	3,590,713
Net position, beginning of year (as previously reported)	138,994,781
Restatement due to Implementation of GASB 68	(2,338,978)
Net position, beginning of year (as restated)	<u>136,655,803</u>
Net position, end of year	<u>\$ 140,246,516</u>

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



**MARINA COAST WATER DISTRICT**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2015**

<b>OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 12,684,664
Payments to employees	(4,318,820)
Payments to suppliers	(2,565,453)
<b>Net cash provided by operating activities</b>	<u>5,800,391</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(3,526,212)
Developer contributions, capacity and connection receipts	1,808,824
Principal paid on capital debt	(1,714,999)
Interest paid on capital debt	(2,047,585)
<b>Net cash (used in) capital and related financing activities</b>	<u>(5,479,972)</u>
<b>INVESTING ACTIVITIES:</b>	
Rental income	179,438
Interest earnings	191,741
<b>Net cash provided by investing activities</b>	<u>371,179</u>
<b>Net increase in cash and cash equivalents</b>	691,598
<b>Cash and cash equivalents, beginning of year</b>	<u>20,379,774</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 21,071,372</u></u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>	
Cash and investments	\$ 10,583,990
Restricted cash and investments	10,487,382
<b>Total cash and cash equivalents</b>	<u><u>\$ 21,071,372</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>	
Operating income	\$ 3,403,885
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,596,605
(Increase) decrease in accounts receivable	(177,700)
(Increase) decrease in inventories	2,799
(Increase) decrease in prepaid items	(7,240)
(Increase) decrease in deposits	21,654
Increase (decrease) in customer deposits	629,559
Increase (decrease) in accounts payable	318,699
Increase (decrease) in accrued expenses	35,674
Increase (decrease) in other current liabilities	14,447
Increase (decrease) in compensated absences	7,929
Increase (decrease) in other noncurrent liabilities	(45,920)
Total adjustments	<u>2,396,506</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 5,800,391</u></u>

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



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**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

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:

Note 1 - Summary of Significant Accounting Policies

Note 2 - Cash and Investments

Note 3 - Capital Assets

Note 4 - Receivables

Note 5 - Line of Credit

Note 6 - Long-Term Debt

Note 7 - Operating Leases

Note 8 - Defined Benefit Pension Plan

Note 9 - Post Employment Benefits

Note 10 - Risk Management

Note 11 - Commitments and Contingencies

Note 12 - Prior Period Adjustment

Note 13 - Subsequent Event

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies***

A. Reporting Entity

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

B. Basis of Presentation

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

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

B. Basis of Presentation (concluded)

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

The **Regional Project fund** accounts for operations of the Regional Desalination Project.

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.

C. Measurement Focus and Basis of Accounting

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

D. Statement of Net Position

Net Position consists of the following components:

- **Net Investment in Capital Assets** – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same component as the unspent proceeds.
- **Restricted** – This component consists of external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted** – This component consists of those components that do not meet the definition of “restricted” or “net investment in capital assets”. Amounts included as unrestricted net assets are available for designation for specific purposes established by the District’s Board of Directors.

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

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

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

F. Budget

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

G. Cash, Cash Equivalents, and Investments

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

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

H. Accounts Receivables

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

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

I. Inventories

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

J. Restricted Assets

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

K. Bond Premiums

Bond premiums are netted against the related debt and included in bonds payable.

L. Capital Assets

The District's capital assets are stated at historical cost or estimated historical cost when original cost was not available, net of accumulated depreciation. Contributed capital assets are recorded at estimated fair value at the time assets are received. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 30 to 60 years for the plant and pipelines, and 5 to 10 years for other equipment.

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

M. Compensated Absences

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

N. Rebate Arbitrage

Rebate arbitrage earnings related to the 2006 certificates of participation are being recorded as a liability. As of June 30, 2015, the District's liability was estimated at \$0.

O. Deficit Fund Balances

At June 30, 2015, the New Water fund had a deficit fund balance of \$(5,739,337), which will be eliminated through future revenues collected from ratepayers of the regional water project.



**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

**P. 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.

**Q. Property Taxes**

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

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

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	November 10 (First Installment) February 10 (Second Installment)
Delinquent Date:	December 11 (First Installment) April 11 (Second Installment)

**R. Use of Estimates**

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (continued)***

S. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deduction from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefits terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

- Valuation Date: June 30, 2013
- Measurement Date: June 30, 2014
- Measurement Period: July 1, 2013 to June 30, 2014

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.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 1 – Summary of Significant Accounting Policies (concluded)***

T. Implementation of New GASB Pronouncements

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 12 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, Government Combinations and Disposals of Government Operation. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the District's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. This statement establishes standards related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 12 for prior period adjustment as a result of implementation.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 2 - Cash and Investments**

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 10,583,990
Restricted cash and investments	10,487,382
Total cash and investments	\$ 21,071,372

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 1,150
Deposits with financial institutions	3,479,893
Investments	17,590,329
Total cash and investments	\$ 21,071,372

Investments Authorized by the District's Investment Policy

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

As part of the 2006 revenue certificates of participation bond, the District also entered into separate guaranteed investment contracts (GIC) with MBIA, Inc. and Trinity Funding Company, LLC.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 2 - Cash and Investments (continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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 maturity date of each investment:

		<u>Maturity</u>
Statement Investment Pool (LAIF)	\$ 7,447,164	N/A - due on demand
Money Market Fund	2,869,915	N/A - due on demand
Debt Reserve Fund (GIC)	3,933,773	324 months to maturity
Certificate of Deposits	3,339,477	6 months to maturity
Total	<u>\$ 17,590,329</u>	

GIC – Guaranteed Investment Contract  
LAIF – Local Agency Investment Fund

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

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 public agencies.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 2 - Cash and Investments (continued)***

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).

Collateral and Categorization Requirements

On June 30, 2015, the District's carrying amount of demand deposits was \$3,479,893, and the bank account balance was \$3,796,589. The difference of \$316,696 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$3,546,589 was collateralized 110% in accordance with California Government Code requirements by securities held by the pledging financial institution in the District's name.

Investment in State Investment Pool

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

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 2 - Cash and Investments (concluded)***

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

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

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

The Local Investment Advisory Board provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chairman, or his designated representative appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

As of June 30, 2015, the District had \$7,447,164 invested in LAIF, which had invested 2.08% of the pooled investment funds in short-term and medium-term structured notes and asset-backed securities. The fair value of the District's position in the pool is the same as the value of the pool shares.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 3 - Capital Assets**

Changes in capital assets for the fiscal year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<u>Non-depreciable assets:</u>				
Land	\$ 9,582,134	\$ -	\$ -	\$ 9,582,134
Property easement	24,900,000	-	-	24,900,000
Water/sewer rights	75,129,410	-	-	75,129,410
Construction in progress (1)	28,160,126	3,468,548	-	31,628,674
Total non-depreciable assets	<u>137,771,670</u>	<u>3,468,548</u>	<u>-</u>	<u>141,240,218</u>
<u>Depreciable assets:</u>				
Land improvements	38,121	-	-	38,121
Buildings and improvements	4,425,522	-	-	4,425,522
Equipment	2,995,988	57,664	(18,998)	3,034,654
Infrastructure	58,622,142	-	-	58,622,142
Total depreciable assets	<u>66,081,773</u>	<u>57,664</u>	<u>(18,998)</u>	<u>66,120,439</u>
<u>Less accumulated depreciation:</u>				
Land improvements	(38,121)	-	-	(38,121)
Buildings and improvements	(1,041,673)	(132,051)	-	(1,173,724)
Equipment	(2,424,334)	(173,675)	18,998	(2,579,011)
Infrastructure	(32,985,114)	(1,290,879)	-	(34,275,993)
Total accumulated depreciation	<u>(36,489,242)</u>	<u>(1,596,605)</u>	<u>18,998</u>	<u>(38,066,849)</u>
Depreciable assets, net	<u>29,592,531</u>	<u>(1,538,941)</u>	<u>-</u>	<u>28,053,590</u>
Total capital assets, net	<u>\$ 167,364,201</u>	<u>\$ 1,929,607</u>	<u>\$ -</u>	<u>\$ 169,293,808</u>

(1) Construction in progress includes capitalized interest in the amount of \$2,610,678 for the year ended June 30, 2015.

Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The depreciation expense for the years ended June 30, 2015 totaled \$1,596,605.



**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 4 – Receivables***

At June 30, 2015, accounts receivable consisted of utility customer receivables of \$1,300,815 and receivables from agreements with local developers in the amount of \$568,531. The allowance for uncollectible accounts related to utility customers was \$106,668 and for local developers was \$476,894.

Other receivable balance, net of allowance for doubtful accounts, currently outstanding at June 30, 2015 was \$31,214.

***Note 5 – Line of Credit***

On May 12, 2009, the Board adopted Resolution No. 2009-34 approving an agreement with the Fort Ord Reuse Authority (FORA) to purchase property and lease back space of the to-be-built building within the Imjin Office Park. On July 24, 2009, the District successfully closed escrow and obtained ownership to the FORA portion of the Imjin Office Park Property. The total cost of site improvements and building construction was estimated at \$3,276,000.

Construction costs were funded through a certificate of deposit secured non-revolving line of credit (LOC) with Rabobank. The original loan commenced on December 2, 2010, was due to mature on December 1, 2011, and has been extended to December 1, 2015. The District intends to extend the line of credit to December 1, 2016. The terms of the LOC are interest only payments at an interest rate of 1.90% (CD rate + 1.5% margin). As of June 30, 2015, \$2,227,979 of the LOC has been used to construct the building. Currently, the building is partially occupied by FORA. The remaining available balance of the line of credit of \$1,048,021 will be used for tenant improvements once the vacant portion of the building is leased out.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 6 - Long-Term Debt**

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2006 Certificates of Participation	\$ 36,160,000	\$ -	\$ (990,000)	\$ 35,170,000	\$ 930,000
plus unamortized premiums	805,826	-	(36,353)	769,473	-
Net 2006 Certificates of Participation	<u>36,965,826</u>	<u>-</u>	<u>(1,026,353)</u>	<u>35,939,473</u>	<u>930,000</u>
2010 Revenue Bonds Payable	5,670,000	-	(725,000)	4,945,000	755,000
plus unamortized premiums	67,825	-	(11,304)	56,521	-
Net 2010 Revenue Bonds Payable	<u>5,737,825</u>	<u>-</u>	<u>(736,304)</u>	<u>5,001,521</u>	<u>755,000</u>
Compensated absences	276,313	250,047	(242,118)	284,242	9,429
OPEB liability	599,781	133,519	-	733,300	-
Totals	<u>\$ 43,579,745</u>	<u>\$ 383,566</u>	<u>\$ (2,004,775)</u>	<u>\$ 41,958,536</u>	<u>\$ 1,694,429</u>

**A. 2006 Certificates of Participation**

On August 23, 2006, the District issued certificates of participation revenue bonds (2006 COP Bonds) in the amount of \$42,310,000 due in semi-annual installments on December 1 and June 1 through 2037 at a weighted average interest rate of 4.795% per annum. A portion of the proceeds from the bond issue was used to refund the 1996 LaSalle National Bank note, the 1997 Cypress Bank note, and the 2003 City National Bank loan. The remaining balance of the proceeds will be used to fund the District's capital improvement projects. The 2006 COP Bonds are payable solely from, and secured by, the revenues received from the operation of the District's water and wastewater systems. As of June 30, 2015, the outstanding balance was \$35,170,000.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 6 - Long-Term Debt (continued)**

A. 2006 Certificates of Participation (concluded)

Future payments are as follows:

Year Ending June 30,	2006 Enterprise Revenue Certificates of Participation		
	Principal	Interest	Total
2016	\$ 930,000	\$ 1,703,963	\$ 2,633,963
2017	970,000	1,666,763	2,636,763
2018	1,010,000	1,627,963	2,637,963
2019	1,050,000	1,587,563	2,637,563
2020	1,540,000	1,544,250	3,084,250
2021-2025	6,270,000	6,811,950	13,081,950
2026-2030	7,985,000	5,090,000	13,075,000
2031-2035	10,200,000	2,883,250	13,083,250
2036-2037	5,215,000	403,750	5,618,750
	<u>\$ 35,170,000</u>	<u>\$ 23,319,450</u>	<u>\$ 58,489,452</u>

B. 2010 Revenue Bonds

On December 16, 2010, the District issued refunding revenue bonds in the amount of \$8,495,000 due in semi-annual installments on December 1 and June 1 through 2020 at a weighted average interest rate of 4.340% per annum. The proceeds from the bond issue were used to refinance the Armstrong Ranch Promissory Note. The 2010 bonds are payable solely from, and secured by, the revenues received from the operation of the District's water and wastewater systems. As of June 30, 2015, the outstanding balance was \$4,945,000.

Future payments are as follows:

Year Ending June 30,	2010 Subordinate Enterprise Revenue Refunding Bonds		
	Principal	Interest	Total
2016	\$ 755,000	\$ 231,850	\$ 986,850
2017	785,000	201,650	986,650
2018	820,000	170,250	990,250
2019	850,000	129,250	979,250
2020	1,735,000	86,750	1,821,750
	<u>\$ 4,945,000</u>	<u>\$ 819,750</u>	<u>\$ 5,764,750</u>

The purpose of the debt was to change the rate of interest from a variable rate to a fixed rate. The District did not calculate the difference in the debt service payments or the economic gain or loss.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 6 - Long-Term Debt (concluded)**

C. Bond Premiums

Bond premiums are netted against the related debt and included in bonds payable. Amortization expense for the year ended June 30, 2015, was \$47,657.

D. Compensated Absences

District employees accumulate earned, but unused, vacation and sick pay benefits which can be converted to cash at termination of employment. The compensated absences balance at June 30, 2015 was \$284,242.

**Note 7 – Operating Leases**

The District entered into operating lease agreements in connection with the lease of an office copier, postage machine, and phone equipment. The District’s postage machine is a cancelable lease. The other leases, for the office copier and phone equipment, are non-cancelable leases.

Minimum lease payments under the obligations are as follows:

<u>Year ending June 30,</u>	
2016	\$ 7,614
2017	3,798
2018	2,166
2019	2,166
2020	2,166
Total	<u>\$ 17,910</u>

The District’s total operating lease expense for the year ended June 30, 2015 was \$28,262.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8 - Defined Benefit Pension Plan**

A. General Information

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	<u>Miscellaneous</u>
	Prior to
	<u>July 1, 2015</u>
Hire Date	2% @ 60
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50 - 63
Retirement age	1.1% to 2.4%
Monthly benefits, as a % of eligible compensation	7.00%
Required employee contribution rates	8.435%
Required employer contribution rates	

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8 - Defined Benefit Pension Plan (continued)**

A. General Information (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 227,120
Contributions - employee (paid by employer)	184,517
Total	\$ 411,637

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 1,895,347

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8 - Defined Benefit Pension Plan (continued)**

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

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, 2014, 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, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2015, the District recognized pension expense of \$214,184. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Contributions made after Measurement Date	227,120	-
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(636,925)
Adjustment due to Differences in Proportions	-	(20,890)
<b>Total</b>	<b>\$ 227,120</b>	<b>\$ (657,815)</b>

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

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2015	\$ (166,692)
2016	(166,692)
2017	(165,199)
2018	(159,232)
2019	-
Thereafter	-

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8 - Defined Benefit Pension Plan (continued)**

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2%, Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.



**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 8 - Defined Benefit Pension Plan (continued)***

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 nearest one quarter of one percent.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8 - Defined Benefit Pension Plan (continued)**

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

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.

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

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

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

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 of 7.50 percent, 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:

	<b>Discount Rate - 1% (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>Discount Rate + 1% (8.50%)</b>
<b>Plan's Net Pension Liability/ (Asset)</b>	\$ 3,376,922	\$ 1,895,347	\$ 665,780

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 8 - Defined Benefit Pension Plan (concluded)***

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

Pension Plan Fiduciary Net Position

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

- C. Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$21,040 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

***Note 9 – Other Post Employment Benefits (OPEB)***

- A. Plan Description

The District provides post employment benefits to eligible employees in the form of partial reimbursement for post employment health insurance premiums. Eligibility requirements include a minimum of 20 years employment with the District and minimum retirement age of 55 years. For eligible employees, the District will pay 50% of the retired employee's health insurance premiums. The obligation of the District to provide these benefits is determined by agreements with various employee bargaining groups. The District's contributions are financed on a pay-as-you-go basis. The District paid \$15,472 in post employment benefits for three retired employees who were eligible for benefits during the fiscal year ended June 30, 2015.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 9 – Other Post Employment Benefits (OPEB) (continued)**

**B. Funding Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,350,449, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,350,449. The covered payroll (annual payroll of active employees covered by the plan) was \$2,593,249, and the ratio of the UAAL to the covered payroll was 52%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding interest rates. Amounts determined regarding the funded status of the plan and the annual pension costs are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liability.

**C. Funding Policy**

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.

**D. Annual Cost**

The annual required contribution (ARC) was determined by an actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 4.5% investment rate of return, and (b) annual increases in healthcare premiums grading from a current rate of 6.7% down to 5.0% per year in 2020 and later.

Projections of benefits for financial reporting purposes are based on the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of any plan assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 9 – Other Post-Employment Benefits (OPEB) (concluded)**

D. Annual Cost (concluded)

expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on a closed basis. As of July 1, 2014, the unfunded actuarial accrued liability was \$1,602,899.

The annual OPEB cost and the net OPEB obligation at June 30, 2015 was as follows:

Annual required contribution	\$ 158,057
Interest on net OPEB obligation	26,665
Adjustment to annual required contribution	<u>(28,509)</u>
Annual OPEB cost (expense)	156,213
Contributions made	<u>(15,472)</u>
Increase in net OPEB obligation	140,741
Net OPEB obligation - beginning of year	<u>592,559</u>
Net OPEB obligation - end of year	<u><u>\$ 733,300</u></u>

The District has calculated and recorded the net OPEB liability, representing the difference between the annual OPEB cost and actual contributions, as presented below:

Year Ending June 30,	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$138,788	\$8,546	5%	\$468,058
2014	\$131,339	\$6,838	5%	\$592,559
2015	\$156,213	\$15,472	5%	\$733,300

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 10 - 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 participates in the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The purpose of ACWA-JPIA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expenses. The District pays an annual premium to the ACWA-JPIA for its general liability, automobile, and property coverage. The formation agreement of the ACWA-JPIA provides that the ACWA-JPIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

The District has a self-insured retention (similar to a deductible) of \$500 for automobile insurance, \$5,000 for general liability insurance, and \$1,000 for property insurance. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance.

***Note 11 - Commitments and Contingencies***

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

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

**Regional Desalination Project**

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

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 11 - Commitments and Contingencies (continued)***

On April 5, 2010, Ag Land Trust (“ALT”) filed a Petition of Writ of Mandate and Complaint for Declaratory Relief against the District in the Monterey Superior Court. In February 2012, the Superior Court found that the District violated the California Environmental Quality Act (“CEQA”) and ordered the District to set aside its approval of a land purchase agreement and its project agreements with MCWRA and CAW, and to prepare a new Environmental Impact Report. In March 2012, ALT dismissed its remaining declaratory relief causes of action, and in April 2012, judgment was entered in favor of ALT on the CEQA claims. The District timely appealed the judgment to the Sixth Appellate District Court of Appeal. In February 2013, the superior court entered an order granting ALT an award of attorneys’ fees in the amount of \$1.285 million. The District timely appealed the attorneys’ fees order to the Sixth Appellate District Court of Appeal in a separate appeal. On August 26, 2013, the Sixth Appellate District issued an opinion declaring the case to be moot, reversing the superior court’s judgment in favor of ALT, and ordering the superior court to dismiss the case. On October 4, 2013, ALT filed a petition for review in the California Supreme Court challenging the Sixth Appellate District’s decision, and on October 22, 2013, the District filed an answer to the petition for review. On November 13, 2013, the California Supreme Court denied the petition for review. On November 18, 2013, the Sixth Appellate District issued the remittitur, rendering the reversal of the judgment against the District final. On March 7, 2014, the superior court entered its order dismissing the Petition for Writ of Mandate as Moot. On November 17, 2014, the Sixth Appellate District reversed the superior court’s order awarding attorney’s fees but remanded the matter to allow the superior court to determine whether ALT was entitled to an award of attorney’s fees under a different legal theory. In the superior court, the District timely moved to disqualify the trial judge whose attorney’s fees order had been reversed, but the trial judge denied the motion. On March 13, 2015, the District filed in the Sixth Appellate District a petition for a writ of mandate compelling the superior court to grant the disqualification motion. On June 18, 2015, the superior court stayed proceedings on remand from the attorney’s fees appeal until resolution of the petition for a writ of mandate. On September 28, 2015, the Sixth Appellate District filed an order denying the petition for a writ of mandate. On October 8, 2015, the District filed in the California Supreme Court a petition for review of the Sixth Appellate District’s order denying the petition for a writ of mandate. A decision on the petition for review is likely within the next few months, and the superior court proceedings on remand from the attorney’s fees appeal will follow. The District has not recognized a recovery amount, if any, in the accompanying financial statements related to the litigation until the appeals process has been exhausted and a final court decision has been made.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

***Note 11 - Commitments and Contingencies (concluded)***

On September 18, 2012, CAW presented a claim to the District related to project costs pursuant to the California Government Claims Act, Government Code Section 810. On October 4, 2012, CAW filed an action against the District and MCWRA seeking a declaratory judgment, but no damages, concerning the validity of the RDP Agreements and the lawfulness of MCWRA's repudiation of the RDP Agreements. The District has filed a cross-complaint for declaratory relief, but no damages, against CAW and MCWRA. The District maintains that the RDP Agreements remain valid and enforceable under California law.

The trial court entered a judgment during April, 2015 following trial finding that certain of the RDP Agreements, including the Water Purchase Agreement were subject to the Validating Acts, but still could be rendered invalid due to the application of the four year statute of limitations which is concerned with contractual conflicts of interest violations. That Judgment was timely appealed by the District, the appeal has been expedited and the appellate process should be concluded in 2016.

A lawsuit seeking damages due to the failure of the Regional Desalinization Project has been filed by the District against CAW and MCWRA and those entities have brought suit seeking damages against the District on the same subject matter. These suits have been deemed to be complex by the Superior Court in San Francisco and assigned to the same Judge who administered the declaratory relief case discussed above.

The District intends to vigorously defend all claims and judgments against it, and actively pursue its position against all other parties. Based on the latest information, the District is unable to estimate a potential range of loss, or the likelihood of the outcome of litigation regarding these matters. However, if final judgments are made against the District, the losses, individually and in the aggregate, could have a material effect to the financial statements. Further, results of the actions could have a material effect on the carrying value of the capital assets and liabilities presented in the Statement of Net Position.

The assets, liabilities and net position of the RDP are represented in the Statement of Net Position, Proprietary Funds in Supplementary Information as the Regional Project fund. A summary is as follows:

Total assets	\$ 14,933,171
Total liabilities	<u>12,479,672</u>
Total net position	<u><u>\$ 2,453,499</u></u>



**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 12 – Prior Period Adjustment**

The District implemented GASB Statement No. 68 and No. 71 during the year ended June 30, 2015. The beginning net position at July 1, 2014 was restated as follows:

Beginning net position as previously reported at June 30, 2014	\$ 138,994,781
Prior period adjustment - Implementation GASB 68:	
Net pension liability (June 30, 2014)	(2,589,725)
Deferred outflows - District's contributions made during fiscal year 2014	<u>250,747</u>
Total prior period adjustment	<u>(2,338,978)</u>
Net position as restated, July 1, 2014	<u><u>\$ 136,655,803</u></u>

**Note 13 - Subsequent Event**

On June 4, 2015, the Board adopted Resolution 2015-25 authorizing the issuance and sale of the 2015 Senior Lien Enterprise Revenue Refunding Bonds to refinance its 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 financing, which closed on July 15, 2015, is an advance refunding of the 2006 COPs as the COPs are not callable until June 1, 2016. An escrow account, funded with treasury securities, has been set up and will be used to pay the 2006 COPs when they are due and callable. The District will be saving approximately \$2.6 million on a net present value basis or 7.52% of the refunded COPs which will impact the FY 2015-2016 financial statements.



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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

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**MARINA COAST WATER DISTRICT  
Required Supplementary Information  
For the Year Ended June 30, 2015**

**Marina Coast Water District Miscellaneous Plan  
Schedule of The District's Proportionate Share of The Net Pension Liability  
Last 10 Years \***

	FY 2014
Proportion of the net pension liability	0.03046%
Proportionate share of the net pension liability	\$ 1,895,347
Covered - employee payroll	\$ 2,714,872
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.81%
Plan fiduciary net position as a percentage of the total pension liability	83.03%

\* - Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only one year is shown.

**Marina Coast Water District Miscellaneous Plan  
Schedule of Contributions  
Last 10 Years \***

	FY 2015
Actuarially Determined Contribution	\$ 228,140
Contributions in Relation to the Actuarially Determined Contribution	(227,120)
Contribution Deficiency (Excess)	\$ 1,020
Covered-Employee Payroll	\$ 2,714,872
Contributions as a Percentage of Covered-Employee Payroll	8.40%

\* - Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only one year is shown.

**MARINA COAST WATER DISTRICT**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

**Other Post Employment Benefits (OPEB) Plan – Schedule of Funding Progress**

Actuarial Valuation Date June 30,	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(a) - (b)] / (c)
2010	\$858,168	\$0	(\$858,168)	0%	\$2,378,746	36%
2013	\$1,350,449	\$0	(\$1,350,449)	0%	\$2,593,249	52%

***SUPPLEMENTARY INFORMATION***

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**MARINA COAST WATER DISTRICT**  
**Schedule of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Interfund Eliminations	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 3,665,058	\$ 1,764,782	\$ 3,788,848	\$ 1,365,302	\$ -	\$ -	\$ -	\$ 10,583,990
Accounts receivable, net	231,674	40,851	727,339	285,920	-	-	-	1,285,784
Interest receivable	3,318	1,657	8,922	3,320	850	-	-	18,067
Due from other funds	8,600,000	570,194	-	3,793,481	-	-	(12,963,675)	-
Other receivable	-	-	31,214	-	-	-	-	31,214
Inventories	41,954	2,678	74,734	3,682	-	-	-	123,048
Deposits	3,612	-	-	-	-	-	-	3,612
Prepaid items	37,144	12,289	71,087	23,414	-	-	-	143,934
Total current assets	12,582,760	2,392,451	4,702,144	5,475,119	850	-	(12,963,675)	12,189,649
Noncurrent assets:								
Restricted cash and investments	2,489,458	716,919	4,712,321	2,363,959	204,725	-	-	10,487,382
Capital assets, net	10,350,579	4,088,606	101,469,834	32,730,274	5,721,344	14,933,171	-	169,293,808
Total noncurrent assets	12,840,037	4,805,525	106,182,155	35,094,233	5,926,069	14,933,171	-	179,781,190
<b>TOTAL ASSETS</b>	25,422,797	7,197,976	110,884,299	40,569,352	5,926,919	14,933,171	(12,963,675)	191,970,839
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred contributions made after measurement date	65,865	18,170	118,102	24,983	-	-	-	227,120
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	65,865	18,170	118,102	24,983	-	-	-	227,120
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	25,488,662	7,216,146	111,002,401	40,594,335	5,926,919	14,933,171	(12,963,675)	192,197,959

continued

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Interfund Eliminations	Total
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	101,886	16,306	284,131	66,265	2,835	309,478	-	780,901
Accrued expenses	170,820	146	26,901	218	-	-	-	198,085
Interest payable	16,926	9,091	83,866	34,204	20,531	-	-	164,618
Line of credit	636,407	171,952	1,120,276	299,344	-	-	-	2,227,979
Due to other funds	-	-	336,210	-	3,457,271	9,170,194	(12,963,675)	-
Customer deposits payable	76,305	250	481,918	344,451	-	-	-	902,924
Current portion of long-term debt	289,134	111,154	924,145	306,737	63,259	-	-	1,694,429
Other current liability	14,447	-	-	-	-	-	-	14,447
<b>Total current liabilities</b>	<b>1,305,925</b>	<b>308,899</b>	<b>3,257,447</b>	<b>1,051,219</b>	<b>3,543,896</b>	<b>9,479,672</b>	<b>(12,963,675)</b>	<b>5,983,383</b>
Noncurrent liabilities:								
Long-term debt	3,919,788	2,178,726	19,151,112	6,158,821	8,122,360	-	-	39,530,807
Unearned revenue	42,222	12,063	75,396	21,111	-	-	-	150,792
Net OPEB obligation	221,478	71,700	347,720	92,402	-	-	-	733,300
Net pension liability	549,651	151,627	985,580	208,489	-	-	-	1,895,347
Other noncurrent liability	-	-	-	-	-	3,000,000	-	3,000,000
<b>Total noncurrent liabilities</b>	<b>4,733,138</b>	<b>2,414,116</b>	<b>20,559,808</b>	<b>6,480,823</b>	<b>8,122,360</b>	<b>3,000,000</b>	<b>-</b>	<b>45,310,245</b>
<b>TOTAL LIABILITIES</b>	<b>6,039,063</b>	<b>2,723,015</b>	<b>23,817,255</b>	<b>7,532,042</b>	<b>11,666,256</b>	<b>12,479,672</b>	<b>(12,963,675)</b>	<b>51,293,628</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred difference between projected and actual earnings on pension plan investments	184,708	50,954	331,201	70,062	-	-	-	636,925
Deferred adjustment due to differences in proportions	6,058	1,671	10,863	2,298	-	-	-	20,890
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>190,766</b>	<b>52,625</b>	<b>342,064</b>	<b>72,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>657,815</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>6,229,829</b>	<b>2,775,640</b>	<b>24,159,319</b>	<b>7,604,402</b>	<b>11,666,256</b>	<b>12,479,672</b>	<b>(12,963,675)</b>	<b>51,951,443</b>
<b>NET POSITION</b>								
Net investment in capital assets	7,066,847	2,072,446	81,547,193	26,916,662	(2,464,275)	14,933,171	-	130,072,044
Restricted for debt service	645,936	225,405	2,089,676	768,023	204,725	-	-	3,933,765
Unrestricted (Deficit)	11,546,050	2,142,655	3,206,213	5,305,248	(3,479,787)	(12,479,672)	-	6,240,707
<b>TOTAL NET POSITION</b>	<b>\$ 19,258,833</b>	<b>\$ 4,440,506</b>	<b>\$ 86,843,082</b>	<b>\$ 32,989,933</b>	<b>\$ (5,739,337)</b>	<b>\$ 2,453,499</b>	<b>\$ -</b>	<b>\$ 140,246,516</b>
								concluded

**MARINA COAST WATER DISTRICT**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2015**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
<b>OPERATING REVENUES:</b>							
Water services	\$ 3,726,280	\$ -	\$ 5,855,108	\$ -	\$ -	\$ -	\$ 9,581,388
Wastewater services	-	929,159	-	1,871,721	-	-	2,800,880
Other services and fees	65,391	4,525	355,977	54,201	-	-	480,094
Total operating revenues	3,791,671	933,684	6,211,085	1,925,922	-	-	12,862,362
<b>OPERATING EXPENSES:</b>							
Administrative	714,521	214,525	1,722,868	327,621	-	-	2,979,535
Operations and maintenance	851,008	279,936	1,425,562	480,407	-	-	3,036,913
Laboratory	93,024	-	152,472	-	-	-	245,496
Conservation	146,437	-	173,180	-	-	-	319,617
Engineering	210,276	55,593	820,019	194,423	-	-	1,280,311
Depreciation and amortization	343,173	185,303	731,110	189,385	147,634	-	1,596,605
Total operating expenses	2,358,439	735,357	5,025,211	1,191,836	147,634	-	9,458,477
Operating income (loss)	1,433,232	198,327	1,185,874	734,086	(147,634)	-	3,403,885
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Rental income	43,065	10,766	89,719	35,888	-	-	179,438
Interest earned	34,992	13,298	96,773	37,733	10,113	-	192,909
Interest expense	(220,209)	(114,959)	(1,038,314)	(422,151)	(246,368)	-	(2,042,001)
Bond premium (discount)	6,626	2,805	25,534	9,392	3,301	-	47,658
Total nonoperating revenue (expenses)	(135,526)	(88,090)	(826,288)	(339,138)	(232,954)	-	(1,621,996)
Income (loss) before capital contributions	1,297,706	110,237	359,586	394,948	(380,588)	-	1,781,889
<b>CAPITAL CONTRIBUTIONS:</b>							
Capacity and connection fees	1,856	4,374	830,218	292,758	-	-	1,129,206
Developer contributions	-	-	493,572	186,046	-	-	679,618
Total capital contributions	1,856	4,374	1,323,790	478,804	-	-	1,808,824
Increase (decrease) in net position	1,299,562	114,611	1,683,376	873,752	(380,588)	-	3,590,713
Net position, beginning of year	18,637,575	4,513,013	86,375,974	32,373,469	(5,358,749)	2,453,499	138,994,781
Restatement due to Implementation of GASB 68	(678,304)	(187,118)	(1,216,268)	(257,288)	-	-	(2,338,978)
Net position, end of year	\$ 19,258,833	\$ 4,440,506	\$ 86,843,082	\$ 32,989,933	\$ (5,739,337)	\$ 2,453,499	\$ 140,246,516

**MARINA COAST WATER DISTRICT**  
**Schedule of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2015**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
<b>OPERATING ACTIVITIES:</b>							
Receipts from customers and users	\$ 3,828,663	\$ 933,363	\$ 6,085,617	\$ 1,837,021	\$ -	\$ -	\$ 12,684,664
Payments to employees	(1,225,425)	(417,793)	(2,071,075)	(604,527)	-	-	(4,318,820)
Payments to suppliers	(672,187)	(133,115)	(1,746,812)	(228,039)	2,835	211,865	(2,565,453)
<b>Net cash provided by (used in) operating activities</b>	<u>1,931,051</u>	<u>382,455</u>	<u>2,267,730</u>	<u>1,004,455</u>	<u>2,835</u>	<u>211,865</u>	<u>5,800,391</u>
<b>NONCAPITAL FINANCING ACTIVITIES:</b>							
Due from other funds	(1,200,000)	(383,547)	121,016	(693,481)	-	-	(2,156,012)
Due to other funds	-	-	336,210	-	236,255	1,583,547	2,156,012
Advances to other funds	38,046	-	-	-	-	-	38,046
Advances from other funds	-	-	(23,957)	(14,089)	-	-	(38,046)
<b>Net cash provided by (used in) noncapital financing</b>	<u>(1,161,954)</u>	<u>(383,547)</u>	<u>433,269</u>	<u>(707,570)</u>	<u>236,255</u>	<u>1,583,547</u>	<u>-</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Acquisition and construction of capital assets	(119,527)	(43,520)	(1,469,021)	(95,897)	(2,835)	(1,795,412)	(3,526,212)
Developer contributions, capacity and connection receipts	1,856	4,374	1,323,790	478,804	-	-	1,808,824
Principal paid on capital debt	(448,000)	(103,000)	(867,500)	(296,499)	-	-	(1,714,999)
Interest paid on capital debt	(222,237)	(115,302)	(1,040,572)	(423,106)	(246,368)	-	(2,047,585)
<b>Net cash (used in) capital and related financing activities</b>	<u>(787,908)</u>	<u>(257,448)</u>	<u>(2,053,303)</u>	<u>(336,698)</u>	<u>(249,203)</u>	<u>(1,795,412)</u>	<u>(5,479,972)</u>
<b>INVESTING ACTIVITIES:</b>							
Rental income	43,065	10,766	89,719	35,888	-	-	179,438
Interest earnings	34,632	13,076	96,326	37,594	10,113	-	191,741
<b>Net cash provided by investing activities</b>	<u>77,697</u>	<u>23,842</u>	<u>186,045</u>	<u>73,482</u>	<u>10,113</u>	<u>-</u>	<u>371,179</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>58,886</u>	<u>(234,698)</u>	<u>833,741</u>	<u>33,669</u>	<u>-</u>	<u>-</u>	<u>691,598</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>6,095,630</u>	<u>2,716,399</u>	<u>7,667,428</u>	<u>3,695,592</u>	<u>204,725</u>	<u>-</u>	<u>20,379,774</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 6,154,516</u>	<u>\$ 2,481,701</u>	<u>\$ 8,501,169</u>	<u>\$ 3,729,261</u>	<u>\$ 204,725</u>	<u>\$ -</u>	<u>\$ 21,071,372</u>

continued

**RECONCILIATION TO STATEMENT OF NET POSITION:**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
Cash and investments	\$ 3,665,058	\$ 1,764,782	\$ 3,788,848	\$ 1,365,302	\$ -	\$ -	\$ 10,583,990
Restricted cash and investments	2,489,458	716,919	4,712,321	2,363,959	204,725	-	10,487,382
Total cash and cash equivalents	\$ 6,154,516	\$ 2,481,701	\$ 8,501,169	\$ 3,729,261	\$ 204,725	\$ -	\$ 21,071,372

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED BY (USED IN) OPERATING  
ACTIVITIES:**

Operating income	\$ 1,433,232	\$ 198,327	\$ 1,185,874	\$ 734,086	\$ (147,634)	\$ -	\$ 3,403,885
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization	343,173	185,303	731,110	189,385	147,634	-	1,596,605
(Increase) decrease in accounts receivable	36,991	(321)	(125,468)	(88,902)	-	-	(177,700)
(Increase) decrease in inventories	2,560	(43)	743	(461)	-	-	2,799
(Increase) decrease in prepaid items	34,197	(6,417)	(26,921)	(8,099)	-	-	(7,240)
(Increase) decrease in deposits	6,509	1,923	10,840	2,382	-	-	21,654
Increase (decrease) in customer deposits	8,440	250	455,317	165,552	-	-	629,559
Increase (decrease) in accounts payable	15,740	5,333	53,073	29,853	2,835	211,865	318,699
Increase (decrease) in accrued expenses	40,186	(1,315)	(1,202)	(1,995)	-	-	35,674
Increase (decrease) in other current liabilities	14,447	-	-	-	-	-	14,447
Increase (decrease) in compensated absences	140	(2,504)	10,366	(73)	-	-	7,929
Increase (decrease) in other noncurrent liabilities	(4,564)	1,919	(26,002)	(17,273)	-	-	(45,920)
Total adjustments	497,819	184,128	1,081,856	270,369	150,469	211,865	2,396,506
Net cash provided by operating activities	\$ 1,931,051	\$ 382,455	\$ 2,267,730	\$ 1,004,455	\$ 2,835	\$ 211,865	\$ 5,800,391

Net cash provided by operating activities

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**STATISTICAL  
SECTION  
(UNAUDITED)**

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**MARINA COAST WATER DISTRICT**  
**Statistical Section**

This part of the District’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the District’s overall financial health.

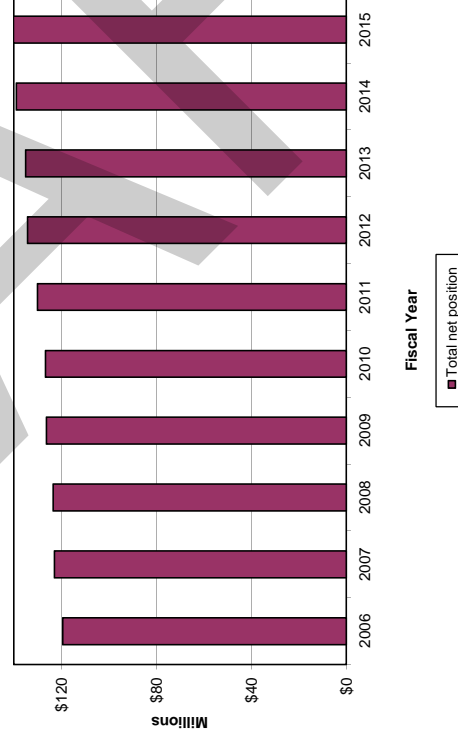
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<b>Financial Trends</b>	51-53
These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	54-57
These schedules contain information to help the reader assess the District’s most significant revenue sources, water sales and wastewater collection.	
<b>Debt Capacity</b>	58-59
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
<b>Demographic Information</b>	60-61
This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	
<b>Operating Information</b>	62-63
These schedules contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	



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

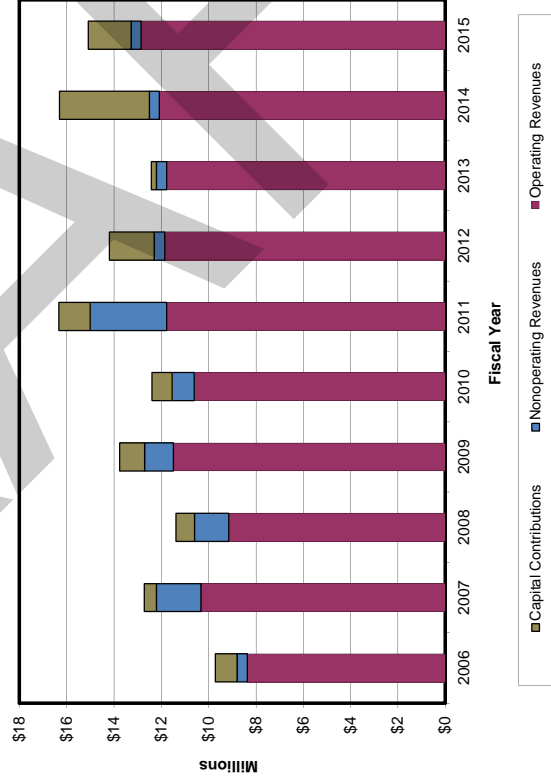
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Changes in net position:</b>										
Operating revenues	\$ 8,370,774	\$ 10,326,060	\$ 9,150,611	\$ 11,485,437	\$ 10,614,482	\$ 11,774,989	\$ 11,858,010	\$ 11,768,732	\$ 12,086,128	\$ 12,862,362
Operating expenses	(7,480,070)	(8,722,235)	(9,443,488)	(9,382,017)	(10,261,792)	(10,895,356)	(9,332,976)	(9,379,761)	(9,407,367)	(9,458,477)
Operating income (loss)	890,704	1,603,825	(292,877)	2,103,420	352,690	879,633	2,525,034	2,388,971	2,678,761	3,403,885
Non-operating revenues (expenses)	19,271	1,386,589	109,478	(813,310)	(833,764)	1,120,230	(1,886,000)	(1,793,893)	(1,689,013)	(1,621,996)
Net income before capital contributions	909,975	2,990,414	(183,399)	1,790,110	(481,074)	1,999,863	639,034	595,078	989,748	1,781,889
Capital contributions	910,968	512,346	782,478	1,062,104	862,020	1,327,733	1,895,449	222,268	3,800,217	1,808,824
Changes in net position	1,820,943	3,502,760	599,079	2,852,214	380,946	3,327,596	2,534,483	817,346	4,789,965	3,590,713
Net position, beginning of year	117,575,033	119,395,976	122,898,736	123,497,815	126,350,029	126,730,975	130,058,571	134,213,783	135,031,129	138,994,781
Prior period adjustments							1,620,729		(826,313)	(2,338,978)
Net position, end of year	\$ 119,395,976	\$ 122,898,736	\$ 123,497,815	\$ 126,350,029	\$ 126,730,975	\$ 130,058,571	\$ 134,213,783	\$ 135,031,129	\$ 138,994,781	\$ 140,246,516
<b>Net position by component:</b>										
Net investment in capital assets	\$ 110,853,880	\$ 107,262,871	\$ 109,656,979	\$ 111,548,505	\$ 115,269,154	\$ 113,545,277	\$ 124,124,544	\$ 124,274,008	\$ 126,769,451	\$ 130,072,044
Restricted for debt service	241,825	3,084,330	3,084,281	3,084,250	3,084,250	3,933,757	3,933,752	3,933,549	3,933,764	3,933,765
Unrestricted	8,300,271	12,551,535	10,756,555	11,717,274	8,377,571	12,579,537	6,155,487	6,823,572	8,291,566	6,240,707
Total net position	\$ 119,395,976	\$ 122,898,736	\$ 123,497,815	\$ 126,350,029	\$ 126,730,975	\$ 130,058,571	\$ 134,213,783	\$ 135,031,129	\$ 138,994,781	\$ 140,246,516



Source: Marina Coast Water District, Audited Financial Statements

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

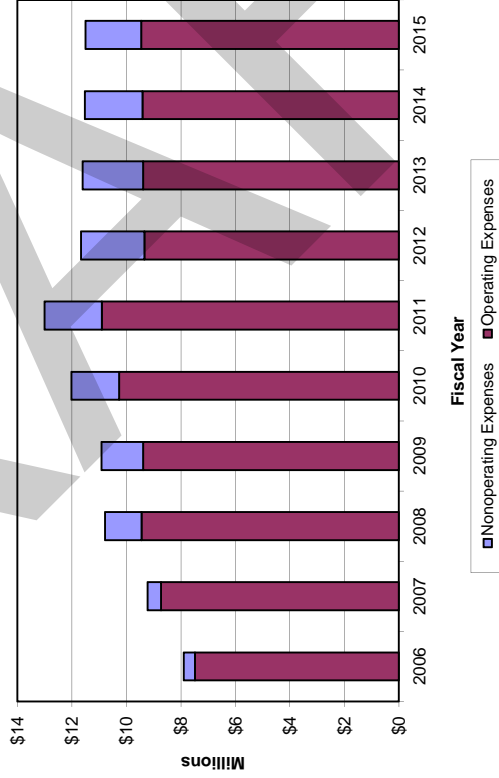
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Operating revenues:</b>										
Water sales	\$ 6,022,326	\$ 6,707,039	\$ 6,686,916	\$ 7,344,555	\$ 7,501,854	\$ 8,750,650	\$ 9,051,906	\$ 8,839,268	\$ 9,106,401	\$ 9,581,388
Wastewater services	1,811,916	1,881,978	1,888,433	1,965,102	2,161,443	2,354,013	2,453,627	2,513,613	2,507,048	2,800,880
Other services and fees	536,532	1,737,043	575,262	2,175,780	951,185	670,326	352,477	415,851	472,679	480,094
<b>Total operating revenues</b>	<b>8,370,774</b>	<b>10,326,060</b>	<b>9,150,611</b>	<b>11,485,437</b>	<b>10,614,482</b>	<b>11,774,989</b>	<b>11,858,010</b>	<b>11,768,732</b>	<b>12,086,128</b>	<b>12,862,362</b>
<b>Nonoperating revenues:</b>										
Interest earned	433,146	1,882,864	1,417,375	1,185,594	613,936	273,267	233,276	208,531	197,277	192,909
Bond premium (discount)	-	-	36,353	36,353	36,353	41,724	47,939	47,657	47,658	47,658
Rental income	-	-	-	-	273,678	2,914,028	164,485	179,438	179,438	179,438
<b>Total nonoperating revenues</b>	<b>433,146</b>	<b>1,882,864</b>	<b>1,453,728</b>	<b>1,221,947</b>	<b>923,967</b>	<b>3,229,019</b>	<b>445,700</b>	<b>435,626</b>	<b>424,373</b>	<b>420,005</b>
<b>Capital contributions:</b>										
Grant revenue	616,213	25,641	361,068	47,568	33,243	783,326	1,185,312	11,680	-	-
Capacity and connection fees	294,755	486,705	421,410	1,014,536	828,777	544,407	640,191	210,588	3,197,978	1,129,206
Developer contributions	-	-	-	-	-	-	69,946	-	602,239	679,618
<b>Total capital contributions</b>	<b>910,968</b>	<b>512,346</b>	<b>782,478</b>	<b>1,062,104</b>	<b>862,020</b>	<b>1,327,733</b>	<b>1,895,449</b>	<b>222,268</b>	<b>3,800,217</b>	<b>1,808,824</b>
<b>Total revenues</b>	<b>\$ 9,714,888</b>	<b>\$ 12,721,270</b>	<b>\$ 11,386,817</b>	<b>\$ 13,769,488</b>	<b>\$ 12,400,469</b>	<b>\$ 16,331,741</b>	<b>\$ 14,199,159</b>	<b>\$ 12,426,626</b>	<b>\$ 16,310,718</b>	<b>\$ 15,091,191</b>



Source: Marina Coast Water District, Audited Financial Statements

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

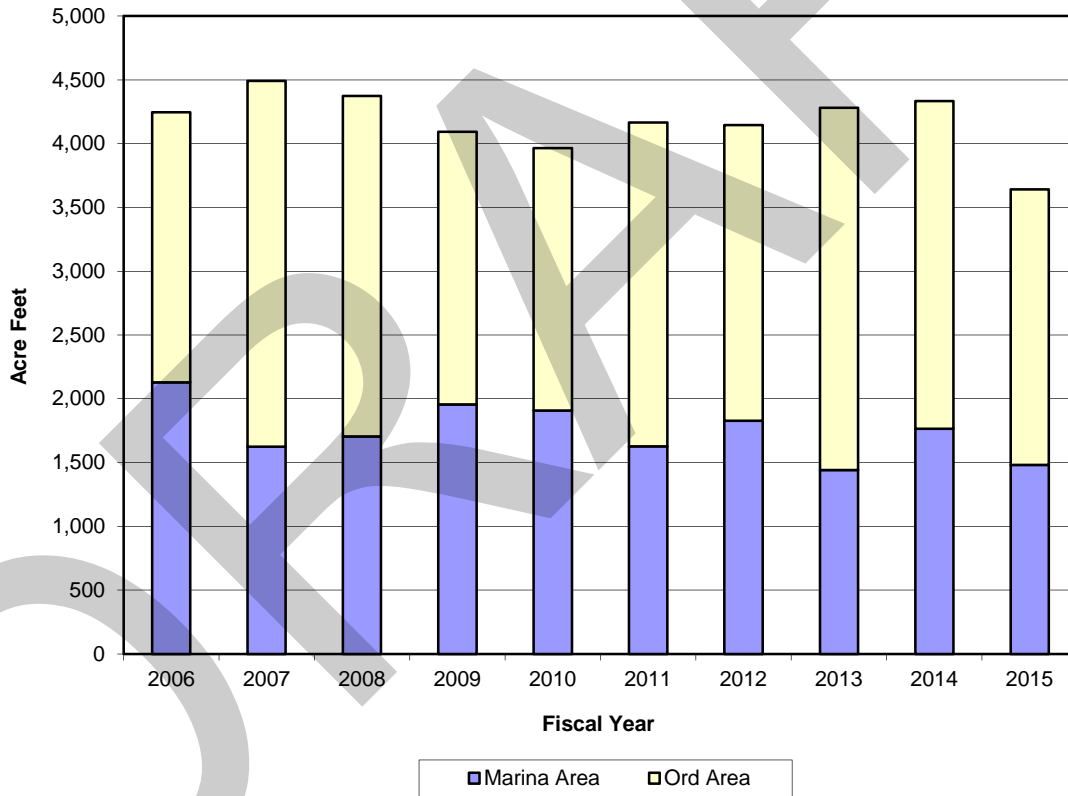
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Operating expenses:</b>										
Administrative	\$ 1,563,799	\$ 1,825,843	\$ 2,274,611	\$ 2,129,232	\$ 2,129,012	\$ 2,682,047	\$ 2,181,146	\$ 2,919,025	\$ 2,868,768	\$ 2,979,535
Operations and maintenance	2,088,928	2,272,393	2,158,993	2,216,202	2,709,949	3,001,131	2,722,037	2,970,097	3,154,941	3,036,913
Laboratory	296,526	278,641	295,452	312,140	325,299	324,244	216,448	225,119	263,015	245,496
Conservation	183,875	201,110	255,024	264,490	297,283	318,589	214,378	219,964	241,849	319,617
Engineering	1,401,603	1,664,900	1,376,436	1,024,390	908,265	869,790	969,643	983,105	1,087,355	1,280,311
Depreciation	1,945,339	2,479,348	3,082,972	3,435,564	3,891,984	3,699,555	3,029,324	2,062,451	1,791,439	1,596,605
<b>Total operating expenses</b>	<b>7,480,070</b>	<b>8,722,235</b>	<b>9,443,488</b>	<b>9,382,017</b>	<b>10,261,792</b>	<b>10,895,356</b>	<b>9,332,976</b>	<b>9,379,761</b>	<b>9,407,367</b>	<b>9,458,477</b>
<b>Nonoperating expenses</b>										
Interest expense	413,875	496,275	1,314,153	1,505,137	1,727,610	2,069,622	2,281,489	2,180,345	2,113,386	2,042,001
Bond issuance costs	-	-	30,097	30,120	30,121	39,167	50,211	49,174	-	-
<b>Total nonoperating expenses</b>	<b>413,875</b>	<b>496,275</b>	<b>1,344,250</b>	<b>1,535,257</b>	<b>1,757,731</b>	<b>2,108,789</b>	<b>2,331,700</b>	<b>2,229,519</b>	<b>2,113,386</b>	<b>2,042,001</b>
<b>Total expenses</b>	<b>\$ 7,893,945</b>	<b>\$ 9,218,510</b>	<b>\$ 10,787,738</b>	<b>\$ 10,917,274</b>	<b>\$ 12,019,523</b>	<b>\$ 13,004,145</b>	<b>\$ 11,664,676</b>	<b>\$ 11,609,280</b>	<b>\$ 11,520,753</b>	<b>\$ 11,500,478</b>



Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Water Production by Service Area**  
**Last Ten Fiscal Years**  
**Schedule 4**

Fiscal Year	Marina Area	Ord Area	Water Production (acre feet)
2006	2,130	2,117	4,247
2007	1,624	2,868	4,492
2008	1,705	2,669	4,374
2009	1,957	2,137	4,094
2010	1,908	2,058	3,966
2011	1,626	2,540	4,167
2012	1,827	2,318	4,145
2013	1,441	2,841	4,282
2014	1,764	2,570	4,334
2015	1,483	2,159	3,642



*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 Fiscal Years**  
**Schedule 5**

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

Description	2015		2014	2013	Fiscal Year		2010	2009	2008	2007	2006
	1/1/2015	7/1/2014			2012	2011					
0-8 hcf	\$ 2.55	\$ 2.47	\$ 2.29	\$ 2.29	\$ 2.18	\$ 2.08	\$ 1.93	\$ 1.79	\$ 1.70	\$ 1.70	\$ 1.70
9-16 hcf	2.92	2.83	2.79	2.79	2.66	2.53	2.35	2.18	2.39	2.39	2.39
16+ hcf	5.15	5.00	5.09	5.09	4.85	4.62	4.29	3.98	3.08	3.08	3.08
0-12 hcf									\$ 1.79	\$ 1.79	\$ 1.72
13+ hcf									2.80	2.80	2.69

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

Meter Size	2015		2014	2013	Fiscal Year		2010	2009	2008	2007	2006
	1/1/2015	7/1/2014			2012	2011					
5/8" - 3/4"	\$ 20.46	\$ 19.87	\$ 18.85	\$ 18.85	\$ 17.95	\$ 17.11	\$ 15.87	\$ 14.72	\$ 14.18	\$ 14.18	\$ 13.63
1"	33.01	32.05	47.09	47.09	44.85	42.75	39.66	36.79	35.44	35.44	34.08
1 1/2"	53.94	52.36	94.19	94.19	89.70	85.51	79.32	73.58	70.88	70.88	68.15
2"	79.04	76.73	150.68	150.68	143.50	136.80	126.90	117.72	113.40	113.40	109.04
3"	137.65	133.64	282.52	282.52	269.07	256.50	237.94	220.73	212.63	212.63	204.45
4"	221.30	214.85	470.87	470.87	448.45	427.50	396.57	367.88	354.38	354.38	340.75
6"	430.50	417.96	941.75	941.75	896.90	855.00	793.14	735.75	708.76	708.76	681.50
8"	849.14	824.41	1,883.49	1,883.49	1,793.80	1,710.01	1,586.28	1,471.50	1,417.52	1,417.52	1,363.00
Sewer (EDU)	11.11	10.10	9.15	9.15	8.71	8.30	7.70	7.14	6.88	6.88	6.62

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

Description	2015		2014	2013	Fiscal Year		2010	2009	2008	2007	2006
	1/1/2015	7/1/2014			2012	2011					
0-8 hcf	\$ 2.60	\$ 2.22	\$ 2.33	\$ 2.33	\$ 2.33	\$ 2.22	\$ 2.06	\$ 1.87	\$ 1.70	\$ 1.70	\$ 1.70
9-16 hcf	3.98	3.40	3.27	3.27	3.27	3.12	2.89	2.63	2.39	2.39	2.39
16+ hcf	5.37	4.59	4.22	4.22	4.22	4.02	3.73	3.39	3.08	3.08	3.08
0-12 hcf											
13+ hcf											
Flat Rate	112.65	98.36	84.34	84.34	84.34	80.40	74.58	67.76	52.10	52.10	52.10
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
CCC <sup>2</sup> - Water											

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

Description	2015		2014	2013	Fiscal Year		2010	2009	2008	2007	2006
	1/1/2015	7/1/2014			2012	2011					
5/8" - 3/4"	\$ 31.48	\$ 28.96	\$ 17.11	\$ 17.11	\$ 17.11	\$ 16.31	\$ 15.13	\$ 13.75	\$ 12.50	\$ 12.50	\$ 12.50
1"	49.11	45.18	42.76	42.76	42.76	40.76	37.81	34.38	31.25	31.25	31.25
1 1/2"	78.49	72.21	85.49	85.49	85.49	81.50	75.60	68.73	62.50	62.50	62.50
2"	113.74	104.64	136.78	136.78	136.78	130.39	120.96	109.96	100.00	100.00	100.00
3"	196.05	180.37	256.47	256.47	256.47	244.49	226.80	206.18	187.50	187.50	187.50
4"	313.52	288.45	427.45	427.45	427.45	407.48	378.00	343.63	312.50	312.50	312.50
6"	607.31	558.75	854.89	854.89	854.89	814.96	755.99	687.27	625.00	625.00	625.00
8"	1,195.24	1,099.66	1,709.79	1,709.79	1,709.79	1,629.93	1,511.99	1,374.53	1,250.00	1,250.00	1,250.00
Sewer (EDU)	27.55	26.49	25.56	25.56	25.56	24.36	22.60	20.97	20.20	20.20	20.20
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
CCC <sup>2</sup> - Sewer											

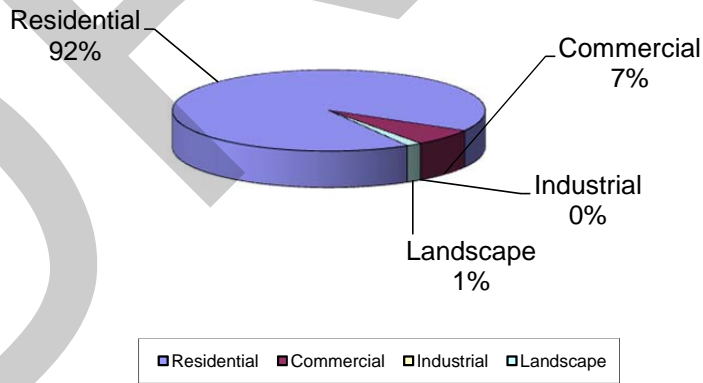
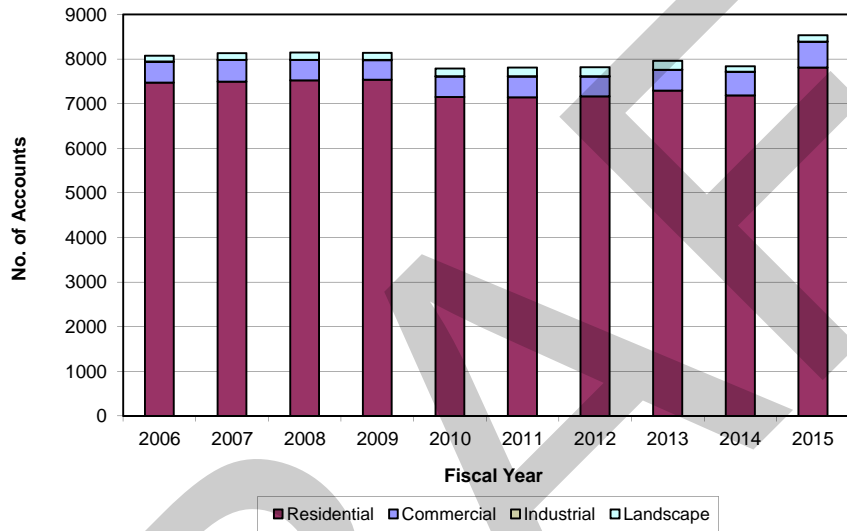
Note: (1) CS = Monthly Capital Surcharge for new EDU's.

(2) CCC = Capital Component Charge (per hcf) in lieu of Capacity Charge

Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Water Accounts by Type of Customer**  
**Last Ten Fiscal Years**  
**Schedule 6**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water customer accounts										
Residential	7,472	7,492	7,523	7,536	7,152	7,142	7,162	7,295	7,184	7,808
Commercial	466	488	454	438	458	467	448	461	527	578
Industrial	3	3	3	3	3	3	3	3	3	3
Landscape	130	151	163	162	174	197	203	203	125	145
<b>Total water accounts</b>	<b>8,071</b>	<b>8,134</b>	<b>8,143</b>	<b>8,139</b>	<b>7,787</b>	<b>7,809</b>	<b>7,816</b>	<b>7,962</b>	<b>7,839</b>	<b>8,534</b>



Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Principal Water Users**  
**Fiscal Years Ended June 30, 2006 and June 30, 2015**  
**Schedule 7**

Customer	2006		2015	
	Water Usage (acre feet)	Percentage of Water Sold	Water Usage (acre feet)	Percentage of Water Sold
CSU Monterey Bay	537	14.67%	579	16.18%
Monterey Bay Military Housing	520	14.21%	383	10.69%
KB Bakewell LLC	101	2.75%	175	4.89%
Bay View Mobile Home Park	72	1.96%	135	3.76%
City of Marina	67	1.84%	71	1.99%
Sun Bay Apartments	65	1.77%	44	1.23%
MPUSD - Seaside High School	43	1.17%	44	1.23%
Cypress Sands Apartments	32	0.86%	42	1.17%
United States Army	28	0.77%	40	1.13%
Monterey Peninsula Engineering	27	0.73%	27	0.74%
<b>Total Principal Water Users</b>	<b>1,490</b>	<b>40.74%</b>	<b>1,540</b>	<b>43.02%</b>
<b>Total All Users</b>	<b>3,657</b>	<b>100.00%</b>	<b>3,578</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**

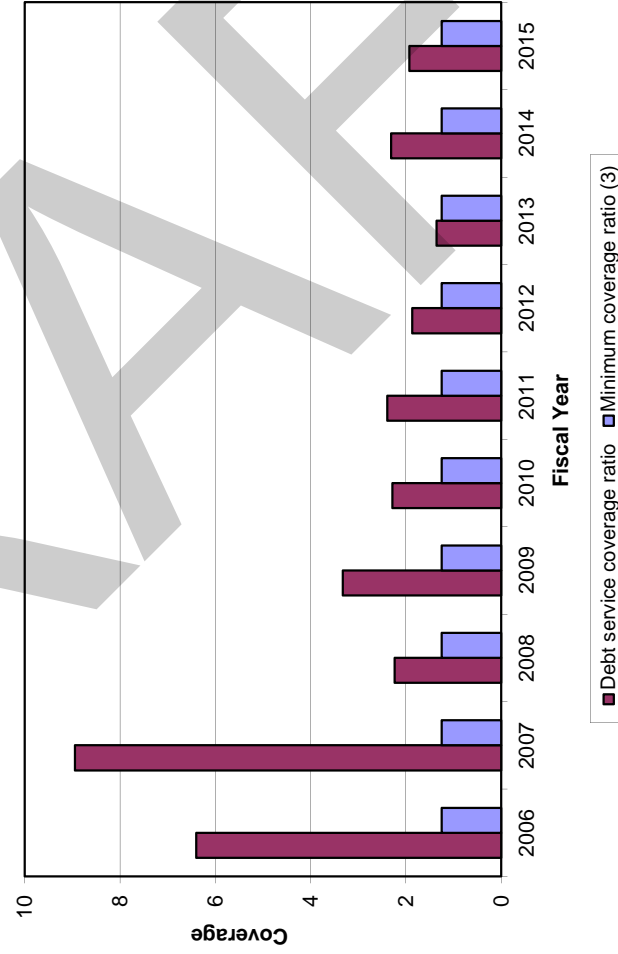
Fiscal Year	Loans Payable	Notes Payable	Bonds Payable	Capital Leases	Debt	Total Accounts	Total Debt per Account
2006	6,443,597	2,430,148	-	-	8,873,745	8,071	1,099
2007	749,933	-	42,035,000	-	42,784,933	8,134	5,260
2008	673,854	-	41,335,000	138,221	42,147,075	8,143	5,176
2009	592,529	-	40,610,000	110,356	41,312,885	8,139	5,076
2010	7,963,663	-	39,785,000	166,020	47,914,683	7,787	6,153
2011	490,971	-	46,615,000	98,039	47,204,010	7,809	6,045
2012	49,520	-	45,080,000	26,407	45,155,927	7,816	5,777
2013	21,224	-	43,480,000	-	43,501,224	7,962	5,464
2014	-	-	41,830,000	-	41,830,000	7,839	5,336
2015	-	-	40,115,000	-	40,115,000	8,534	4,701

Source: Marina Coast Water District, Audited Financial Statements



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt service coverage										
Gross revenues (1)	9,714,888	12,721,270	11,025,749	13,721,920	12,400,469	16,331,741	14,199,159	12,426,626	16,310,718	15,091,191
Operating expenses (2)	(5,534,731)	(6,242,887)	(6,360,516)	(5,946,453)	(6,369,808)	(7,195,801)	(6,303,652)	(7,317,310)	(7,615,928)	(7,861,872)
Net available revenues	4,180,157	6,478,383	4,665,233	7,775,467	6,030,661	9,135,940	7,895,507	5,109,316	8,694,790	7,229,319
Debt service										
Principal	303,261	542,669	776,079	834,190	911,764	1,757,615	1,948,155	1,600,000	1,650,000	1,715,000
Interest	349,733	181,277	1,314,153	1,505,137	1,727,610	2,069,622	2,281,489	2,180,345	2,113,386	2,042,001
	652,994	723,946	2,090,232	2,339,327	2,639,374	3,827,237	4,229,644	3,780,345	3,763,386	3,757,001
Debt service coverage ratio	6.40	8.95	2.23	3.32	2.28	2.39	1.87	1.35	2.31	1.92
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25



**Notes:**

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

**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)
2005	424,482	14,519,770	34,172	36.1	7.3%
2006	410,206	15,667,000	38,193	31.9	5.7%
2007	407,637	15,586,498	38,373	32.1	6.6%
2008	408,238	17,205,000	42,144	32.2	8.5%
2009	410,370	17,381,644	42,356	32.4	12.0%
2010	415,057	17,574,000	42,176	32.8	12.8%
2011	421,898	17,355,940	41,138	33.0	12.4%
2012	426,762	18,365,298	43,034	33.0	11.4%
2013	428,826	19,233,171	44,851	33.4	10.1%
2014	**	**	**	**	**

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2014)

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

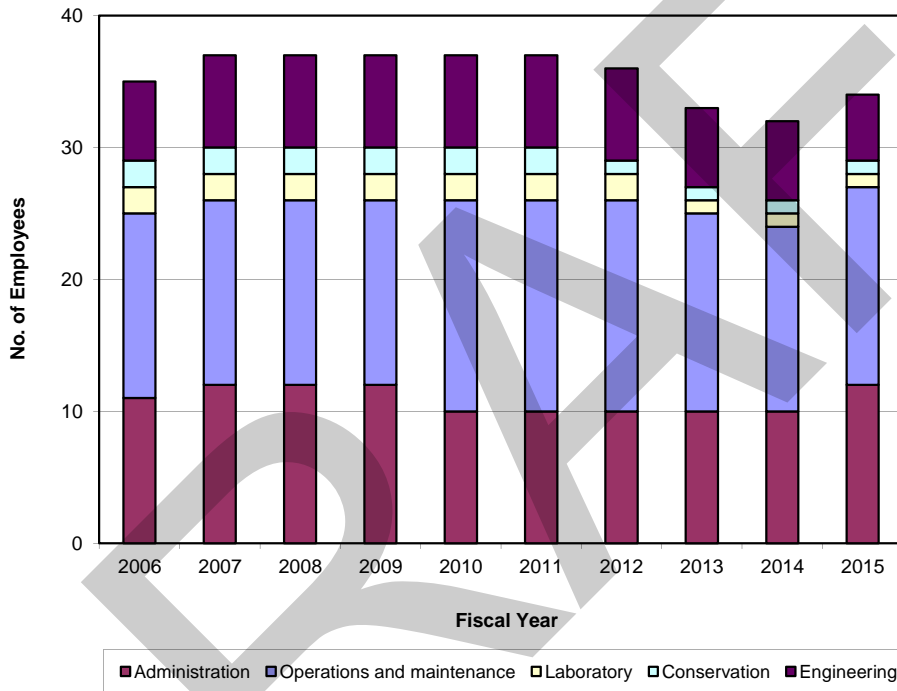
**MARINA COAST WATER DISTRICT**  
**Employment by Industry - Monterey County**  
**Prior Year and Ten Years Ago**  
**Schedule 11**

2014				2004			
Employer	Employees	Rank	Percentage of Total Employment Listed	Employer	Employees	Rank	Percentage of Total City Employment Listed
Agriculture	52,500	1	28.64%	Agriculture	41,900	1	24.62%
Government	30,300	2	16.53%	Government	30,300	2	17.80%
Leisure and Hospitality	22,900	3	12.49%	Leisure and Hospitality	20,300	3	11.93%
Educational and Health Services	18,500	4	10.09%	Retail Trade	17,200	4	10.11%
Retail Trade	16,300	5	8.89%	Educational and Health Services	13,700	5	8.05%
Professional and Business Services	12,500	6	6.82%	Professional and Business Services	11,800	6	6.93%
Wholesale Trade	5,400	7	2.95%	Manufacturing	7,200	7	4.23%
Manufacturing	5,300	8	2.89%	Natural Resources, Mining and Construction	6,900	8	4.05%
Natural Resources, Mining and Construction	5,100	9	2.78%	Financial Activities	5,900	9	3.47%
Other Services	4,900	10	2.67%	Wholesale Trade	4,700	10	2.76%
Transportation, Warehousing and Utilities	4,300	11	2.35%	Other Services	4,700	11	2.76%
Financial Activities	3,900	12	2.13%	Transportation, Warehousing and Utilities	3,300	12	1.94%
Information	1,400	13	0.76%	Information	2,300	13	1.35%
Total	<u>183,300</u>		<u>100.00%</u>	Total	<u>170,200</u>		<u>100.00%</u>

Source: The Association of Monterey Bay Area Governments

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Employees by department										
Administration	11	12	12	12	10	10	10	10	10	12
Operations and maintenance	14	14	14	14	16	16	16	15	14	15
Laboratory	2	2	2	2	2	2	2	1	1	1
Conservation	2	2	2	2	2	2	1	1	1	1
Engineering	6	7	7	7	7	7	7	6	6	5
<b>Total employees</b>	<b>35</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>36</b>	<b>33</b>	<b>32</b>	<b>34</b>



Source: Marina Coast Water District's Finance Department

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Facilities</b>										
Distribution pipeline (miles)	94	124	126	142	142	142	142	142	142	147
Storage capacity (mg)(1)	12	12	12	12	11	11	11	11	11	11
System capacity (mgd)(2)	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
<b>Water produced</b>										
Water produced - Marina (mg)(1)	694	529	556	638	622	530	595	470	575	483
Average per day (mgd)(2)	1.9	1.4	1.5	1.7	1.7	1.5	1.6	1.3	1.6	1.3
Water produced - Ord (mg)(1)	690	935	870	696	671	828	755	926	837	703
Average per day (mgd)(2)	1.9	2.6	2.4	1.9	1.8	2.3	2.1	2.5	2.3	1.9
<b>Total water produced (mg)(1)</b>	<b>1,384</b>	<b>1,464</b>	<b>1,425</b>	<b>1,334</b>	<b>1,292</b>	<b>1,357</b>	<b>1,351</b>	<b>1,395</b>	<b>1,412</b>	<b>1,187</b>
<b>Average per day (mgd)(2)</b>	<b>3.8</b>	<b>4.0</b>	<b>3.9</b>	<b>3.7</b>	<b>3.5</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.3</b>

(1) mg = million gallons

(2) mgd = million gallons per day

Source: Marina Coast Water District's Finance Department