

**AMADOR WATER AGENCY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2015**



Leaf & Cole, LLP  
*Certified Public Accountants*

**AMADOR WATER AGENCY  
FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

## **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 statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States 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 risk 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 opinion.

***Opinion***

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

**Other Matters**

**Change in Accounting Principle**

As described in Note 12 to the financial statements, the Amador Water Agency changed its method of accounting and financial reporting for pensions in order to conform with “Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.” Our opinion is not modified with respect to this matter.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that that management’s discussion and analysis and the schedule of proportionate share of the net pension liability and the schedule of plan contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements of Amador Water Agency. The schedule of net position by fund, and the schedule of revenues, expenses and changes in net position by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the financial statements.

The schedule of net position by the fund, the schedule of revenues, expenses and changes in net position by fund and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of net position by fund, the schedule of revenues, expenses and changes in net position by fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016, on our consideration of the Amador Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Amador Water Agency's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California  
June 9, 2016

## 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, 2015. 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 net difference reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- 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 \$2,047,825 to \$54,949,168 for the year ended June 30, 2015.
- The Agency's total revenues increased from \$10,668,168 for the year ended June 30, 2014, to \$13,869,891 for the year ended June 30, 2015. The increase in grant revenue accounts for the majority of the increase.
- The Agency's total expenses increased from \$12,231,931 for the year ended June 30, 2014, to \$12,327,132 for the year ended June 30, 2015. This was driven by an increase in salaries and consulting expenses as a result of increased projects related to grants and the upgrade of technology infrastructure.

### Financial Analysis of the Financial Statements

#### Net Assets

The following is a summary of the Agency's statement of net position at June 30:

	<u>2015</u>	<u>2014<sup>(1)</sup></u>	<u>Dollar Change</u>
<u>Assets:</u>			
Current assets	\$ 3,137,310	\$ 3,520,499	\$ (383,189)
Noncurrent Assets:			
Restricted assets	1,860,605	2,247,696	(387,091)
Due from the City of Plymouth	2,815,890	2,852,460	(36,570)
Capital assets	95,628,750	89,368,662	6,260,088
Other noncurrent assets	99,877	104,690	(4,813)
Total Assets	<u>103,542,432</u>	<u>98,094,007</u>	<u>5,448,425</u>
 <u>Deferred Outflows of Resources</u>	 <u>368,075</u>	 <u>14,282</u>	 <u>353,793</u>
 <u>Liabilities:</u>			
Current liabilities	2,762,686	3,802,346	(1,039,660)
Noncurrent liabilities	45,403,044	37,308,950	8,094,094
Total Liabilities	<u>48,165,730</u>	<u>41,111,296</u>	<u>7,054,434</u>
 <u>Deferred Inflows of Resources</u>	 <u>795,609</u>	 <u>-</u>	 <u>795,609</u>
 <u>Net Position:</u>			
Net investment in capital assets	54,339,652	51,216,823	3,122,829
Restricted	6,231,434	6,832,369	(600,935)
Unrestricted	(5,621,918)	(1,052,199)	(4,569,719)
Total Net Position	<u>\$ 54,949,168</u>	<u>\$ 56,996,993</u>	<u>\$ (2,047,825)</u>

- <sup>(1)</sup> 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

#### Net Assets (Continued)

Net position increased by \$1,542,759 from fiscal year 2014 to 2015 after adjusting for the effects of the implementation of GASB 68 (See Note 12). This increase was due to significant increase in grant revenues.

Restricted net position decreased by \$600,935 from fiscal year 2014 to 2015 as a result of the Agency increasing its spending of restricted participation fees and tax assessment earnings.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased \$979,135 after adjusting for the effects of the implementation of GASB 68 (See Note 12) and results from the funding of capital assets beyond the proceeds of grant revenues and long-term debt.

#### 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:

	<u>2015</u>	<u>2014</u> <sup>(1)</sup>	<u>Dollar Change</u>
Operating revenues	\$ 8,651,804	\$ 9,088,022	\$ (436,218)
Nonoperating revenues	5,218,087	1,580,146	3,637,941
Total Revenues	<u>13,869,891</u>	<u>10,668,168</u>	<u>3,201,723</u>
Depreciation expense	3,504,380	3,608,555	(104,175)
Other operating expense	7,382,912	7,146,845	236,067
Nonoperating expense	1,439,840	1,476,531	(36,691)
Total Expenses	<u>12,327,132</u>	<u>12,231,931</u>	<u>95,201</u>
Change in Net Position	1,542,759	(1,563,763)	3,106,522
Net Position at Beginning of Year, as Restated	<u>53,406,409</u>	<u>58,560,756</u>	<u>(5,154,347)</u>
Net Position at End of Year	<u>\$ 54,949,168</u>	<u>\$ 56,996,993</u>	<u>\$ (2,047,825)</u>

<sup>(1)</sup> 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Agency's operating revenues decreased by \$436,218 in fiscal year 2015 due to drought conservation efforts. Nonoperating revenues increased by \$3,637,941 in fiscal year 2015 primarily as a result of a grant received from USDA.

Operating costs, exclusive of depreciation, increased \$236,067 in fiscal year 2015, primarily as a result of increased salaries and consultants, due to increased projects related to grants and drought conservation measures. Nonoperating expenses decreased \$36,691, mostly attributable to a decrease in interest expense resulting from normal debt amortization.

### Capital Assets

Capital assets consist of the following at June 30:

	<u>2015</u>	<u>2014<sup>(1)</sup></u>	<u>Dollar Change</u>
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,760,652	\$ 3,760,652	\$ -
Construction in progress	15,571,462	7,876,320	7,695,142
Total Capital Assets Not Being Depreciated	19,332,114	11,636,972	7,695,142
<u>Capital Assets Being Depreciated:</u>			
Utility plant	10,783,477	10,783,477	-
Source of supply	2,801,063	1,733,691	1,067,372
Pumping plant	679,137	679,137	-
Treatment plant	23,302,793	23,302,656	137
Transmission and distribution	75,110,417	74,338,505	771,912
General plant	11,031,799	10,801,894	229,905
Total Capital Assets Being Depreciated	123,708,686	121,639,360	2,069,326
Less: Accumulated depreciation	(47,412,050)	(43,907,670)	(3,504,380)
Net Capital Assets Being Depreciated	76,296,636	77,731,690	(1,435,054)
Net Capital Assets	\$ 95,628,750	\$ 89,368,662	\$ 6,260,088

<sup>(1)</sup> 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

Capital assets net of accumulated depreciation increased \$6,260,088 for the year ended June 30, 2015. Capital asset additions primarily included construction of the Gravity Supply Line Pipeline as well as the Small Diameter Pipeline and other infrastructure renovations, and replacements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

The following is a summary of long-term debt at June 30:

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>
Certificates of participation	\$ 19,860,000	\$ 20,430,000	\$ (570,000)
Notes payable	20,375,073	15,309,699	5,065,374
Total	<u>40,235,073</u>	<u>35,739,699</u>	4,495,374
Unamortized discount and premium	339,488	355,849	(16,361)
Total Long-Term Debt	<u>40,574,561</u>	<u>36,095,548</u>	4,479,013
Less: Current portion	(1,113,143)	(1,040,121)	(73,022)
	<u>\$ 39,461,418</u>	<u>\$ 35,055,427</u>	<u>\$ 4,405,991</u>

On September 1, 2013, the Amador Water Agency Financing Corporation entered into an installment purchase agreement Certificate of Participation 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. During the fiscal year 2015, the Agency received proceeds from this debt totaling \$5,002,290. The Agency also received proceeds from two additional loans for technology upgrades and a hydroelectric project totaling \$517,355. The Agency also reduced its existing outstanding debt by \$1,024,271 during the year ended June 30, 2015 including \$16,360 in amortization of the related bond discount.

### 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, 2016, including the Gravity Supply Line Pipeline construction, the AWS Water Loss Design and Construction, Phase 2 of the Lateral replacement work in the Lake Camanche Water System, the Small Diameter Pipeline, and the Tanner Hydroelectric and Ione Backwash project.. The Agency's Capital Improvement Program for the year ended June 30, 2016 is \$15,051,682 which is an increase from the prior year. The Construction in Progress budget will decrease once the Gravity Supply Line project is completed. The Agency's total operating budget for the year ended June 30, 2016 is \$10,325,614 which is a decrease compared to the adopted operating budget for the year ended June 30, 2015. The budget for the year ended June 30, 2016 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Water Production (000 Gals):</u></b>				
Tanner Plant	701,050	829,340	826,160	773,990
Ione Plant	392,860	468,050	512,800	473,320
Buckhorn Plant	252,400	294,860	304,910	299,970
Lake Camanche Plant	69,680	80,960	96,530	91,220
La Mel Heights Plant	4,550	5,460	5,580	5,870
Total Production	<u>1,420,540</u>	<u>1,678,670</u>	<u>1,745,980</u>	<u>1,644,370</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Factors and Budget (Continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Customer Accounts:</u></b>				
Water Connections	7,187	7,225	7,172	7,140
Wastewater Connections	<u>915</u>	<u>922</u>	<u>931</u>	<u>947</u>
Total Customers	<u><u>8,102</u></u>	<u><u>8,147</u></u>	<u><u>8,103</u></u>	<u><u>8,087</u></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  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS**

**Current Assets:** (Notes 1, 2 and 4)

Cash and cash equivalents	\$ 1,223,414
Accounts receivable, net:	
Current services	1,175,954
Other	58,180
Taxes	10,867
Grants	363,433
Accrued interest receivable	1,554
Current portion due from the City of Plymouth	36,570
Inventory	230,665
Prepaid expenses	36,673
Total Current Assets	3,137,310

**Noncurrent Assets:**

**Restricted Assets:** (Notes 1, 2 and 3)

Cash and cash equivalents	1,860,605
Total Restricted Assets	1,860,605

**Capital Assets:** (Notes 1, 5 and 6)

Nondepreciable	19,332,114
Depreciable, net of accumulated depreciation	76,296,636
Total Capital Assets, Net	95,628,750

**Other Assets:** (Notes 1 and 4)

Due from the City of Plymouth, less current portion above	2,815,890
Bond issuance costs	99,877
Total Other Assets	2,915,767

Total Noncurrent Assets	100,405,122
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<b>TOTAL ASSETS</b>	103,542,432
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**DEFERRED OUTFLOWS OF RESOURCES:** (Note 1, 9 and 12)

Deferred outflows related to contributions	\$ 340,922
Deferred outflows related to pensions	20,012
Deferred amount on refunding	7,141
Total Deferred Outflows of Resources	368,075

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2015**

**LIABILITIES**

**Current Liabilities:** (Notes 1 and 6)

Accounts payable	\$ 1,168,173
Deposits	200,207
Accrued interest payable	221,899
Other payables	59,264
Current portion of long-term debt	1,113,143
Total Current Liabilities	2,762,686

**Noncurrent Liabilities:**

**Long-Term Debt:** (Notes 1 and 6)

Notes payable, net of current portion	19,851,930
Certificates of participation, net of current portion	19,609,488
Total Long-Term Debt	39,461,418

**Other Noncurrent Liabilities:** (Notes 1, 6, 8, 9 and 12)

Net pension liability	3,068,160
Compensated absences	204,245
Net OPEB obligation	2,669,221
Total Other Noncurrent Liabilities	5,941,626

Total Noncurrent Liabilities	45,403,044
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<b>TOTAL LIABILITIES</b>	48,165,730
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**DEFERRED INFLOWS OF RESOURCES** (Notes 9 and 12)

Deferred inflows related to pensions	795,609
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**Commitments and Contingencies** (Notes 8, 9 and 10)

**NET POSITION:** (Notes 7 and 12)

Net investment in capital assets	54,339,652
Restricted	6,231,434
Unrestricted	(5,621,918)
Total Net Position	\$ 54,949,168

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

**AMADOR WATER AGENCY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Operating Revenues:</u></b>	
Current services	\$ 8,072,070
Other revenues	579,734
Total Operating Revenues	<u>8,651,804</u>
 <b><u>Operating Expenses:</u></b>	
General and administrative	4,082,818
Depreciation	3,504,380
Transmission and distribution	1,850,887
Maintenance	1,324,011
Water treatment	125,196
Total Operating Expenses	<u>10,887,292</u>
Operating Loss	<u>(2,235,488)</u>
 <b><u>Nonoperating Revenues (Expenses):</u></b>	
Grant revenues	4,102,408
Taxes and assessments	719,895
Participation fees	135,790
Investment income	134,484
Other nonoperating revenue	125,510
Amortization	(4,813)
Interest expense	<u>(1,435,027)</u>
Total Nonoperating Revenues (Expenses)	<u>3,778,247</u>
Change in Net Position	1,542,759
Net Position at Beginning of Year, as Restated (Note 12)	<u>53,406,409</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u><u>\$ 54,949,168</u></u></b>

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

**AMADOR WATER AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Cash Flows From Operating Activities:**

Cash received from customers	\$ 8,654,267
Cash payments to suppliers for goods and services	(4,176,526)
Cash payments to employees for services	(2,501,332)
Net Cash Provided by Operating Activities	<u>1,976,409</u>

**Cash Flows From Noncapital and Related Financing Activities:**

Receipts from taxes, assessments and other nonoperating income	846,558
Net Cash Provided by Noncapital and Related Financing Activities	<u>846,558</u>

**Cash Flows From Capital and Related Financing Activities:**

Acquisition and construction of capital assets	(11,106,222)
Proceeds from grant revenues	3,738,975
Proceeds from participation fees	135,790
Proceeds from long-term debt	5,519,645
Principal paid on long-term debt	(1,024,271)
Interest paid on long-term debt	(1,388,836)
Net Cash Used in Capital and Related Financing Activities	<u>(4,124,919)</u>

**Cash Flows From Investing Activities:**

Proceeds from sale or maturity of investments	250,000
Payments received on Due from City of Plymouth	36,570
Investment income	134,907
Net Cash Provided by Investing Activities	<u>421,477</u>

Net Decrease in Cash and Cash Equivalents (880,475)

Cash and Cash Equivalents at Beginning of Year 3,964,494

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 3,084,019

**Cash and Cash Equivalents:**

**Financial Statement Classification:**

Cash and cash equivalents	\$ 1,223,414
Restricted cash and cash equivalents	1,860,605
Total Cash and Cash Equivalents	<u><u>\$ 3,084,019</u></u>

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Reconciliation of Operating Loss to Net Cash**

**Provided by Operating Activities:**

Operating loss	\$ (2,235,488)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
Depreciation	3,504,380
<b>(Increase) Decrease in:</b>	
Accounts receivable - current services	2,950
Accounts receivable - other	1,316
Inventory	(11,551)
Prepaid expenses	8,947
Deferred outflows related to contributions	(54,724)
Deferred outflows related to pensions	(20,012)
<b>Increase (Decrease) in:</b>	
Accounts payable	163,112
Deposits	(1,803)
Other payables	12,352
Net pension liability	(808,622)
Compensated absences	(14,085)
Net OPEB obligation	634,028
Deferred inflows related to pensions	795,609
Net Cash Provided by Operating Activities	<u><u>\$ 1,976,409</u></u>

**Supplemental Disclosure of Cash Flow Information**

Unrealized loss on investments	\$ <u>(145)</u>
Acquisition of capital assets through accounts payable	\$ <u>714,537</u>
Amortization of discounts and deferred amount on refunding	\$ <u>(9,220)</u>

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



**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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.

**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, Agency Water, Wastewater, 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.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Significant Accounting Policies (Continued)**

**Method of Accounting (Continued)**

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. Taxes and assessments are recognized as revenue based upon amounts reported to the Agency by the County of Amador.

**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 accounts receivable totaled \$65,073 at June 30, 2015.

**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, 2015 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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Significant Accounting Policies (Continued)**

**Taxes and Assessments (Continued)**

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 \$3,504,380 for the year ended June 30, 2015.

**Interest**

The Agency incurred interest charges on long-term debt. The Agency capitalized \$198,702 of interest as a cost of construction for the year ended June 30, 2015.

**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 year ended June 30, 2015. Amortization of bond discounts and premiums totaled \$16,361 for the year ended June 30, 2015, 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 year ended June 30, 2015 and is included in interest expense.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Significant Accounting Policies (Continued)**

**Compensated Absences**

Accumulated unpaid vacation and sick leave totaling \$204,245 is accrued when incurred and included in noncurrent liabilities at June 30, 2015.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future period and an acquisition of net assets by the government that is applicable to a future reporting period respectively. Deferred outflows of resources include a deferred amount on refunding. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 9.

**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, 2015, the Agency participated in the self-insurance programs of the Authority as follows:

Property Loss - Insured up to \$150,000,000 per occurrence (total insurable value of \$25,885,573) 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 - Insured up to \$400,000 per occurrence with a \$1,000 deductible; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

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, 2015**

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

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

The Agency pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Agency's insurance expense was \$104,012 for the year ended June 30, 2015. There were no instances in the past three years where a settlement exceeded the Agency's coverage.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Agency considers all highly liquid 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 June 9, 2016, the date the financial statements were available to be issued.

**Note 2 - Cash and Cash Equivalents:**

**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:

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

<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

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

Cash and cash equivalents held by the Agency were comprised of the following at June 30, 2015:

	<u>Maturity in Years</u>		
	<u>1 Year or Less</u>	<u>1-5 Years</u>	<u>Total</u>
California Local Agency Investment Fund (LAIF)	\$ 1,678,426	\$ -	\$ 1,678,426
Money market account	506,572	-	506,572
Deposits with financial institutions	899,021	-	899,021
Total Cash and Investments	<u>\$ 3,084,019</u>	<u>\$ -</u>	<u>\$ 3,084,019</u>

Financial Statement Classification:

Current:	
Cash and cash equivalents	\$ 1,223,414
Restricted:	
Cash and cash equivalents	<u>1,860,605</u>
	<u>\$ 3,084,019</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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 at June 30, 2015.

**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>
California Local Agency Investment Fund (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 at June 30, 2015.

**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.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Custodial Credit Risk (Continued)**

At June 30, 2015, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. None of the Agency's investments were held by the same broker-dealer (counter party) that was used by the Agency to buy the securities.

**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, 2015:

California Local Agency Investment Fund (LAIF)	\$ 1,678,426
Money market account	506,572
Deposits with financial institutions	899,021
Total	\$ 3,084,019

**Note 3 - Restricted Assets:**

Restricted assets were provided by, and are to be used for, the following at June 30, 2015:

<u>Funding Source</u>	<u>Use</u>	
Participation fees and interest earned	Capital improvement and replacement	\$ 679,036
Taxes, assessments and interest earned	Capital improvement and replacement	482,096
Taxes, assessments and interest earned	Debt service	317,399
Taxes, assessments and interest earned	Debt service	16,279
Taxes, assessments and interest earned	Debt service	10,424
Taxes, assessments and interest earned	Debt service	18,197
Taxes, assessments and interest earned	Reserve funds	144,382
Taxes, assessments and interest earned	Reserve funds	24,637
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	100,751
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	67,404
		\$ 1,860,605

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, 2015**

**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.

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, 2015:

	<u>Balances at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 2,889,030	\$ -	\$ (36,570)	\$ 2,852,460	\$ 36,570

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30, 2015:

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 3,760,652	\$ -	\$ -	\$ 3,760,652
Construction in progress	7,876,320	9,534,563	(1,839,421)	15,571,462
Total Capital Assets Not Being Depreciated	<u>11,636,972</u>	<u>9,534,563</u>	<u>(1,839,421)</u>	<u>19,332,114</u>
<b>Capital Assets Being Depreciated:</b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,733,691	1,067,372	-	2,801,063
Pumping plant	679,137	-	-	679,137
Treatment plant	23,302,656	137	-	23,302,793
Transmission and distribution	74,338,505	771,912	-	75,110,417
General plant	10,801,894	229,905	-	11,031,799
Total Capital Assets Being Depreciated	<u>121,639,360</u>	<u>2,069,326</u>	<u>-</u>	<u>123,708,686</u>

(Continued)

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Less Accumulated Depreciation For:</b>				
Utility plant	(6,330,796)	(229,233)	-	(6,560,029)
Source of supply	(522,963)	(62,973)	-	(585,936)
Pumping plant	(241,838)	(18,274)	-	(260,112)
Treatment plant	(8,507,888)	(665,381)	-	(9,173,269)
Transmission and distribution	(21,334,459)	(2,237,671)	-	(23,572,130)
General plant	(6,969,726)	(290,848)	-	(7,260,574)
Total Accumulated Depreciation	<u>(43,907,670)</u>	<u>(3,504,380)</u>	<u>-</u>	<u>(47,412,050)</u>
Net Capital Assets Being Depreciated	<u>77,731,690</u>	<u>(1,435,054)</u>	<u>-</u>	<u>76,296,636</u>
<b>Net Capital Assets</b>	<u>\$ 89,368,662</u>	<u>\$ 8,099,509</u>	<u>\$ (1,839,421)</u>	<u>\$ 95,628,750</u>

**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, 2015:

**Notes Payable**

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Current Portion
U.S. Department of Agriculture	\$ 3,327,710	\$ 5,002,290	\$ (100,000)	\$ 8,230,000	\$ 100,000
U.S. Department of Agriculture	4,400,000	-	(75,000)	4,325,000	80,000
U.S. Department of Agriculture	2,840,000	-	(40,000)	2,800,000	40,000
U.S. Department of Agriculture	1,900,000	-	(20,000)	1,880,000	20,000
Department of Water Resources	1,365,458	-	(79,622)	1,285,836	81,976
U.S. Department of Agriculture	750,000	-	(12,000)	738,000	13,000
County of Amador	-	350,000	-	350,000	-
City of Sutter Creek	360,780	-	(84,889)	275,891	84,889
U.S. Department of Agriculture	191,825	-	(2,999)	188,826	3,118
American River Bank	-	167,355	(22,325)	145,030	44,051
State Water Resource Control Board	115,386	-	(15,150)	100,236	15,574
Amador County	38,180	-	-	38,180	38,180
Department of Water Resources	20,360	-	(2,286)	18,074	2,355
	<u>\$ 15,309,699</u>	<u>\$ 5,519,645</u>	<u>\$ (454,271)</u>	<u>\$ 20,375,073</u>	<u>\$ 523,143</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Notes Payable (Continued)**

Notes payable consist of the following at June 30, 2015:

United States Department of Agriculture, Rural Utilities Service, secured by the Gravity Supply Line Project. Semi-annual payments of interest only at 2.75% each May and interest plus varying principal amounts each September. Original amount of up to \$8,330,000 of which \$8,330,000 has been advanced. Matures September 2053. 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 Agency has not funded the reserve at June 30, 2015. \$ 8,230,000

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 \$144,382 at June 30, 2015. 4,325,000

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 4.5% 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 \$100,751 at June 30, 2015. 2,800,000

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 of which \$2,000,000 has been advanced. 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 \$67,404 at June 30, 2015. 1,880,000

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Notes Payable (Continued)**

<p>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 \$0- at June 30, 2015</p>	<p>\$ 1,285,836</p>
<p>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 \$24,637 at June 30, 2015.</p>	<p>738,000</p>
<p>Amador County, secured by all revenues and all amounts on deposit at Amador Water Agency. Quarterly payments of \$4,375 principal plus interest at 0.75% for the first 5 years and a variable rate thereafter, as defined by the note, not to exceed 2.5%. Original amount up to \$1,450,000 of which \$350,000 has been advanced. Matures June 2036.</p>	<p>350,000</p>
<p>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.</p>	<p>275,891</p>
<p>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.</p>	<p>188,826</p>
<p>American River Bank, secured by the assets of the Agency. Quarterly payments of \$12,427 each March, June, September and December including interest at 3.9%. Original amount up to \$224,330 of which \$167,355 has been advanced. Matures December 2019.</p>	<p>145,030</p>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Notes Payable (Continued)**

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. \$ 100,236

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. 38,180

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. 18,074  
Total Notes Payable \$ 20,375,073

**Certificates of Participation**

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Current Portion
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 20,430,000	\$ -	\$ (570,000)	\$ 19,860,000	\$ 590,000
	20,430,000	-	(570,000)	19,860,000	<u>\$ 590,000</u>
Unamortized discount	355,849	-	(16,361)	339,488	
	<u>\$ 20,785,849</u>	<u>\$ -</u>	<u>\$ (586,361)</u>	<u>\$ 20,199,488</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, 2015 totaled \$19,860,000.

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. The deferred amount on refunding totaled \$7,141 at June 30, 2015.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Certificates of Participation (Continued)**

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

Years Ended June 30	Notes Payable		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 523,143	\$ 698,941	\$ 590,000	\$ 941,825	\$ 1,113,143	\$ 1,640,766
2017	518,478	687,399	615,000	918,225	1,133,478	1,605,624
2018	533,525	669,597	640,000	893,625	1,173,525	1,563,222
2019	448,104	653,751	665,000	868,025	1,113,104	1,521,776
2020	433,707	639,065	695,000	841,425	1,128,707	1,480,490
2021 - 2025	2,340,609	2,983,092	3,920,000	3,749,725	6,260,609	6,732,817
2026 - 2030	2,533,695	2,540,827	4,955,000	2,712,750	7,488,695	5,253,577
2031 - 2035	2,649,543	2,079,260	6,320,000	1,343,750	8,969,543	3,423,010
2036 - 2040	3,123,497	1,543,177	1,460,000	73,000	4,583,497	1,616,177
2041 - 2045	3,470,506	894,146	-	-	3,470,506	894,146
2046 - 2050	2,460,266	374,367	-	-	2,460,266	374,367
2051 - 2055	1,340,000	75,077	-	-	1,340,000	75,077
	<u>\$ 20,375,073</u>	<u>\$ 13,838,699</u>	<u>\$ 19,860,000</u>	<u>\$ 12,342,350</u>	<u>\$ 40,235,073</u>	<u>\$ 26,181,049</u>

**Other Noncurrent Liabilities**

	Balance at June 30, 2014, as Restated	Additions	Deletions	Balance at June 30, 2015
Net pension liability (Note 8)	\$ 3,876,782	\$ -	\$ (808,622)	\$ 3,068,160
Compensated absences	218,330	94,105	(108,190)	204,245
Net OPEB obligation (Note 9)	2,035,193	784,716	(150,688)	2,669,221
Total Other Noncurrent Liabilities	<u>\$ 6,130,305</u>	<u>\$ 878,821</u>	<u>\$ (1,067,500)</u>	<u>\$ 5,941,626</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 7 - Restricted Net Position:**

Restricted net position consist of the following at June 30, 2015:

<u>Funding Source</u>	<u>Use</u>	
Participation fees and interest earned	Capital improvement and replacement	\$ 3,716,877
Participation fees and interest earned	Capital improvement and replacement	679,036
Taxes, assessments and interest earned	Capital improvement and replacement	482,096
Taxes, assessments and interest earned	Debt service	653,952
Taxes, assessments and interest earned	Debt service	317,399
Taxes, assessments and interest earned	Debt service	16,279
Taxes, assessments and interest earned	Debt service	10,424
Taxes, assessments and interest earned	Debt service	18,197
Taxes, assessments and interest earned	Reserve funds	144,382
Taxes, assessments and interest earned	Reserve funds	24,637
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	100,751
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	67,404
Total Restricted Net Position		<u>6,231,434</u>
Less: Interfund receivables, eliminated		<u>(4,370,829)</u>
Total Restricted Assets		<u>\$ 1,860,605</u>

**Note 8 - 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 is as follows:

1. Retirement. Employees hired by the Agency on or before November 1, 2004: Upon retirement from Agency service, regular full-time or eligible part-time employees who have reached age fifty (50), have served a minimum of five (5) years of accumulated CalPERS service, may be eligible for continued medical insurance coverage. Such insurance shall include the employee and their eligible dependents at the time of retirement. At such time the employee and/or his/her dependents become eligible for Medicare coverage, the Agency's policy will provide only supplemental or secondary coverage to Medicare. Retired employees will be required to contribute toward the cost of such insurance as provided in the prevailing memorandum of understanding.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Post Employment Benefits: (Continued)**

**Plan Description (Continued)**

2. Retirement. Employees hired by the Agency after November 1, 2004: Upon retirement from Agency service, regular full-time or eligible part-time employees who have reached age fifty (50), have served a minimum of five (5) years of continuous service with the Agency immediately preceding retirement and who have the required credited years of service with CalPERS, set forth below, may be eligible for continued medical insurance coverage. Such insurance shall include the employee and their eligible dependents at the time of retirement. At such time the employee and/or his/her dependents become eligible for Medicare coverage, the Agency's policy will provide only supplemental or secondary coverage to Medicare. Retired employees will be required to contribute toward the cost of such insurance, per CalPERS Government Code Section 22893, as follows:

<u>Credited Years of Service with CalPERS</u>	<u>Percentage of Employer Contribution for Annuitant</u>
10 .....	50
11 .....	55
12 .....	60
13 .....	65
14 .....	70
15 .....	75
16 .....	80
17 .....	85
18 .....	90
19 .....	95
20 .....	100

**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:



**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Post Employment Benefits: (Continued)**

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

Annual required contribution	\$ 564,238
Interest on net OPEB obligation	284,857
Adjustment to annual required contribution	(64,379)
Annual OPEB cost (expense)	<u>784,716</u>
Contributions (including benefits paid)	<u>(150,688)</u>
Increase in net OPEB obligation	634,028
Net OPEB obligation - beginning of year	2,035,193
Net OPEB obligation - end of year	<u><u>\$ 2,669,221</u></u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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, 2013	\$ 564,238	25.0%	\$ 1,466,887
June 30, 2014	708,796	19.8%	2,035,193
June 30, 2015	784,716	19.2%	2,669,221

**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 \$2,146,967 with a ratio of the UAAL to the covered payroll of 299.08%. 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%	2,146,967	299.08%

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - 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 9 - Defined Benefit Pension Plan:**

**General Information About the Pension Plans**

**Plan Descriptions** - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Amador Water Agency, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**General Information About the Pension Plans (Continued)**

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Agency participates in the miscellaneous 2.0% at 55 pool, for those employees hired before January 1, 2013. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired after January 1, 2013 participate in the miscellaneous 2% at 62 pool. Employees hired after January 1, 2013 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool.

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

<u>Hire Date</u>	Prior to January 1, 2013	Miscellaneous	
		On or After January 1, 2013 Second Tier	PEPRA
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.000%	6.25%
Required employer contribution rates	15.085%	8.005%	6.25%

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

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

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

	<u>Proportionate Share of Net Pension Liability</u>
2.0% @ 55	\$ 3,067,540
2.0% @ 60	620
Total Net Pension Liability	<u>\$ 3,068,160</u>

The Agency's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30 2014 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for each Plan as of June 2013 and 2014 was as follows:

	<u>2.0% @ 55</u>	<u>2.0% @ 60</u>	<u>2.0% @ 62</u>
Proportion - June 30, 2013	N/A	N/A	N/A
Proportion - June 30, 2014	.04930%	.00001%	N/A
Change - Increase (Decrease)	N/A	N/A	N/A

For the year ended June 30, 2015, the Agency recognized pension expense of \$359,139. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 340,922	\$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	20,012	-
Additional deferral	-	(15,433)
Net difference between projected and actual earnings on plan investments	-	(780,176)
Total	<u>\$ 360,934</u>	<u>\$ (795,609)</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)**

The \$340,922 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years Ended June 30</u>	
2016	\$ (193,386)
2017	(193,386)
2018	(193,780)
2019	(195,045)
2020	-
Thereafter	-
Total	<u>\$ (775,597)</u>

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>2.0% @ 55</u>	<u>2.0% @ 60</u>	<u>2.0% @ 62</u>
Valuation Date	June 30, 2013	June 30, 2013	N/A
Measurement Date	June 30, 2014	June 30, 2014	N/A
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	N/A
Actuarial Assumptions:			
Discount Rate	7.5%	7.5%	N/A
Inflation	2.75%	2.75%	N/A
Payroll Growth	3.0%	3.0%	N/A
Projected Salary Increase	3.3% - 14.2%(1)	3.3% - 14.2%(1)	N/A
Investment Rate of Return	7.5% (2)	7.5% (2)	N/A
Mortality	CalPERS Specific	CalPERS Specific	N/A

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

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

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11 + (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(.55%)	(1.05%)
Total	<u>100.0%</u>		

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

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)**

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

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

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of each Plan, as of the measurement date calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>2.0% @ 55</u>	<u>2.0% @ 60</u>	<u>2.0% @ 65</u>
1% Decrease	6.50%	6.50%	N/A
Net Pension Liability	\$ 4,980,889	\$ 1,106	\$ N/A
Current Discount Rate	7.50%	7.50%	N/A
Net Pension Liability	\$ 3,067,540	\$ 620	\$ N/A
1% Increase	8.50%	8.50%	N/A
Net Pension Liability	\$ 1,479,642	\$ 218	\$ N/A

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

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

**Payable to the Pension Plan**

At June 30, 2015, the Agency reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**Note 10 – Commitments and Contingencies:**

**Contract**

The Agency has entered into a contract for the purchase of material and construction of capital assets. The amount contracted for is based on the contractor's estimated cost of construction. The total unpaid amount on contractual agreements was \$1,530,671 at June 30, 2015.

**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 11 - New Governmental Accounting Standards:**

**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, 2014. 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 effects of this pronouncement on the financial statements of the Agency in the year of implementation are more fully described in Note 12.

**GASB No. 69**

In January 2014, 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, 2014 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 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, 2015**

**Note 11 - New Governmental Accounting Standards: (Continued)**

**GASB No. 70**

In April 2014, 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, 2014. 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. The Agency has not extended any nonexchange financial guarantees at the date of these financial statements.

**GASB No. 71**

In November 2014, The Governmental Accounting Standards Board issue Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This pronouncement is effective simultaneously with the implementation of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The effects of this pronouncement on the financial statements of the Agency in the year of implementation are more fully described in Note 12.

**GASB No. 72**

In February 2015, The Governmental Accounting Standards Board issued Statement No. 72, “Fair Value Measurement and Application.” This pronouncement provides guidance for determining fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Governments are required to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Required disclosures include the level of fair value hierarchy and valuation techniques and should be organized by type of asset or liability. This pronouncement is effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Agency has not yet determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 11 - New Governmental Accounting Standards: (Continued)**

**GASB No. 73**

In June 2015, The Governmental Accounting Standards Board issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” This pronouncement establishes requirements for defined benefit pension plans that are not with the scope of Statement No. 68, as well as assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pension plans that are not within the scope of Statement No. 68 and amends certain provisions of Statement No. 67. The pronouncement extends the approach to accounting and financial reporting established in Statement 68 to all pensions with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in the notes and required supplementary information by all similarly situated employers and nonemployer contributing entities. The requirements of this statement addressing accounting and financial reporting for employers that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016. All other provisions are effective for periods beginning after June 15, 2015. This pronouncement is not anticipated to have a material effect on the financial statements of the Agency.

**Note 12 - Change in Accounting Principle:**

Effective July 1, 2014, the Agency changed its method of accounting for retirement expense and the related pension liability as well any deferred inflows of resources and deferred outflows of resources in order to conform with Governmental Accounting Standards Board Statement No. 68, “Accounting and Financial Reporting for Pensions”, as amended by Governmental Accounting Standards Board Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”.

This Statement requires cost-sharing employers such as the Agency to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability are also required to be reported as deferred outflows related to pensions. As a result, the Agency established the following net pension liability and deferred outflow of resources resulting in a reduction in net position reported at June 30, 2014:

Net pension liability	\$ (3,876,782)
Deferred outflows related to contributions	286,198
Net Effect of a Change in Accounting Principle	<u>(3,590,584)</u>
Net Position as Originally Stated	<u>56,996,993</u>
Net Position as Restated	<u>\$ 53,406,409</u>

**AMADOR WATER AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>		
<b>Direct Programs:</b>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ <u>8,870,333</u>
Total Direct Programs		<u>8,870,333</u>
 Total Expenditures of Federal Awards		 \$ <u><u>8,870,333</u></u>

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Amador Water Agency under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Because the Schedule presents only a selected portion of the operations of Amador Water Agency it is not intended to and does not present the financial position, changes in net position, or cash flows of Amador Water Agency.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein types of expenditures are not allowable or are limited as to reimbursement.



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

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

To the Board of Directors  
Amador Water Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amador Water Agency, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 9, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Amador Water Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amador Water Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Amador Water Agency's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Leaf & Cole LLP

San Diego, California  
June 9, 2016



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

**Independent Auditor's Report on Compliance  
For the Major Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

To the Board of Directors  
Amador Water Agency

**Report on Compliance for the Major Federal Program**

We have audited Amador Water Agency's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Amador Water Agency's major federal program for the year ended June 30, 2015. Amador Water Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Amador Water Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amador Water Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Amador Water Agency's compliance.

***Opinion on the Major Federal Program***

In our opinion, Amador Water Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of Amador Water Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Amador Water Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Amador Water Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California  
June 9, 2016

**AMADOR WATER AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section I - Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unmodified		
Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> None reported	
Significant deficiency identified not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> No	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	<u>  X  </u> No	

Identification of major programs:

CDFA Number(s)

10.760	Water and Waste Disposal Systems for Rural Communities
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Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ Yes	<u>  X  </u> No
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**Section II - Financial Statement Findings:**

None

**Section III - Federal Award Findings and Questioned Costs:**

None



**AMADOR WATER AGENCY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

There were no prior audit findings for Amador Water Agency relative to federal awards.

**AMADOR WATER AGENCY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2015**

2014

**Miscellaneous Plan:**

Agency's proportion of the net pension liability (asset)	0.04930%
Agency's proportionate share of the net pension liability (asset)	\$ 3,067,540
Agency's covered-employee payroll	\$ 2,040,605
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	150.33%
Plan fiduciary net position as a percentage of the total pension liability	78.73%

**Miscellaneous Second Tier Plan:**

Agency's proportion of the net pension liability (asset)	0.00001%
Agency's proportionate share of the net pension liability (asset)	\$ 620
Agency's covered-employee payroll	\$ -
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	83.05%

**AMADOR WATER AGENCY  
SCHEDULE OF PLAN CONTRIBUTIONS  
JUNE 30, 2015**

2014

**Miscellaneous Plan:**

Contractually required contribution	\$ 286,498
Contributions in relation to the contractually required contribution	\$ (286,498)
Contribution deficiency (excess)	\$ <u>-</u>
District's covered-employee payroll	\$ <u>2,040,605</u>
Contributions as a percentage of covered-employee payroll	14.04%

**Miscellaneous Second Tier Plan:**

Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	\$ -
Contribution deficiency (excess)	\$ <u>-</u>
District's covered-employee payroll	\$ <u>-</u>
Contributions as a percentage of covered-employee payroll	0.00%

**AMADOR WATER AGENCY  
SCHEDULE OF NET POSITION BY FUND  
JUNE 30, 2015**

	Agency General	Agency Water	Waste Water	Eliminated	Total
<b><u>ASSETS</u></b>					
<b><u>Current Assets:</u></b>					
Cash and cash equivalents	\$ 382,677	\$ 307,747	\$ 532,990	\$ -	\$ 1,223,414
Accounts receivable, net:					
Current services	-	821,291	354,663	-	1,175,954
Other	18,060	44,275	(4,155)	-	58,180
Taxes	10,867	-	-	-	10,867
Grants	-	363,433	-	-	363,433
Accrued interest receivable	172	959	423	-	1,554
Current portion due from the					
City of Plymouth	-	36,570	-	-	36,570
Inventory	1,777	228,888	-	-	230,665
Prepaid expenses	-	33,006	3,667	-	36,673
Total Current Assets	<u>413,553</u>	<u>1,836,169</u>	<u>887,588</u>	<u>-</u>	<u>3,137,310</u>
<b><u>NonCurrent Assets:</u></b>					
<b><u>Restricted Assets:</u></b>					
Cash and cash equivalents	-	1,540,303	320,302	-	1,860,605
Interfund receivables	-	3,233,693	1,137,136	(4,370,829)	-
Total Restricted Assets	<u>-</u>	<u>4,773,996</u>	<u>1,457,438</u>	<u>(4,370,829)</u>	<u>1,860,605</u>
<b><u>Capital Assets:</u></b>					
Nondepreciable	-	19,273,734	58,380	-	19,332,114
Depreciable, net of accumulated depreciation	531,565	66,495,676	9,269,395	-	76,296,636
Total Capital Assets, Net	<u>531,565</u>	<u>85,769,410</u>	<u>9,327,775</u>	<u>-</u>	<u>95,628,750</u>
<b><u>Other Assets:</u></b>					
Interfund receivables	344,701	541,094	-	(885,795)	-
Due from the City of Plymouth, less					
current portion above	-	2,815,890	-	-	2,815,890
Bond issuance costs	99,877	-	-	-	99,877
Total Other Assets	<u>444,578</u>	<u>3,356,984</u>	<u>-</u>	<u>(885,795)</u>	<u>2,915,767</u>
Total Noncurrent Assets	<u>976,143</u>	<u>93,900,390</u>	<u>10,785,213</u>	<u>(5,256,624)</u>	<u>100,405,122</u>
<b>TOTAL ASSETS</b>	<u>1,389,696</u>	<u>95,736,559</u>	<u>11,672,801</u>	<u>(5,256,624)</u>	<u>103,542,432</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>					
Deferred outflows related to contributions	\$ -	\$ 306,830	\$ 34,092	\$ -	\$ 340,922
Deferred outflows related to pensions	-	18,011	2,001	-	20,012
Deferred amount on refunding	-	7,141	-	-	7,141
Total Deferred Outflows of Resources	<u>-</u>	<u>331,982</u>	<u>36,093</u>	<u>-</u>	<u>368,075</u>

(Continued)

**AMADOR WATER AGENCY**  
**SCHEDULE OF NET POSITION BY FUND (CONTINUED)**  
**JUNE 30, 2015**

	Agency General	Agency Water	Waste Water	Eliminations	Total
<b><u>LIABILITIES</u></b>					
<b><u>Current Liabilities:</u></b>					
Accounts payable	\$ 29,891	\$ 1,093,323	\$ 44,959	\$ -	\$ 1,168,173
Deposits	-	198,954	1,253	-	200,207
Accrued interest payable	-	219,745	2,154	-	221,899
Other payables	14,914	43,350	1,000	-	59,264
Current Portion of long-term debt	44,051	968,629	100,463	-	1,113,143
Interfund payables	-	2,789,103	2,467,521	(5,256,624)	-
Total Current Liabilities	<u>88,856</u>	<u>5,313,104</u>	<u>2,617,350</u>	<u>(5,256,624)</u>	<u>2,762,686</u>
<b><u>Noncurrent Liabilities:</u></b>					
<b><u>Long Term Debt:</u></b>					
Certificates of participation, net of current portion	-	19,609,488	-	-	19,609,488
Notes payable, net of current portion	100,979	19,475,287	275,664	-	19,851,930
Total Long Term Debt	<u>100,979</u>	<u>39,084,775</u>	<u>275,664</u>	<u>-</u>	<u>39,461,418</u>
<b><u>Other Noncurrent Liabilities:</u></b>					
Net pension liability	-	2,761,344	306,816	-	3,068,160
Compensated absences	-	165,518	38,727	-	204,245
Net OPEB obligation	64,310	2,212,155	392,756	-	2,669,221
Total Other Noncurrent Liabilities	<u>64,310</u>	<u>5,139,017</u>	<u>738,299</u>	<u>-</u>	<u>5,941,626</u>
Total Noncurrent Liabilities	<u>165,289</u>	<u>44,223,792</u>	<u>1,013,963</u>	<u>-</u>	<u>45,403,044</u>
<b>TOTAL LIABILITIES</b>	<u>254,145</u>	<u>49,536,896</u>	<u>3,631,313</u>	<u>(5,256,624)</u>	<u>48,165,730</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows related to pensions	-	716,048	79,561	-	795,609
<b><u>NET POSITION:</u></b>					
Net investment in capital assets	386,535	45,001,469	8,951,648	-	54,339,652
Restricted	-	4,773,996	1,457,438	-	6,231,434
Unrestricted	749,016	(3,959,868)	(2,411,066)	-	(5,621,918)
Total Net Position	<u>\$ 1,135,551</u>	<u>\$ 45,815,597</u>	<u>\$ 7,998,020</u>	<u>\$ -</u>	<u>\$ 54,949,168</u>

**AMADOR WATER AGENCY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Agency General	Agency Water	Waste Water	Eliminations	Total
<b><u>Operating Revenues:</u></b>					
Current services	\$ -	\$ 6,556,954	\$ 1,515,116	\$ -	\$ 8,072,070
Other revenues	133,233	415,574	30,927	-	579,734
Total Operating Revenues	<u>133,233</u>	<u>6,972,528</u>	<u>1,546,043</u>	<u>-</u>	<u>8,651,804</u>
<b><u>Operating Expenses:</u></b>					
General and administrative	186,776	3,412,794	483,248	-	4,082,818
Depreciation	121,116	2,754,291	628,973	-	3,504,380
Transmission and distribution	-	1,439,217	411,670	-	1,850,887
Maintenance	17,866	950,073	356,072	-	1,324,011
Water treatment	-	74,888	50,308	-	125,196
Total Operating Expenses	<u>325,758</u>	<u>8,631,263</u>	<u>1,930,271</u>	<u>-</u>	<u>10,887,292</u>
Operating Loss	<u>(192,525)</u>	<u>(1,658,735)</u>	<u>(384,228)</u>	<u>-</u>	<u>(2,235,488)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Grant revenues	-	4,102,408	-	-	4,102,408
Taxes and assessments	243,269	424,800	51,826	-	719,895
Participation fees	-	120,358	15,432	-	135,790
Investment income	1,755	739,223	59,176	(665,670)	134,484
Other nonoperating revenue	121,520	125,510	-	(121,520)	125,510
Other nonoperating expense	-	(109,368)	(12,152)	121,520	-
Amortization	(4,813)	-	-	-	(4,813)
Interest expense	(36,358)	(1,994,476)	(69,863)	665,670	(1,435,027)
Total Nonoperating Revenues (Expenses)	<u>325,373</u>	<u>3,408,455</u>	<u>44,419</u>	<u>-</u>	<u>3,778,247</u>
Change in Net Position	132,848	1,749,720	(339,809)	-	1,542,759
Net Position at Beginning of Year (as Restated)	<u>1,002,703</u>	<u>44,065,877</u>	<u>8,337,829</u>	<u>-</u>	<u>53,406,409</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 1,135,551</u>	<u>\$ 45,815,597</u>	<u>\$ 7,998,020</u>	<u>\$ -</u>	<u>\$ 54,949,168</u>