

**AMADOR WATER AGENCY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**



Leaf & Cole, LLP  
*Certified Public Accountants*

**AMADOR WATER AGENCY  
FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Statements of Net Position	9 - 10
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13 - 14
Notes to Financial Statements	15 - 35
Supplementary Schedules:	
Schedule of Net Position by Rate Area	36 - 37
Schedule of Revenues, Expenses and Changes in Net Position by Rate Area	38
Schedule of Net Revenues - Amador Water System	39



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.  
Michael S. Schreiberman, C.P.A.  
Michael J. Zizzi, C.P.A.  
Julie A. Firl, C.P.A.  
Nicholas M. Gines, C.P.A.

*Members*  
American Institute of Certified Public Accountants  
California Society of Certified Public Accountants

## **Independent Auditor's Report**

To the Board of Directors  
Amador Water Agency  
12800 Ridge Road  
Sutter Creek, California 95685

### **Report on Financial Statements**

We have audited the accompanying financial statements of Amador Water Agency, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the 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 and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amador Water Agency, as of June 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 on 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 that collectively comprise the Agency's financial statements. The Schedule of Net Position by Rate Area, the Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, and the Schedule of Net Revenues – Amador Water System are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Net Position by the Rate Area, Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, and the Schedule of Net Revenues – Amador Water System 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 statement 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 Schedule of Net Position by Rate Area, the Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, and the Schedule of Net Revenues – Amador Water System are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Change in Accounting Principle**

As discussed in Note 13 to the financial statements, in 2013 the Agency adopted new accounting guidance GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

*Leaf & Cole LLP*

San Diego, California  
March 27, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Amador Water Agency (the "Agency") provides an overview of the Agency's financial activities for the year ended June 30, 2013. Please read it in conjunction with the Agency's financial statements, which follow this section.

### **Financial Statements**

This discussion and analysis provides an introduction and a brief description of the Agency's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The Agency's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements.

The statement of net position includes all the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position may be displayed in the categories:

- Invested in Capital Assets, Net of Related Debt
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency.

The statement of revenues, expenses and changes in net position presents information which shows how the Agency's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the Agency's operations over the past year and determines whether the Agency has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the Agency's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operations
- Capital and related financing
- Noncapital financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Highlights

- The Agency's net position decreased by \$1,354,582 to \$58,560,756 for the year ended June 30, 2013.
- The Agency's total revenues increased from \$10,167,532 for the year ended June 30, 2012, to \$11,206,181 for the year ended June 30, 2013. The increase in current services and grant revenues accounts for the majority of the increase
- The Agency's total expenses increased from \$12,421,560 for the year ended June 30, 2012, to \$12,560,763 for the year ended June 30, 2013. Increased general and administration expenses net of decreases in other nonoperating expenses as well as decreased other operating expenses account for the increase.

### Financial Analysis of the Financial Statements

#### Net Assets

The following is a summary of the Agency's statement of net position at June 30, 2013 and 2012, respectively:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Dollar</u> <u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Assets:</u></b>				
Current assets	\$ 2,916,814	\$ 2,574,326	\$ 342,488	13.30
Noncurrent Assets:				
Restricted assets	1,841,520	593,747	1,247,773	210.15
Due from the City of Plymouth	2,889,029	2,906,075	(17,046)	(0.59)
Capital assets	87,650,226	91,008,965	(3,358,739)	(3.69)
Bond issuance costs	109,504	114,317	(4,813)	(4.21)
Total Assets	<u>95,407,093</u>	<u>97,197,430</u>	<u>(1,790,337)</u>	(1.84)
<b><u>Deferred Outflows of Resources:</u></b>	<u>21,423</u>	<u>28,564</u>	<u>(7,141)</u>	(25.00)
<b><u>Liabilities:</u></b>				
Current liabilities	2,336,887	2,323,871	13,016	0.56
Noncurrent liabilities	34,530,873	34,986,785	(455,912)	(1.30)
Total Liabilities	<u>36,867,760</u>	<u>37,310,656</u>	<u>(442,896)</u>	(1.19)
<b><u>Net Position:</u></b>				
Invested in capital assets, net of related debt	53,060,816	55,556,179	(2,495,363)	(4.49)
Restricted	6,631,013	6,045,175	585,838	9.69
Unrestricted	(1,131,073)	(1,686,016)	554,943	(32.91)
Total Net Position	<u>\$ 58,560,756</u>	<u>\$ 59,915,338</u>	<u>\$ (1,354,582)</u>	(2.26)

As you can see from the table above, net position decreased by \$1,354,582 from fiscal year 2012 to 2013. Looking more carefully you will note that this is driven by the change in net position invested in capital assets, net of related debt, which decreased \$2,495,363 in fiscal year 2013. This decrease is the result of depreciation expense exceeding capital asset additions during the year as well as the net change in long-term debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the Financial Statements (Continued)

#### Net Assets (Continued)

Restricted net position restricted increased by \$585,838 from fiscal year 2012 to 2013 as a result of increased taxes and assessments, participation fee revenues and activities in restricted cash accounts including debt service accounts.

Unrestricted net position (those that can be used to finance day-to-day operations) increased \$554,943 due to an increase in net working capital.

#### Revenues, Expenses and Changes in Net Position

The following is a summary of the Agency's revenues, expenses and changes in net position for the years ended June 30, 2013 and June 30, 2012, respectively:

	June 30, <u>2013</u>	June 30, <u>2012</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Operating Revenues:</u></b>				
Current services	\$ 8,403,267	\$ 7,938,457	\$ 464,810	5.86
Other revenues	748,289	535,061	213,228	39.85
Subtotal	<u>9,151,556</u>	<u>8,473,518</u>	<u>678,038</u>	
<b><u>Nonoperating Revenues:</u></b>				
Participation fees	724,950	592,624	132,326	22.33
Taxes and assessments	694,773	419,649	275,124	65.56
Grant revenue	460,484	104,285	356,199	341.56
Other nonoperating revenues	174,418	577,456	(403,038)	(69.80)
Subtotal	<u>2,054,625</u>	<u>1,694,014</u>	<u>360,611</u>	
Total Revenues	<u>11,206,181</u>	<u>10,167,532</u>	<u>1,038,649</u>	10.22
<b><u>Operating Expenses:</u></b>				
General and administrative	4,057,079	3,588,786	468,293	13.05
Other operating expense	3,234,833	3,322,049	(87,216)	(2.63)
Subtotal	<u>7,291,912</u>	<u>6,910,835</u>	<u>381,077</u>	
Depreciation expense	3,736,251	3,720,433	15,818	0.43
<b><u>Nonoperating Expenses:</u></b>				
Interest expense	1,511,007	1,550,125	(39,118)	(2.52)
Other nonoperating expenses	21,593	240,167	(218,574)	(91.01)
Total Expenses	<u>12,560,763</u>	<u>12,421,560</u>	<u>139,203</u>	1.12
Change in Net Position	(1,354,582)	(2,254,028)	899,446	(39.90)
Net Position at Beginning of Year	<u>59,915,338</u>	<u>62,169,366</u>	<u>(2,254,028)</u>	(3.63)
Net Position at End of Year	<u>\$ 58,560,756</u>	<u>\$ 59,915,338</u>	<u>\$ (1,354,582)</u>	(2.26)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Revenues, Expenses and Changes in Net Position (Continued)**

The Agency's operating revenues increased by \$678,038 in fiscal year 2013 due to increased demand in water services. Nonoperating revenues increased by \$360,611 in fiscal year 2013. This is driven by increased grant revenues and taxes and assessments, offset by a reduction in other nonoperating revenues which decreased because of a write off of the Caltrans Advance in fiscal year 2012.

Operating costs, exclusive of depreciation, increased \$381,077 in fiscal year 2013, primarily as a result of the Agency having to increase its allowance for doubtful accounts for accounts receivable – other. Nonoperating expenses decreased by \$257,692, largely due to writing down the Due from the City of Plymouth in fiscal year 2012.

### **Capital Assets**

Capital assets consist of the following at June 30, 2013 and June 30, 2012, respectively:

	June 30, <u>2013</u>	June 30, <u>2012</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Capital Assets Not Being Depreciated:</u></b>				
Land	\$ 3,760,652	\$ 3,760,652	\$ -	-
Construction in progress	2,813,144	4,645,216	(1,832,072)	(39.44)
Total Capital Assets Not Being Depreciated	<u>6,573,796</u>	<u>8,405,868</u>	<u>(1,832,072)</u>	(21.80)
<b><u>Capital Assets Being Depreciated:</u></b>				
Utility plant	10,783,477	10,783,477	-	-
Source of supply	1,710,189	1,699,368	10,821	0.64
Pumping plant	679,137	670,116	9,021	1.35
Treatment plant	23,226,625	23,206,265	20,360	0.09
Transmission and distribution	74,240,285	72,126,224	2,114,061	2.93
General plant	10,735,832	10,728,209	7,623	0.07
Total Capital Assets Being Depreciated	<u>121,375,545</u>	<u>119,213,659</u>	<u>2,161,886</u>	1.81
Less: Accumulated Depreciation	<u>(40,299,115)</u>	<u>(36,610,562)</u>	<u>(3,688,553)</u>	10.08
Net Capital Assets Being Depreciated	<u>81,076,430</u>	<u>82,603,097</u>	<u>(1,526,667)</u>	(1.85)
Net Capital Assets	<u>\$ 87,650,226</u>	<u>\$ 91,008,965</u>	<u>\$ (3,358,739)</u>	(3.69)

The net additions to capital assets for fiscal year 2013 totaled \$377,512. Capital asset additions included renovation on the Camanche Water System to replace Laterals and Tank Liners. In addition, continuing construction costs were incurred within the CAWP Wholesale Water System for the Gravity Supply Line Project.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

The following is a summary of long-term debt at June 30, 2013 and June 30, 2012, respectively:

	June 30, <u>2013</u>	June 30, <u>2012</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
Certificates of participation	\$ 20,980,000	\$ 21,505,000	\$ (525,000)	(2.44)
Notes payable	13,237,200	13,587,779	(350,579)	(2.58)
Total	<u>34,217,200</u>	<u>35,092,779</u>	<u>(875,579)</u>	(2.50)
Unamortized discount and premium	372,210	388,571	(16,361)	(4.21)
Total Long-Term Debt	<u>34,589,410</u>	<u>35,481,350</u>	<u>(891,940)</u>	(2.51)
Less: Current portion	<u>(1,805,206)</u>	<u>(1,775,573)</u>	<u>(29,633)</u>	(1.64)
	<u>\$ 32,784,204</u>	<u>\$ 33,705,777</u>	<u>\$ (921,573)</u>	(2.73)

The Agency reduced its debt outstanding by \$891,940 during the year ended June 30, 2013. No new long-term debt has been issued, and the Agency has no current plans to issue debt.

### Economic Factors and Budget

The Agency's Board of Directors and management consider many factors when setting the fiscal year budget. The Agency has a number of capital improvement projects appropriated for the year ended June 30, 2014, including the CAWP Gravity Supply Line construction, the AWS Water Loss Design and Construction, phase 2 of the Tank Liner and Lateral replacement work in the Lake Camanche Water System. The Agency's Capital Improvement Program for the year ended June 30, 2014 is \$10,900,775 which is an increase from the prior year. The Agency's total operating budget for the year ended June 30, 2014 is \$11,637,030 which is an increase compared to the adopted operating budget for the year ended June 30, 2013. The budget for the year ended June 30, 2014 does not contain an appropriation for the total Annual Required Contribution as defined in GASB 45.

Below is a historical look at water production and customer accounts by service area as of and for the years ended June 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>Water Production (000 Gals):</u></b>				
Tanner Plant	826,160	773,990	752,838	706,501
Ione Plant	512,800	473,320	477,885	482,949
Buckhorn Plant	304,910	299,970	294,653	326,141
Lake Comanche Plant	96,530	91,220	95,697	89,392
La Mel Heights Plant	5,580	5,870	5,496	5,580
Total Production	<u>1,745,980</u>	<u>1,644,370</u>	<u>1,626,569</u>	<u>1,610,563</u>
<b><u>Customer Accounts:</u></b>				
<b><u>Water Connections:</u></b>				
Amador Water System	3,770	3,719	3,594	3,534
Cawp Retail	2,612	2,630	2,628	2,626
ID #7 - Lake Comanche	732	733	731	728
ID #3 - La Mel	58	58	58	58
Total Water Connections	<u>7,172</u>	<u>7,140</u>	<u>7,011</u>	<u>6,946</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Factors and Budget (Continued)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Wastewater Connections:</b>				
Lake Comanche (Users)	341	360	342	366
Wastewater (Users)	305	305	303	304
Martell Areas	183	181	178	179
Wastewater (Standby)	102	101	103	-
Total Wastewater Customers	<u>931</u>	<u>947</u>	<u>926</u>	<u>849</u>
Total Customers	<u>8,103</u>	<u>8,087</u>	<u>7,937</u>	<u>7,795</u>

### Contacting the Agency

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Amador Water Agency at (209) 223-3018.

**AMADOR WATER AGENCY  
STATEMENTS OF NET POSITION  
JUNE 30, 2013 AND 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b><u>Current Assets:</u></b> (Notes 1, 2 and 4)		
Cash and cash equivalents	\$ 1,353,065	\$ 696,878
Accounts receivable, net:		
Current services	1,223,460	1,231,257
Other	42,459	278,328
Taxes	9,476	6,577
Grants	-	55,984
Accrued interest receivable	1,273	625
Current portion due from the City of Plymouth	33,523	50,000
Inventory	211,649	215,058
Prepaid expenses	41,909	39,619
Total Current Assets	<u>2,916,814</u>	<u>2,574,326</u>
<b><u>Noncurrent Assets:</u></b>		
<b>Restricted Assets:</b> (Notes 1, 2 and 3)		
Cash and cash equivalents	1,472,369	473,947
Investments	369,151	119,800
Total Restricted Assets	<u>1,841,520</u>	<u>593,747</u>
<b>Capital Assets:</b> (Notes 1, 5 and 6)		
Nondepreciable	6,573,796	8,405,868
Depreciable, net of accumulated depreciation	81,076,430	82,603,097
Total Capital Assets, Net	<u>87,650,226</u>	<u>91,008,965</u>
<b>Other Assets:</b> (Notes 1 and 4)		
Due from City of Plymouth, less current portion above	2,889,029	2,906,075
Bond issuance costs	109,504	114,317
Total Other Assets	<u>2,998,533</u>	<u>3,020,392</u>
Total Noncurrent Assets	<u>92,490,279</u>	<u>94,623,104</u>
<b>TOTAL ASSETS</b>	<u>95,407,093</u>	<u>97,197,430</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on refunding (Note 1)	\$ 21,423	\$ 28,564

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2013 AND 2012**

<b>LIABILITIES</b>	<u>2013</u>	<u>2012</u>
<b><u>Current Liabilities:</u></b> (Notes 1 and 6)		
Accounts payable	\$ 207,224	\$ 229,843
Deposits	144,504	117,478
Accrued interest payable	150,822	179,207
Other payables	29,131	21,770
Current portion of long-term debt	<u>1,805,206</u>	<u>1,775,573</u>
Total Current Liabilities	<u>2,336,887</u>	<u>2,323,871</u>
<b><u>Noncurrent Liabilities:</u></b>		
<b><u>Long-Term Debt:</u></b> (Notes 1 and 6)		
Certificates of participation, net of current portion	20,802,210	21,368,571
Notes payable, net of current portion	<u>11,981,994</u>	<u>12,337,206</u>
Total Long-Term Debt	<u>32,784,204</u>	<u>33,705,777</u>
<b><u>Other Noncurrent Liabilities:</u></b> (Notes 1 and 9)		
Compensated absences	279,782	237,508
Net OPEB obligation	<u>1,466,887</u>	<u>1,043,500</u>
Total Other Noncurrent Liabilities	<u>1,746,669</u>	<u>1,281,008</u>
Total Noncurrent Liabilities	<u>34,530,873</u>	<u>34,986,785</u>
<b>TOTAL LIABILITIES</b>	<u>36,867,760</u>	<u>37,310,656</u>
<b><u>Commitments and Contingencies</u></b> (Notes 7, 9, 10 and 11)		
<b><u>NET POSITION:</u></b> (Notes 8 and 13)		
Invested in capital assets, net of related debt	53,060,816	55,556,179
Restricted	6,631,013	6,045,175
Unrestricted	<u>(1,131,073)</u>	<u>(1,686,016)</u>
Total Net Position	<u>\$ 58,560,756</u>	<u>\$ 59,915,338</u>

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

**AMADOR WATER AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Operating Revenues:</u></b>		
Current services	\$ 8,403,267	\$ 7,938,457
Other revenues	748,289	535,061
Total Operating Revenues	<u>9,151,556</u>	<u>8,473,518</u>
<b><u>Operating Expenses:</u></b>		
Depreciation	3,736,251	3,720,433
General and administrative	4,057,079	3,588,786
Maintenance	1,259,126	1,258,222
Transmission and distribution	1,702,277	1,811,443
Water treatment	273,430	252,384
Total Operating Expenses	<u>11,028,163</u>	<u>10,631,268</u>
Operating (Loss)	<u>(1,876,607)</u>	<u>(2,157,750)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Participation fees	724,950	592,624
Taxes and assessments	694,773	419,649
Grant revenues	460,484	104,285
Investment income earned	110,118	23,539
Other nonoperating revenue	64,300	553,917
Amortization	(4,813)	(4,813)
Other nonoperating expense	(16,780)	(235,354)
Interest expense	(1,511,007)	(1,550,125)
Total Nonoperating Revenues (Expenses)	<u>522,025</u>	<u>(96,278)</u>
Change in Net Position	(1,354,582)	(2,254,028)
Net Position at Beginning of Year (Note 13)	<u>59,915,338</u>	<u>62,169,366</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u>\$ 58,560,756</u></b>	<b><u>\$ 59,915,338</u></b>

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

**AMADOR WATER AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Cash received from customers	\$ 9,250,066	\$ 8,698,367
Cash payments to suppliers for goods and services	(4,606,486)	(5,042,312)
Cash payments to employees for services	<u>(1,998,899)</u>	<u>(2,175,566)</u>
Net Cash Provided by Operating Activities	<u>2,644,681</u>	<u>1,480,489</u>
<b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b>		
Receipts from taxes, assessments and other nonoperating income	<u>739,394</u>	<u>532,172</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>739,394</u>	<u>532,172</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Acquisition and construction of capital assets	(384,351)	(287,681)
Proceeds from long-term debt	-	594,226
Proceeds from participation fees	724,950	592,624
Proceeds from grant revenues	460,484	104,285
Principal paid on long-term debt	(875,579)	(848,551)
Interest paid on long-term debt	<u>(1,548,612)</u>	<u>(1,568,903)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,623,108)</u>	<u>(1,414,000)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchase of investments	(250,000)	(220,000)
Proceeds from sale or maturity of investments	-	221,490
Payments received on Due from City of Plymouth	33,523	50,000
Investment income	<u>110,119</u>	<u>23,351</u>
Net Cash (Used in) Provided by Investing Activities	<u>(106,358)</u>	<u>74,841</u>
Net Increase in Cash and Cash Equivalents	1,654,609	673,502
Cash and Cash Equivalents at Beginning of Year	<u>1,170,825</u>	<u>497,323</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,825,434</u>	<u>\$ 1,170,825</u>
<b><u>Cash and Cash Equivalents:</u></b>		
<b><u>Financial Statement Classification:</u></b>		
Cash and cash equivalents	\$ 1,353,065	\$ 696,878
Restricted cash and cash equivalents	<u>1,472,369</u>	<u>473,947</u>
Total Cash and Cash Equivalents	<u>\$ 2,825,434</u>	<u>\$ 1,170,825</u>

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Reconciliation of Operating (Loss) to Net Cash</u></b>		
<b><u>Provided by Operating Activities:</u></b>		
Operating (loss)	\$ (1,876,607)	\$ (2,157,750)
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>		
Depreciation	3,736,251	3,720,433
Bad debts - Accounts receivable - other	172,182	18,486
Bad debts - Grants receivable	55,984	-
<b>(Increase) Decrease in:</b>		
Accounts receivable - current services	7,797	144,482
Accounts receivable - other	63,687	59,652
Inventory	3,409	2,530
Prepaid expenses	(2,290)	16,505
<b>Increase (Decrease) in:</b>		
Accounts payable	(15,780)	(618,673)
Deposits	27,026	20,715
Other payables	7,361	(59,347)
Compensated absences	42,274	7,000
Net OPEB obligation	423,387	326,456
Net Cash Provided by Operating Activities	<u>\$ 2,644,681</u>	<u>\$ 1,480,489</u>
 <b><u>Supplemental Disclosure of Cash Flow Information</u></b>		
Unrealized loss on investments	\$ <u>649</u>	\$ <u>-</u>
Acquisition of capital assets through accounts payable	\$ <u>3,744</u>	\$ <u>10,583</u>
Amortization of discounts, premiums and deferred amount on refunding	\$ <u>(9,220)</u>	\$ <u>(9,219)</u>

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

The Amador Water Agency (Agency) was formed under an act of the Legislature of the State of California, Chapter 2137, Assembly Bill No. 2629, approved by the governor on July 18, 1959. The Agency's territory of authority consists of Amador County. The Agency has the power to do any and every lawful act necessary in order that sufficient water may be available for any present or future beneficial use or uses of the lands or inhabitants within the agency, including, but not limited to, irrigation, domestic, fire protection, municipal, commercial, industrial, recreational, and all other beneficial uses and purposes. The Agency has the power to construct, operate and maintain works to develop hydroelectric energy, for use by the agency in the operation of its works or as a means of assisting in financing the construction, operation and maintenance of its projects. The Agency has the power to control the flooding and storm waters of the Agency and the flood and storm waters of streams that have their sources outside of the Agency, which streams and floodwaters flow in the Agency, and to conserve such waters for beneficial and useful purposes of said Agency. The Agency has the power to plan, finance, acquire, construct, operate, and maintain facilities for the collection, transmission, treatment, and disposal of sewage, waste, and storm water. Whenever any area within the Agency is provided with a sewer or storm drain system by the Agency, the Board by ordinance may declare the further maintenance or use of cesspools, septic tanks, or other local means of sewage disposal to be a public nuisance, and may require all buildings inhabited or used by human beings which are not more than three hundred (300) feet from such system or any extension thereof to be connected with the system. The Agency is governed by a Board of Directors consisting of five directors elected by residents of the Agency.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100, "Defining the Financial Reporting Entity". The Agency is the primary government unit. Component units are those entities which are financially accountable to the primary government either because the Agency appoints a voting majority of the component unit's board or because the component units will provide a financial benefit or impose a financial burden on the Agency. The Agency has accounted for the Amador Water Agency Financing Corporation (Corporation) as a blended component unit. Despite being legally separate, the Corporation and the Agency are so intertwined that the Corporation is in substance part of the Agency's operations. Accordingly, the Corporation is included within the financial statements of the Agency.



**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies**

A summary of the Agency's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Method of Accounting**

The Agency utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statements of net position and the statements of revenues, expenses, and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Agency's books and records include a General Fund, the Amador Water System, the Central Amador Water Project, four Improvement Districts, a Wastewater Fund and the Amador Water Agency Financing Corporation. These funds have been combined in the accompanying statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flows. All material interfund transactions have been eliminated.

The Agency has not elected to apply the option allowed in GASB Cod. Sec. P80.103 "Proprietary Fund Accounting and Financial Reporting", and as a consequence will continue to apply GASB Statements and interpretations.

**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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

**Revenue Recognition**

The Agency recognizes revenue from water sales, sewer services and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the Agency considers fees received from water sales, sewer services and other fees to be operating revenues.

**Investments**

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. The allowance for doubtful receivables totaled \$234,017 and \$67,810 at June 30, 2013 and 2012, respectively.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Taxes and Assessments**

Property taxes and assessments are billed by the County of Amador to property owners. The Agency's property tax calendar for the fiscal year ended June 30, 2013 was as follows:

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

The County collects the taxes from the property owners and remits the funds to the Agency periodically during the year. The Agency has an arrangement with the County, whereby the County remits taxes which are delinquent as of each June 30 to the Agency in exchange for the right to retain the delinquent taxes, penalties and interest when these amounts are subsequently collected.

**Inventory**

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued at weighted average cost.

**Capital Assets**

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Utility plant	40 - 50 years
Source of supply	40 years
Pumping plant	40 years
Treatment plant	40 years
Transmission and distribution	40 years
General plant	5 - 40 years

Depreciation aggregated \$3,736,251 and \$3,720,433 for the years ended June 30, 2013 and 2012, respectively.

**Interest**

The Agency incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the years ended June 30, 2013 and 2012.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Amortization**

Bond issuance costs and bond discounts and premiums are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization of bond issuance costs totaled \$4,813 for the years ended June 30, 2013 and 2012. Amortization of bond discounts and premiums totaled \$16,361 and \$16,360 for the years ended June 30, 2013 and 2012, respectively and is included in interest expense. The deferred amount on refunding is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the deferred amount on refunding totaled \$7,141 for the years ended June 30, 2013 and 2012 and is included in interest expense.

**Compensated Absences**

Accumulated unpaid vacation and sick leave totaling \$279,782 and \$237,508 is accrued when incurred and included in noncurrent liabilities at June 30, 2013 and 2012, respectively.

**Risk Management**

The Agency is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2013, the Agency participated in the self-insurance programs of the Authority as follows:

Property Loss - Insured up to \$100,000,000 per occurrence (total insurable value of \$24,902,115) with \$2,500 deductible for buildings, personal property, and fixed equipment, and a \$1,000 deductible on mobile equipment and licensed vehicles; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased. Boiler and machinery deductibles vary depending on the type of equipment.

General Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$2 million and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$2 million per occurrence and excess insurance coverage has been purchased.

Fidelity Bonds - The Authority is self-insured up to \$100,000 per occurrence with a \$1,000 deductible.

Public Officials' and Employees and Omissions - Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$2 million and excess insurance coverage has been purchased.

Workers' Compensation - Workers' compensation is insured up to statutory amount and employer's liability is insured up to \$4,000,000. The Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Agency considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Subsequent Events**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through March 27, 2014, the date the financial statements were available to be issued and concluded that there were no events or transactions that need to be disclosed except as disclosed in Note 14.

**Reclassification**

The District has classified prior year information to conform with current year presentation.

**Note 2 - Cash and Investments:**

**Investments Authorized by the California Government Code and the Agency's Investment Policy**

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provision of the California Government Code or the Agency's investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 2 - Cash and Investments: (Continued)**

**Investments Authorized by the California Government Code and the Agency's Investment Policy (Continued)**

The Agency's Investment Policy is more restrictive than the California Government Code. The policy restricts the Agency from investing in any more than 10% of its portfolio in mutual funds.

Cash and investments held by the Agency were comprised of the following at June 30:

	Maturity in Years			2012 Total
	1 Year or Less	1-5 Years	2013 Total	
Cash on hand	\$ 700	\$ -	\$ 700	\$ 700
California Local Agency Investment Fund (LAIF)	2,044,304	-	2,044,304	540,326
Money market account	404,058	-	404,058	402,790
Deposits with financial institutions	376,372	-	376,372	227,009
Investments:				
Certificates of deposit	120,108	249,043	369,151	119,800
Total Cash and Investments	\$ 2,945,542	\$ 249,043	\$ 3,194,585	\$ 1,290,625
			2013 Total	2012 Total
Financial Statement Classification:				
Current:				
Cash and cash equivalents			\$ 1,353,065	\$ 696,878
Restricted:				
Cash and cash equivalents			1,472,369	473,947
Investments			369,151	119,800
Total Cash and Investments			\$ 3,194,585	\$ 1,290,625

**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. The Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the Agency's investments by maturity as of June 30, 2013.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 2 - Cash and Investments: (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

	<u>Rating as of Year End</u>
Certificates of Deposit	Not Rated
LAIF	Not Rated

**Concentration of Credit Risk**

Concentration of credit is the risk of loss attributed to the magnitude to the Agency's investment in a single issue.

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total Agency investments.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the 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 custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the 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 Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2013, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The following Agency investments were held by the same broker-dealer (counterparty) that was used by the Agency to buy the securities as of June 30:

	<u>2013</u>	<u>2012</u>
Certificates of Deposit	\$ 369,151	\$ 119,800

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 2 - Cash and Investments: (Continued)**

**Investment in State Investment Pool**

The Agency is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency'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.

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30:

	<u>2013</u>	<u>2012</u>
LAIF	\$ 2,044,304	\$ 540,326
Money market account	404,058	402,790
Deposits with financial institutions	376,372	227,009
Cash on hand	700	700
Total	<u>\$ 2,825,434</u>	<u>\$ 1,170,825</u>

**Note 3 - Restricted Assets:**

Restricted assets were provided by, and are to be used for, the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2013</u>	<u>2012</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 1,015,614	\$ 340,751
Taxes, assessments and interest earned	Capital improvement and replacement	159,692	-
Taxes, assessments and interest earned	Debt service	351,243	42,543
Taxes, assessments and interest earned	Debt service	10,680	9,286
Taxes, assessments and interest earned	Debt service	7,998	-
Taxes, assessments and interest earned	Reserve funds	91,878	65,524
Taxes, assessments and interest earned	Reserve funds	63,230	63,162
Taxes, assessments and interest earned	Reserve funds	15,662	11,171
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	75,314	36,786
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	50,209	24,524
		<u>\$ 1,841,520</u>	<u>\$ 593,747</u>

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as necessary.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 4 - Due from the City of Plymouth**

The Agency and the City of Plymouth entered into an agreement to share the costs of constructing an 8-mile water transmission pipeline and related water facilities from the Agency's Tanner Water Treatment Plant to the City of Plymouth. The original agreement required the City of Plymouth to pay an 65.82% of the costs of the project. This percentage was subsequently reduced to 60.95% of the costs of the project resulting in \$235,354 being recorded in other nonoperating expense for the year ended June 30, 2012.

The remaining amounts owed by the City of Plymouth will be paid as requested by the Agency to meet its debt service requirements on two loans that the Agency obtained from the United States Department of Agriculture (USDA) totaling \$5,000,000. The USDA loans have 40 year terms and require interest payments in June of each year and Principal and interest payments in December of each year.

Changes in the due from the City of Plymouth consisted of the following at June 30, 2012:

	<u>Balances at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 2,956,075	\$ -	\$ (33,523)	\$ 2,922,552	\$ 33,523

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30:

	2013			
	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 3,760,652	\$ -	\$ -	\$ 3,760,652
Construction in progress	4,645,216	533,310	(2,365,382)	2,813,144
Total Capital Assets Not Being Depreciated	<u>8,405,868</u>	<u>533,310</u>	<u>(2,365,382)</u>	<u>6,573,796</u>
<b>Capital Assets Being Depreciated:</b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,699,368	10,821	-	1,710,189
Pumping plant	670,116	9,021	-	679,137
Treatment plant	23,206,265	20,360	-	23,226,625
Transmission and distribution	72,126,224	2,114,061	-	74,240,285
General plant	10,728,209	55,321	(47,698)	10,735,832
Total Capital Assets Being Depreciated	<u>119,213,659</u>	<u>2,209,584</u>	<u>(47,698)</u>	<u>121,375,545</u>

(Continued)



**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 5 - Capital Assets: (Continued)**

	2013			
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
<b>Less Accumulated Depreciation For:</b>				
Utility plant	(5,850,432)	(2406,140)	-	(6,090,572)
Source of supply	(392,817)	(65,415)	-	(458,232)
Pumping plant	(200,178)	(20,774)	-	(220,952)
Treatment plant	(7,032,121)	(741,763)	-	(7,773,884)
Transmission and distribution	(16,759,802)	(2,287,654)	-	(19,047,456)
General plant	(6,375,212)	(380,505)	47,698	(6,708,019)
Total Accumulated Depreciation	<u>(36,610,562)</u>	<u>(3,736,251)</u>	<u>47,698</u>	<u>(40,299,115)</u>
Net Capital Assets Being Depreciated	<u>82,603,097</u>	<u>(1,526,667)</u>	<u>-</u>	<u>81,076,430</u>
<b>Net Capital Assets</b>	<b>\$ <u>91,008,965</u></b>	<b>\$ <u>(993,357)</u></b>	<b>\$ <u>(2,365,382)</u></b>	<b>\$ <u>87,650,226</u></b>
	2012			
	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 3,760,652	\$ -	\$ -	\$ 3,760,652
Construction in progress	4,483,913	365,894	(204,591)	4,645,216
Total Capital Assets Not Being Depreciated	<u>8,244,565</u>	<u>365,894</u>	<u>(204,591)</u>	<u>8,405,868</u>
<b>Capital Assets Being Depreciated:</b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,640,586	58,782	-	1,699,368
Pumping plant	670,116	-	-	670,116
Treatment plant	23,206,265	-	-	23,206,265
Transmission and distribution	72,063,423	62,801	-	72,126,224
General plant	10,712,831	15,378	-	10,728,209
Total Capital Assets Being Depreciated	<u>119,076,698</u>	<u>136,961</u>	<u>-</u>	<u>119,213,659</u>
<b>Less Accumulated Depreciation For:</b>				
Utility plant	(5,610,141)	(240,291)	-	(5,850,432)
Source of supply	(327,484)	(65,333)	-	(392,817)
Pumping plant	(179,518)	(20,660)	-	(200,178)
Treatment plant	(6,319,593)	(712,528)	-	(7,032,121)
Transmission and distribution	(14,498,263)	(2,261,539)	-	(16,759,802)
General plant	(5,955,130)	(420,082)	-	(6,375,212)
Total Accumulated Depreciation	<u>(32,890,129)</u>	<u>(3,720,433)</u>	<u>-</u>	<u>(36,610,562)</u>
Net Capital Assets Being Depreciated	<u>86,186,569</u>	<u>(3,583,472)</u>	<u>-</u>	<u>82,603,097</u>
<b>Net Capital Assets</b>	<b>\$ <u>94,431,134</u></b>	<b>\$ <u>(3,217,578)</u></b>	<b>\$ <u>(204,591)</u></b>	<b>\$ <u>91,008,965</u></b>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 6 - Noncurrent Liabilities:**

Noncurrent liabilities consist of long-term debt and other noncurrent liabilities. Long-term debt consists of notes payable and certificates of participation. The following is detail at June 30:

**Notes Payable**

	2013				
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013	Current Portion
U.S. Department of Agriculture	\$ 4,540,000	\$ -	\$ (70,000)	\$ 4,470,000	\$ 70,000
U.S. Department of Agriculture	2,910,000	-	(35,000)	2,875,000	35,000
U.S. Department of Agriculture	1,940,000	-	(20,000)	1,920,000	20,000
Department of Water Resources	1,517,785	-	(75,065)	1,442,720	77,262
County of Amador	900,000	-	-	900,000	900,000
U.S. Department of Agriculture	774,000	-	(12,000)	762,000	12,000
City of Sutter Creek	530,559	-	(84,889)	445,670	84,889
U.S. Department of Agriculture	197,471	-	(2,766)	194,705	2,876
State Water Resource Control Board	144,460	-	(14,337)	130,123	14,737
Amador County	108,772	-	(34,368)	74,404	36,224
Department of Water Resources	24,732	-	(2,154)	22,578	2,218
	<u>\$ 13,587,779</u>	<u>\$ -</u>	<u>\$ (350,579)</u>	<u>\$ 13,237,200</u>	<u>\$ 1,255,206</u>

  

	2012				
	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012	Current Portion
U.S. Department of Agriculture	\$ 4,605,000	\$ -	\$ (65,000)	\$ 4,540,000	\$ 70,000
U.S. Department of Agriculture	2,940,000	-	(30,000)	2,910,000	35,000
U.S. Department of Agriculture	1,960,000	-	(20,000)	1,940,000	20,000
Department of Water Resources	1,590,438	-	(72,653)	1,517,785	75,064
County of Amador	900,000	-	-	900,000	900,000
U.S. Department of Agriculture	784,000	-	(10,000)	774,000	12,000
City of Sutter Creek	-	594,226	(63,667)	530,559	84,889
U.S. Department of Agriculture	200,128	-	(2,657)	197,471	2,762
State Water Resource Control Board	158,405	-	(13,945)	144,460	14,336
Amador County	172,315	-	(63,543)	108,772	34,368
Department of Water Resources	26,818	-	(2,086)	24,732	2,154
	<u>\$ 13,337,104</u>	<u>\$ 594,226</u>	<u>\$ (343,551)</u>	<u>\$ 13,587,779</u>	<u>\$ 1,250,573</u>

Notes payable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
United States Department of Agriculture, Rural Utilities Service, secured by the Buckhorn Water Treatment Plant. Semi-annual payments of interest only at 4.25% each May and interest plus varying principal amounts each November. Original amount of \$5,000,000. Matures November 2043. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$91,878 and \$65,524 at June 30, 2013 and 2012, respectively.	\$ 4,470,000	\$ 4,540,000

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 6 - Noncurrent Liabilities: (Continued)**

**Notes Payable (Continued)**

	<u>2013</u>	<u>2012</u>
United States Department of Agriculture, Rural Utilities Service, secured by all revenues and all amounts on deposit at Amador Water Agency. Semi-annual payments of interest only at 4.5% each June and interest plus varying principal amounts each December. Original amount of \$3,000,000. Matures December 2048. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$75,314 and \$36,786 at June 30, 2013 and 2012, respectively.	\$ 2,875,000	\$ 2,910,000
United States Department of Agriculture, Rural Utilities Service, secured by all revenues and all amounts on deposit at Amador Water Agency. Semi-annual payments of interest only at 4.125% each June and interest plus varying principal amounts each December. Original amount of up to \$2,000,000. Matures December 2048. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$50,209 and \$24,524 at June 30, 2013 and 2012, respectively.	1,920,000	1,940,000
State of California Department of Water Resources, secured by the Ridge System Project. Semi-annual payments of \$60,210 including interest at 3.0315% due each April and October. Original amount of \$2,359,032. Matures April 2028. Requires that semiannual payments to a reserve fund be accumulated during the first ten-year period, then maintained at such level thereafter. The balance of the reserve fund totaled \$63,230 and \$63,162 at June 30, 2013 and 2012, respectively.	1,442,720	1,517,785
County of Amador, unsecured, payment at maturity of principal outstanding plus accrued interest at 2% original amount of \$900,000. Matures November 2013.	900,000	900,000

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 6 - Noncurrent Liabilities: (Continued)**

**Notes Payable (Continued)**

	<u>2013</u>	<u>2012</u>
United States Department of Agriculture, Rural Utilities Service, secured by the Buckhorn Water Treatment Plant. Semi-annual payments each May and November including interest at 2.45%. Original amount of \$840,000. Matures May 2044. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$15,662 and \$11,171 at June 30, 2013 and 2012, respectively.	\$ 762,000	\$ 774,000
City of Sutter Creek, unsecured, quarterly payments of \$21,222 including interest based on the average monthly yield as published by LAIF (0.24% at June 30, 2013). Original amount of \$594,226. Matures September 2018.	445,670	530,559
United States Department of Agriculture, Rural Utilities Service, secured by the La Mel property. Annual payments of \$10,912 each November including interest at 4.125%. Original amount of \$212,000. Matures November 2044.	194,705	197,471
State of California Water Resources Control Board, secured by Pine Grove Wastewater System. Annual payments of \$18,383 including interest at 2.8% due each November. Original amount of \$278,612 matures November, 2020. The Agency shall maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of this loan.	130,123	144,460
Amador County, secured by the Central Amador Water Project. Annual payment of \$40,242 including interest at 5.4% due each July 1. Original amount of \$623,311. Matures July 2015.	74,404	108,772
State of California Department of Water Resources, secured by the Hillside System Project. Semi-annual payments of \$1,444 including interest at 3.0315% due each April and October. Original amount of \$50,358. Matures April 2022.	<u>22,578</u>	<u>24,732</u>
Total Notes Payable	<u>\$ 13,237,200</u>	<u>\$ 13,587,779</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 6 - Noncurrent Liabilities: (Continued)**

**Certificates of Participation**

	2013				
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013	Current Portion
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 21,505,000	\$ -	\$ (525,000)	\$ 20,980,000	\$ 550,000
	21,505,000	-	(525,000)	20,980,000	550,000
Unamortized discounts and premiums	388,571	-	(16,361)	372,210	
	<u>\$ 21,893,571</u>	<u>\$ -</u>	<u>\$ (541,361)</u>	<u>\$ 21,352,210</u>	
	2012				
	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012	Current Portion
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 22,010,000	\$ -	\$ (505,000)	\$ 21,505,000	\$ 525,000
	22,010,000	-	(505,000)	21,505,000	525,000
Unamortized discounts and premiums	404,931	-	(16,360)	388,571	
	<u>\$ 22,414,931</u>	<u>\$ -</u>	<u>\$ (521,360)</u>	<u>\$ 21,893,571</u>	

In March 2006, the Amador Water Agency Financing Corporation issued \$23,240,000 Amador Water System Revenue Certificates of Participation, 2006 Series A. A portion of the proceeds were used to extinguish \$910,000 of the California Special Districts Finance Corporation, 1996 Series AA Certificates of Participation. Net proceeds of approximately \$946,144 were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the 1996 Series AA Certificates of Participation. As a result, the 1996 Series AA Certificates of Participation are considered to be defeased and the liability for the debt has been removed from the Agency's financial statements. The principal amount outstanding on the 2006 Series A Certificates of Participation at June 30, 2013 and 2012, totaled \$20,980,000 and \$21,505,000, respectively.

Although the refunding resulted in a deferred amount on refunding of \$71,410, the Agency in effect reduced its aggregate debt service payments by approximately \$301,344, over the next 10 years and obtained an economic gain of approximately \$60,659. The 2006 Series A Certificates of Participation are payable in annual installments including principal and interest at rates ranging from 4% to 5% and mature in June 2036.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 6 - Noncurrent Liabilities: (Continued)**

**Certificates of Participation (Continued)**

Debt service requirements on the long-term debt are as follows:

Years Ended June 30	Certificates of Participation		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 550,000	\$ 986,625	\$ 1,255,206	\$ 500,000	\$ 1,805,206	\$ 1,486,625
2015	570,000	964,625	370,123	479,895	940,123	1,444,520
2016	590,000	941,825	340,913	468,334	930,913	1,410,159
2017	615,000	918,225	350,208	456,079	965,208	1,374,304
2018	640,000	893,625	358,374	445,775	998,374	1,339,400
2019 - 2023	3,610,000	4,059,425	1,524,616	2,060,640	5,134,616	6,120,065
2024 - 2028	4,495,000	3,173,500	1,749,176	1,748,085	6,244,176	4,921,585
2029 - 2033	5,735,000	1,931,500	1,482,632	1,413,509	7,217,632	3,345,009
2034 - 2038	4,175,000	424,250	1,822,046	1,059,016	5,997,046	1,483,266
2039 - 2043	-	-	2,238,895	613,695	2,238,895	613,695
2044 - 2048	-	-	1,490,011	186,414	1,490,011	186,414
2049 - 2051	-	-	255,000	5,522	255,000	5,522
	<u>\$ 20,980,000</u>	<u>\$ 14,293,600</u>	<u>\$ 13,237,200</u>	<u>\$ 9,436,964</u>	<u>\$ 34,217,200</u>	<u>\$ 23,730,564</u>

**Other Noncurrent Liabilities**

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Compensated absences	\$ 237,508	\$ 47,945	\$ (5,671)	\$ 279,782
Net OPEB obligation (Note 9)	1,043,500	564,238	(140,851)	1,466,887
Total Other Noncurrent Liabilities	<u>\$ 1,281,008</u>	<u>\$ 612,183</u>	<u>\$ (146,522)</u>	<u>\$ 1,746,669</u>

**Note 7 - Caltrans Advance:**

On October 30, 1992, the Agency entered into a Utility Agreement with the California Department of Transportation (Cal-Trans), whereby Cal-Trans would advance the Agency the necessary costs for relocating Agency facilities on Highway 49 to make way for a Cal-Trans project. The Utility Agreement did not define the parties' respective liabilities for certain disputed relocation costs. After execution of the Utility Agreement, Cal-Trans advanced to the Agency \$511,000 for relocation of the Agency's Highway 49 utility facilities. Of that amount, Cal-Trans accepted responsibility for approximately \$65,172. The Agency disputed responsibility for the remaining amount or approximately \$445,828. Cal-Trans has not filed a claim or taken any action against the Agency in seeking recovery of the disputed amount. The Agency has determined that the statute of limitations related to the advance has expired and thus has removed the liability from its financial statements. The resulting gain of \$445,828 has been included in other nonoperating revenue for the year ended June 30, 2012.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 8 - Restricted Net Assets:**

Restricted net assets consist of the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2013</u>	<u>2012</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 4,037,684	\$ 4,336,987
Participation fees and interest earned	Capital improvement and replacement	1,015,614	340,751
Taxes, assessments and interest earned	Capital improvement and replacement	159,692	-
Taxes, assessments and interest earned	Debt service	751,809	1,114,441
Taxes, assessments and interest earned	Debt service	351,243	42,543
Taxes, assessments and interest earned	Debt service	10,680	9,286
Taxes, assessments and interest earned	Debt service	7,998	-
Taxes, assessments and interest earned	Reserve funds	91,878	65,524
Taxes, assessments and interest earned	Reserve funds	15,662	11,171
Taxes, assessments and interest earned	Reserve funds	63,230	63,162
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	75,314	36,786
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	50,209	24,524
Total Restricted Net Assets		<u>6,631,013</u>	<u>6,045,175</u>
Less: Interfund receivables, eliminated		<u>(4,789,493)</u>	<u>(5,451,428)</u>
Total Restricted Assets		<u>\$ 1,841,520</u>	<u>\$ 593,747</u>

**Note 9 - Post Employment Benefits:**

**Plan Description**

The Agency provides post-employment health care benefits established by Agency resolution to all qualifying employees. Eligibility for retiree health benefits requires retirement from the Agency and PERS on or after age 50 with at least 5 years of Agency eligible service. The Agency pays 100% of the benefit for the employee and 90% of the benefit for their dependents.

**Funding Policy and Annual OPEB Costs**

The contribution requirements of the Agency are established and may be amended annually by the Board of Directors. The Agency's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with Cod. Sec. P50, "Postemployment Benefits Other Than Pension Benefits - Employer Reporting". The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Agency's Board of Directors has established a policy of funding the ARC on a pay as you go basis. The current ARC rate is 14.98% of annual covered payroll. The following table shows the components of the Agency's annual OPEB cost, the amount actually contributed to the plan, including benefits paid to retirees, and changes in the Agency's net OPEB obligation for the years ended June 30, 2013 and 2012, respectively.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 9 - Post Employment Benefits: (Continued)**

**Funding Policy and Annual OPEB Costs (Continued)**

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 564,238	\$ 450,283
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	<u>564,238</u>	<u>450,283</u>
Contributions (including benefits paid)	<u>(140,851)</u>	<u>(123,827)</u>
Increase in net OPEB obligation	423,387	326,456
Net OPEB obligation - beginning of year	1,043,500	717,044
Net OPEB obligation (Asset) - end of year	<u><u>\$ 1,466,887</u></u>	<u><u>\$ 1,043,500</u></u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 450,283	23.1%	\$ 717,044
June 30, 2012	450,283	27.5%	1,043,500
June 30, 2013	564,238	25.0%	1,466,887

**Funding Status and Funding Progress**

As of June 1, 2013, the most recent actuarial valuation date, the plan was not yet funded. The Agency's actuarial accrued liability for benefits at June 1, 2013 was \$6,421,106, and the covered payroll (annual payroll of active employees covered by plan) was \$3,766,604 with a ratio of the UAAL to the covered payroll of 170.47%. The normal cost payments made of \$140,851 at June 30, 2013 funded 25.0% of the Annual Required Contribution (ARC), leaving an unfunded actuarial liability (UAAL) of \$6,421,106 and a funded ratio of 0.0%.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll [(B-A)/C]</u>
June 1, 2010	\$ -	\$ 4,788,652	\$ 4,788,652	0.0%	\$ 3,647,232	131.30%
June 1, 2013	-	6,421,106	6,421,106	0.0%	3,766,604	170.47%



**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 9 - Post Employment Benefits: (Continued)**

**Funding Status and Funding Progress (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.5% discount rate, which assumes the Agency continues to maintain the retiree health benefits program as an unfunded plan. The amount represents the present value of all contributions for retiree health benefits projected to be paid by the Agency for current and future retirees, and an annual healthcare cost trend rate of 4 percent. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the Agency's payroll will increase 2.75% per year.

**Note 10 - Defined Benefit Pension Plan:**

**Plan Description**

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The Agency participates in the miscellaneous 2.0% at 55 pool and the miscellaneous 2.0% at 62 pool for new employees hired on or after January 1, 2013. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the state of California. CalPERS requires agencies with less than 100 active members in the plan to participate in a risk pool. All full and part-time Agency employees working at least 1,000 hours per year are eligible to participate in CalPERS. Under CalPERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit payable for life, in an amount equal to a benefit factor times the monthly average salary of the highest consecutive months' full-time equivalent monthly pay. A menu of benefits provisions as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Agency resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive office - 400 P Street - Sacramento, California 95814.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 10 - Defined Benefit Pension Plan: (Continued)**

**Funding Policy**

Active plan members of the miscellaneous 2.0% at 55 pool are required to contribute 7% of their annual covered salary, which the Agency contributes on their behalf. Active plan members of the miscellaneous 2.0% at 62 pool are required to contribute 7.846% of their annual covered salary. The Agency is required to contribute at an actuarially determined rate. The required employer contribution rates for the fiscal year ended June 30, 2013 and 2012 were 12.336% and 11.697%, respectively, for miscellaneous 2.0% at 55 pool and 7.846% and 0%, respectively, for the miscellaneous 2.0% at 62 pool. The contribution requirements of the plan members and the Agency are established and may be amended by CalPERS. The Agency's contributions were \$417,488, \$417,014 and \$585,013 for the years ended June 30, 2013, 2012 and 2011, respectively, which were equal to the required contributions each year.

**Note 11 - Litigation:**

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Agency's financial position.

**Note 12 - New Governmental Accounting Standards:**

**GASB No. 62**

In December 2010, the Governmental Accounting Standards Board issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This pronouncement is effective for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements of the FASB and the AICPA that was issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 63**

In June 2011, the Governmental Accounting Standards Board issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". This pronouncement is effective for periods beginning after December 15, 2011. Concepts Statement No. 4 "Elements of Financial Statements" introduced and defined deferred outflows and deferred inflows as an acquisition or consumption of net assets by the government that is applicable to a future reporting period, which is distinct from assets and liabilities. Concepts Statement No. 4 also defines net position as the residual of all other elements presented in a statement of financial position and renames that measure net position rather than net assets. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 12 - New Governmental Accounting Standards: (Continued)**

**GASB No. 64**

In June 2011, the Governmental Accounting Standards Board issued Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment to GASB 53". This pronouncement is effective for periods beginning after June 15, 2011. This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 65**

In March 2012, the Governmental Accounting Standards Board issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". This pronouncement is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The effects of this pronouncement are more fully described in Note 13.

**GASB No. 66**

In March 2012, the Governmental Accounting Standards Board issued Statement No. 66, "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62". This pronouncement is effective for periods beginning after December 15, 2012. This statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This Statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) service fee rate. These changes clarify how to apply Statement No. 13, "Accounting for Operating Leases with Scheduled Rent Increases", and result in guidance that is consistent with the requirements in Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", respectively. This pronouncement is not anticipated to have a material effect on the financial statements of the Agency in the year of implementation.

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**Note 12 - New Governmental Accounting Standards: (Continued)**

**GASB No. 67**

In June 2012, the Governmental Accounting Standards Board issued Statement No. 67, “Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25”. This pronouncement is effective for periods beginning after June 15, 2013. This Statement replaces the requirements of Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans”, and No. 50, “Pension Disclosures”, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Agency has not determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 68**

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, “Accounting and Financial Reporting for Pensions”. This pronouncement is effective for periods beginning after June 15, 2013. This pronouncement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The Agency has not determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 69**

In January 2013, The Governmental Accounting Standard Board issued Statement No. 69, “Government Combinations and Disposals of Government Operations.” This pronouncement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, this statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This pronouncement is not anticipated to have a material effect on the financial statements of the Agency.

**GASB No. 70**

In April 2013, The Governmental Accounting Standard Board issued Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” This pronouncement is effective for financial reporting periods beginning after June 15, 2013. Earlier application is encouraged. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that the government will be required to make a payment on the guarantee. The Government that issued the obligation guaranteed in a nonexchange transaction should recognize revenue to the extent that its guaranteed obligations have been reduced. If that government is required to repay a guarantor for making a payment, they should continue to reflect the liability until legally released as an obligor. This pronouncement is not anticipated to have a material effect on the financial statements of the Agency.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**Note 13 - Change in Accounting Principle:**

During the year ended June 30, 2013, the Agency changed its method of accounting for Bond Issuance Costs as a result of the Governmental Accounting Standards Board issuing Statement No. 65, "Items Previously Reported as Assets and Liabilities". Under the new method, bond issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Comparative financial statements of prior years have been adjusted to apply these new methods retrospectively. The following financial statement line items have been affected by the change in accounting principle:

	As Originally Reported	<u>Adjustment</u>	<u>As Restated</u>
Deferred Amount on Refunding	\$ -	\$ 28,564	\$ 28,564
Certificates of Participation, net of Current Portion	\$ (21,340,007)	\$ (28,564)	\$ (21,368,571)
Bond Issuance Costs	\$ 224,136	\$ (109,819)	\$ 114,317
Net Position at Beginning of Year	\$ (62,287,365)	\$ 117,999	\$ (62,169,366)
Amortization	\$ 12,993	\$ (8,180)	\$ 4,813

**Note 14 - Subsequent Event:**

On September 1, 2013, the Agency entered into an installment purchase agreement with the United States Department of Agriculture acting through the Rural Utilities Service (RUS) whereby the RUS would deliver \$8,330,000 to the Agency for constructing a Gravity Supply Line Pipeline. Installments of principle and interest equal to 2.75% of the outstanding principle balance are due over a 40 year period. In addition, the RUS has awarded the Agency a grant not to exceed \$5,070,000 or 37.835% of the Gravity Supply Line Project costs, whichever is less. As of March 27, 2014, the date the financial statements were available to be issued, the Agency has received \$1,259,769 from the RUS.

**AMADOR WATER AGENCY  
SCHEDULE OF NET POSITION BY RATE AREA  
JUNE 30, 2013**

	Agency General	Amador Water System	Central Amador Water Project	Improvement District 3	Improvement District 7	Waste Water	Improvement District 11	Improvement District 12	CAWP Retail	Eliminations	Total
<b>ASSETS</b>											
<b>Current Assets:</b>											
Cash and cash equivalents	\$ 222,128	\$ 719,796	\$ 3,379	\$ 578	\$ 1,229	\$ 712	\$ 118,505	\$ 208,679	\$ 78,059	\$ -	\$ 1,353,065
Accounts receivable, net:											
Current services	-	516,234	27,859	7,609	111,610	153,982	60,675	33,623	311,868	-	1,223,460
Other	1,841	17,712	-	-	7,133	-	74	2,421	13,278	-	42,459
Taxes	9,476	-	-	-	-	-	-	-	-	-	9,476
Accrued interest receivable	57	934	23	2	30	2	38	121	66	-	1,273
Current portion due from the City of Plymouth	-	33,523	-	-	-	-	-	-	-	-	33,523
Inventory	-	211,649	-	-	-	-	-	-	-	-	211,649
Prepaid expenses	4,618	22,498	2,993	159	1,757	1,870	1,066	1,552	5,396	-	41,909
Total Current Assets	<u>238,120</u>	<u>1,522,346</u>	<u>34,254</u>	<u>8,348</u>	<u>121,759</u>	<u>156,566</u>	<u>180,358</u>	<u>246,396</u>	<u>408,667</u>	<u>-</u>	<u>2,916,814</u>
<b>NonCurrent Assets:</b>											
<b>Restricted Assets:</b>											
Cash and cash equivalents	-	997,131	107,562	-	4,731	-	-	269,210	93,735	-	1,472,369
Investments	-	369,151	-	-	-	-	-	-	-	-	369,151
Interfund receivables	-	3,179,997	316,847	-	66,605	-	-	1,226,044	-	(4,789,493)	-
Total Restricted Assets	<u>-</u>	<u>4,546,279</u>	<u>424,409</u>	<u>-</u>	<u>71,336</u>	<u>-</u>	<u>-</u>	<u>1,495,254</u>	<u>93,735</u>	<u>(4,789,493)</u>	<u>1,841,520</u>
<b>Capital Assets</b>											
Nondepreciable	-	3,769,499	1,150,606	32,595	1,333,455	45,152	-	1,891	240,598	-	6,573,796
Depreciable, net of accumulated depreciation	547,973	50,910,059	9,572,646	546,749	5,484,784	3,225,736	2,752,053	4,543,204	3,493,226	-	81,076,430
Total Capital Assets, Net	<u>547,973</u>	<u>54,679,558</u>	<u>10,723,252</u>	<u>579,344</u>	<u>6,818,239</u>	<u>3,270,888</u>	<u>2,752,053</u>	<u>4,545,095</u>	<u>3,733,824</u>	<u>-</u>	<u>87,650,226</u>
<b>Other Assets:</b>											
Interfund receivables	379,948	557,448	-	-	-	-	-	-	-	(937,396)	-
Due from the City of Plymouth, less current portion above	-	2,889,029	-	-	-	-	-	-	-	-	2,889,029
Bond issuance costs	109,504	-	-	-	-	-	-	-	-	-	109,504
Total Other Assets	<u>489,452</u>	<u>3,446,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(937,396)</u>	<u>2,998,533</u>
Total NonCurrent Assets	<u>1,037,425</u>	<u>62,672,314</u>	<u>11,147,661</u>	<u>579,344</u>	<u>6,889,575</u>	<u>3,270,888</u>	<u>2,752,053</u>	<u>6,040,349</u>	<u>3,827,559</u>	<u>(5,726,889)</u>	<u>92,490,279</u>
<b>TOTAL ASSETS</b>	<u>1,275,545</u>	<u>64,194,660</u>	<u>11,181,915</u>	<u>587,692</u>	<u>7,011,334</u>	<u>3,427,454</u>	<u>2,932,411</u>	<u>6,286,745</u>	<u>4,236,226</u>	<u>(5,726,889)</u>	<u>95,407,093</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>											
Deferred amount on refunding	\$ -	\$ 21,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,423

(Continued)

**AMADOR WATER AGENCY**  
**SCHEDULE OF NET POSITION BY RATE AREA (CONTINUED)**  
**JUNE 30, 2013**

	Agency General	Amador Water System	Central Amador Water Project	Improvement District 3	Improvement District 7	Waste Water	Improvement District 11	Improvement District 12	CAWP Retail	Eliminations	Total
<b>LIABILITIES</b>											
<b>Current Liabilities:</b>											
Accounts payable	\$ 69,903	\$ 43,922	\$ 48,985	\$ 1,035	\$ 12,992	\$ 4,931	\$ 9,534	\$ 3,296	\$ 12,626	\$ -	\$ 207,224
Deposits	-	103,258	-	700	14,467	88	190	775	25,026	-	144,504
Accrued interest payable	-	107,842	37,760	2,512	-	2,708	-	-	-	-	150,822
Other payables	9,281	13,300	-	-	5,550	-	-	-	1,000	-	29,131
Current Portion of long-term debt	-	684,480	1,018,224	2,876	-	14,737	-	84,889	-	-	1,805,206
Interfund payables	-	-	946,904	192,912	1,119,957	1,440,694	1,226,044	-	800,378	(5,726,889)	-
Total Current Liabilities	<u>79,184</u>	<u>952,802</u>	<u>2,051,873</u>	<u>200,035</u>	<u>1,152,966</u>	<u>1,463,158</u>	<u>1,235,768</u>	<u>88,960</u>	<u>839,030</u>	<u>(5,726,889)</u>	<u>2,336,887</u>
<b>Noncurrent Liabilities:</b>											
<b>Long Term Debt:</b>											
Certificates of participation	-	20,802,210	-	-	-	-	-	-	-	-	20,802,210
Notes payable	-	6,125,818	5,188,180	191,829	-	115,387	-	360,780	-	-	11,981,994
Total Long Term Debt	<u>-</u>	<u>26,928,028</u>	<u>5,188,180</u>	<u>191,829</u>	<u>-</u>	<u>115,387</u>	<u>-</u>	<u>360,780</u>	<u>-</u>	<u>-</u>	<u>32,784,204</u>
<b>Other Noncurrent Liabilities:</b>											
Compensated absences	24,108	123,658	31,872	2,689	22,607	20,161	11,439	10,265	32,983	-	279,782
Net OPEB obligation	79,104	724,917	149,528	8,431	95,336	102,706	64,643	64,748	177,474	-	1,466,887
Total Other Noncurrent Liabilities	<u>103,212</u>	<u>848,575</u>	<u>181,400</u>	<u>11,120</u>	<u>117,943</u>	<u>122,867</u>	<u>76,082</u>	<u>75,013</u>	<u>210,457</u>	<u>-</u>	<u>1,746,669</u>
Total Noncurrent Liabilities	<u>103,212</u>	<u>27,776,603</u>	<u>5,369,580</u>	<u>202,949</u>	<u>117,943</u>	<u>238,254</u>	<u>76,082</u>	<u>435,793</u>	<u>210,457</u>	<u>-</u>	<u>34,530,873</u>
<b>TOTAL LIABILITIES</b>	<u>182,396</u>	<u>28,729,405</u>	<u>7,421,453</u>	<u>402,984</u>	<u>1,270,909</u>	<u>1,701,412</u>	<u>1,311,850</u>	<u>524,753</u>	<u>1,049,487</u>	<u>(5,726,889)</u>	<u>36,867,760</u>
<b>NET POSITION:</b>											
Invested in capital assets, net of related debt	547,973	27,067,050	4,516,848	384,639	6,818,239	3,140,764	2,752,053	4,099,426	3,733,824	-	53,060,816
Restricted	-	4,546,279	424,409	-	71,336	-	-	1,495,254	93,735	-	6,631,013
Unrestricted	545,176	3,873,349	(1,180,795)	(199,931)	(1,149,150)	(1,414,722)	(1,131,492)	167,312	(640,820)	-	(1,131,073)
Total Net Position	<u>\$ 1,093,149</u>	<u>\$ 35,486,678</u>	<u>\$ 3,760,462</u>	<u>\$ 184,708</u>	<u>\$ 5,740,425</u>	<u>\$ 1,726,042</u>	<u>\$ 1,620,561</u>	<u>\$ 5,761,992</u>	<u>\$ 3,186,739</u>	<u>\$ -</u>	<u>\$ 58,560,756</u>

**AMADOR WATER AGENCY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY RATE AREA**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Agency General	Amador Water System	Central Amador Water Project	Improvement District 3	Improvement District 7	Waste Water	Improvement District 11	Improvement District 12	CAWP Retail	Eliminations	Total
<b>Operating Revenues:</b>											
Current services	\$ -	\$ 4,752,857	\$ 105,121	\$ 38,401	\$ 347,955	\$ 420,926	\$ 442,412	\$ 497,471	\$ 1,798,124	\$ -	\$ 8,403,267
Other revenues	215,595	228,448	784,261	-	6,473	965	907	151,864	1,178	(641,402)	748,289
Total Operating Revenues	<u>215,595</u>	<u>4,981,305</u>	<u>889,382</u>	<u>38,401</u>	<u>354,428</u>	<u>421,891</u>	<u>443,319</u>	<u>649,335</u>	<u>1,799,302</u>	<u>(641,402)</u>	<u>9,151,556</u>
<b>Operating Expenses:</b>											
Depreciation	215,320	2,043,135	353,168	26,903	249,085	136,271	158,072	360,725	193,572	-	3,736,251
General and administrative	396,828	1,693,551	545,306	25,086	221,269	241,166	150,898	129,978	1,020,617	(367,620)	4,057,079
Maintenance	8,873	359,974	419,039	6,874	52,478	40,258	68,119	261,138	316,155	(273,782)	1,259,126
Transmission and distribution	56,545	790,107	171,275	13,479	109,337	163,550	100,056	73,710	224,218	-	1,702,277
Water treatment	-	135,175	48,151	4,723	26,537	16,104	30,729	112	11,899	-	273,430
Total Operating Expenses	<u>677,566</u>	<u>5,021,942</u>	<u>1,536,939</u>	<u>77,065</u>	<u>658,706</u>	<u>597,349</u>	<u>507,874</u>	<u>825,663</u>	<u>1,766,461</u>	<u>(641,402)</u>	<u>11,028,163</u>
Operating Income/(Loss)	<u>(461,971)</u>	<u>(40,637)</u>	<u>(647,557)</u>	<u>(38,664)</u>	<u>(304,278)</u>	<u>(175,458)</u>	<u>(64,555)</u>	<u>(176,328)</u>	<u>32,841</u>	<u>-</u>	<u>(1,876,607)</u>
<b>Nonoperating Revenues (Expenses)</b>											
Participation fees	-	705,295	5,680	-	-	-	-	10,160	3,815	-	724,950
Taxes and assessments	232,800	343,719	-	10,261	28,700	50,619	-	-	28,674	-	694,773
Grant revenue	234,070	-	-	-	226,414	-	-	-	-	-	460,484
Investment income earned	57,712	607,935	333,381	12	1,218	11	189	96,850	1,201	(988,391)	110,118
Other nonoperating revenue	-	21,372	99,914	-	-	(55,985)	-	-	(1,001)	-	64,300
Amortization	(4,813)	-	-	-	-	-	-	-	-	-	(4,813)
Other expense	51,052	(30,099)	(4,147)	(222)	(2,587)	(2,587)	(1,558)	(18,853)	(7,779)	-	(16,780)
Interest expense	(50,141)	(1,685,745)	(279,400)	(11,694)	(19,086)	(25,174)	(25,247)	(70,589)	(332,322)	988,391	(1,511,007)
Total Nonoperating Revenues (Expenses)	<u>520,680</u>	<u>(37,523)</u>	<u>155,428</u>	<u>(1,643)</u>	<u>234,659</u>	<u>(33,116)</u>	<u>(26,616)</u>	<u>17,568</u>	<u>(307,412)</u>	<u>-</u>	<u>522,025</u>
Change in Net Position	58,709	(78,160)	(492,129)	(40,307)	(69,619)	(208,574)	(91,171)	(158,760)	(274,571)	-	(1,354,582)
Net Position at Beginning of Year (Note 13)	1,034,440	35,564,838	4,252,591	225,015	5,810,044	1,934,616	1,711,732	5,920,752	3,461,310	-	59,915,338
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 1,093,149</u>	<u>\$ 35,486,678</u>	<u>\$ 3,760,462</u>	<u>\$ 184,708</u>	<u>\$ 5,740,425</u>	<u>\$ 1,726,042</u>	<u>\$ 1,620,561</u>	<u>\$ 5,761,992</u>	<u>\$ 3,186,739</u>	<u>\$ -</u>	<u>\$ 58,560,756</u>



**AMADOR WATER AGENCY**  
**SUPPLEMENTARY SCHEDULE OF NET REVENUES – AMADOR WATER SYSTEM**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues:</u></b>		
Current services	\$ 4,752,857	\$ 4,413,225
PG&E contract payments	147,008	156,556
Connection fees	81,440	48,369
Participation fees	705,295	529,190
Taxes and assessments	343,719	52,336
Other nonoperating revenue	21,372	453,610
Investment income	108,259	21,896
Less: Investment income on restricted reserves	(3,998)	(149)
Total Revenues	<u>6,155,952</u>	<u>5,675,033</u>
<b><u>Expenditures:</u></b>		
Salaries and benefits	1,709,076	1,703,810
System operations and maintenance	592,049	612,873
Administrative expenditures	412,183	423,446
OPEB payments	265,499	211,090
Total Expenditures	<u>2,978,807</u>	<u>2,951,219</u>
<b><u>Senior Debt Service Payments:</u></b>		
Capital leases	225	757
Certificate of Participation/Loan admin fee	2,300	2,025
Total Senior Debt Service Payments	<u>2,525</u>	<u>2,782</u>
Total Expenditures	<u>2,981,332</u>	<u>2,954,001</u>
Net Revenues	<u>\$ 3,174,620</u>	<u>\$ 2,721,032</u>
<b><u>Debt Service:</u></b>		
2006 Series A Certificates of Participation	\$ 1,532,625	\$ 1,532,825
2008 USDA Loan (Plymouth)	264,775	262,063
Total Debt Service	<u>\$ 1,797,400</u>	<u>\$ 1,794,888</u>
Debt Service Coverage Ratio	176%	152%