

AMADOR WATER AGENCY
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013



Leaf & Cole, LLP
Certified Public Accountants

**AMADOR WATER AGENCY
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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of Amador Water Agency, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the 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, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that that management’s discussion and analysis on pages 4 - 9 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 that collectively comprise the Agency’s financial statements. The Schedule of Net Position by Rate Area, the Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, and the Schedule of Net Revenues – Amador Water System are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Rate Area, the Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, the Schedule of Net Revenues – Amador Water System 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 statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Net Position by Rate Area, the Schedule of Revenues, Expenses and Changes in Net Position by Rate Area, the Schedule of Net Revenues – Amador Water System 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 February 26, 2015, on our consideration of the 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 Agency's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
February 26, 2015

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, 2014. 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 \$1,563,763 to \$56,996,993 for the year ended June 30, 2014.
- The Agency's total revenues decreased from \$11,206,181 for the year ended June 30, 2013, to \$10,668,168 for the year ended June 30, 2014. The decrease in participation fees accounts for the majority of the decrease.
- The Agency's total expenses decreased from \$12,560,763 for the year ended June 30, 2013, to \$12,231,931 for the year ended June 30, 2014. This was driven by a decrease in general and administrative expenses as a result of decreased consulting and labor costs.

Financial Analysis of the Financial Statements

Net Assets

The following is a summary of the Agency's statement of net position at June 30, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current assets	\$ 3,520,499	\$ 2,916,814	\$ 603,685	20.70
Noncurrent Assets:				
Restricted assets	2,247,696	1,841,520	406,176	22.06
Due from the City of Plymouth	2,852,460	2,889,029	(36,569)	(1.27)
Capital assets	89,368,662	87,650,226	1,718,436	1.96
Other noncurrent assets	104,690	109,504	(4,814)	(4.40)
Total Assets	<u>98,094,007</u>	<u>95,407,093</u>	<u>2,686,914</u>	2.82
 <u>Deferred Outflows of Resources</u>	 <u>14,282</u>	 <u>21,423</u>	 <u>(7,141)</u>	 (33.33)
 <u>Liabilities:</u>				
Current liabilities	3,802,346	2,336,887	1,465,459	62.71
Noncurrent liabilities	37,308,950	34,530,873	2,778,077	8.05
Total Liabilities	<u>41,111,296</u>	<u>36,867,760</u>	<u>4,243,536</u>	11.51
 <u>Net Position:</u>				
Net investment in capital assets	51,216,823	53,060,816	(1,843,993)	(3.48)
Restricted	6,832,369	6,631,013	201,356	3.04
Unrestricted	(1,052,199)	(1,131,073)	78,874	(6.97)
Total Net Position	<u>\$ 56,996,993</u>	<u>\$ 58,560,756</u>	<u>\$ (1,563,763)</u>	(2.67)

As you can see from the table above, net position decreased by \$1,563,763 from fiscal year 2013 to 2014. Looking more carefully you will note that this is driven by the change in net investment in capital assets, which decreased \$1,843,993 in fiscal year 2014. This decrease is the result of depreciation expense exceeding this year's capital asset additions net of any new long-term debt or related payables.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Financial Statements (Continued)

Net Assets (Continued)

Restricted net position increased by \$201,356 from fiscal year 2013 to 2014 as a result of the Agency reducing its spending of restricted participation fees and tax assessment earnings, in combination with the Agency building its debt reserve balances.

Unrestricted net position (those that can be used to finance day-to-day operations) increased \$78,874 as a result of new debt proceeds being used to reimburse the Agency for costs related to the Gravity Supply Line Pipeline previously funded with unrestricted funds.

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, 2014 and June 30, 2013, respectively:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Operating Revenues:</u>				
Current services	\$ 8,540,874	\$ 8,403,267	\$ 137,607	1.64
Other revenues	547,148	748,289	(201,141)	(26.88)
Total Operating Revenues	<u>9,088,022</u>	<u>9,151,556</u>	<u>(63,534)</u>	
<u>Nonoperating Revenues:</u>				
Participation fees	216,688	724,950	(508,262)	(70.11)
Taxes and assessments	724,816	694,773	30,043	4.32
Grant revenues	406,712	460,484	(53,772)	(11.68)
Other nonoperating revenues	231,930	174,418	57,512	32.97
Total Nonoperating Revenues	<u>1,580,146</u>	<u>2,054,625</u>	<u>(474,479)</u>	
Total Revenues	<u>10,668,168</u>	<u>11,206,181</u>	<u>(538,013)</u>	(4.80)
<u>Operating Expenses:</u>				
General and administrative	3,635,520	4,057,079	(421,559)	(10.39)
Other operating expense	3,511,325	3,234,833	276,492	8.55
Subtotal	<u>7,146,845</u>	<u>7,291,912</u>	<u>(145,067)</u>	
Depreciation expense	3,608,555	3,736,251	(127,696)	(3.42)
<u>Nonoperating Expenses:</u>				
Interest expense	1,471,717	1,511,007	(39,290)	(2.60)
Other nonoperating expenses	4,814	21,593	(16,779)	(77.71)
Total Expenses	<u>12,231,931</u>	<u>12,560,763</u>	<u>(328,832)</u>	(2.62)
Change in Net Position	(1,563,763)	(1,354,582)	(209,181)	15.44
Net Position at Beginning of Year	<u>58,560,756</u>	<u>59,915,338</u>	<u>(1,354,582)</u>	(2.26)
Net Position at End of Year	<u>\$ 56,996,993</u>	<u>\$ 58,560,756</u>	<u>\$ (1,563,763)</u>	(2.67)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues, Expenses and Changes in Net Position (Continued)

The Agency's operating revenues decreased by \$63,534 in fiscal year 2014. Other revenues decreased \$201,141, largely due to a one-time \$150,000 legal settlement earned in fiscal year 2013 related to the airport sewer rehabilitation project. This decrease in operating revenues was offset by an increase in current services as a result of a rate increase implemented in August 2013. Nonoperating revenues decreased by \$474,479 in fiscal year 2014 primarily as a result of decreased participation fees.

Operating costs, exclusive of depreciation, decreased \$145,067 in fiscal year 2014, primarily as a result of the Agency incurring less consulting fees for assistance with grant writing and financial reporting services. Nonoperating expenses decreased \$56,069, mostly attributable to a decrease in interest expense resulting from normal debt amortization.

Capital Assets

Capital assets consist of the following at June 30, 2014 and June 30, 2013, respectively:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 3,760,652	\$ 3,760,652	\$ -	-
Construction in progress	7,876,320	2,813,144	5,063,176	179.98
Total Capital Assets Not Being Depreciated	<u>11,636,972</u>	<u>6,573,796</u>	<u>5,063,176</u>	77.02
<u>Capital Assets Being Depreciated:</u>				
Utility plant	10,783,477	10,783,477	-	-
Source of supply	1,733,691	1,710,189	23,502	1.37
Pumping plant	679,137	679,137	-	-
Treatment plant	23,302,656	23,226,625	76,031	0.33
Transmission and distribution	74,338,505	74,240,285	98,220	0.13
General plant	10,801,894	10,735,832	66,062	0.62
Total Capital Assets Being Depreciated	121,639,360	121,375,545	263,815	0.22
Less: Accumulated Depreciation	<u>(43,907,670)</u>	<u>(40,299,115)</u>	<u>(3,608,555)</u>	8.95
Net Capital Assets Being Depreciated	<u>77,731,690</u>	<u>81,076,430</u>	<u>(3,344,740)</u>	(4.13)
Net Capital Assets	<u>\$ 89,368,662</u>	<u>\$ 87,650,226</u>	<u>\$ 1,718,436</u>	1.96

The net additions to capital assets for fiscal year 2014 totaled \$5,326,991. Capital asset additions primarily included construction of the Gravity Supply Line Pipeline as well as renovations to the Amador Water System mainlines, Lake Camanche lateral replacement 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, 2014 and June 30, 2013, respectively:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Certificates of participation	\$ 20,430,000	\$ 20,980,000	\$ (550,000)	(2.62)
Notes payable	15,309,699	13,237,200	2,072,499	15.66
Total	<u>35,739,699</u>	<u>34,217,200</u>	<u>1,522,499</u>	4.45
Unamortized discount and premium	355,849	372,210	(16,361)	(4.40)
Total Long-Term Debt	<u>36,095,548</u>	<u>34,589,410</u>	<u>1,506,138</u>	4.35
Less: Current portion	(1,040,121)	(1,805,206)	765,085	(42.38)
	<u>\$ 35,055,427</u>	<u>\$ 32,784,204</u>	<u>\$ 2,271,223</u>	6.93

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 2014, the Agency received proceeds from this debt totaling \$3,327,710. The Agency also reduced its existing outstanding debt by \$1,821,572 during the year ended June 30, 2014 including \$16,761 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, 2014, 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 Agency's Capital Improvement Program for the year ended June 30, 2015 is \$13,219,297 which is an increase from the prior year. The Construction in Progress budget will reduce accordingly once the Gravity Supply Line project is completed. The Agency's total operating budget for the year ended June 30, 2015 is \$11,410,798 which is a decrease compared to the adopted operating budget for the year ended June 30, 2014. The budget for the year ended June 30, 2015 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Water Production (000 Gals):</u>				
Tanner Plant	829,340	826,160	773,990	752,838
Ione Plant	468,050	512,800	473,320	477,885
Buckhorn Plant	294,860	304,910	299,970	294,653
Lake Camanche Plant	80,960	96,530	91,220	95,697
La Mel Heights Plant	5,460	5,580	5,870	5,496
Total Production	<u>1,678,670</u>	<u>1,745,980</u>	<u>1,644,370</u>	<u>1,626,569</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

Economic Factors and Budget (Continued)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Customer Accounts:</u>				
Water Connections:				
Amador Water System	3,775	3,770	3,719	3,594
Cawp Retail	2,659	2,612	2,630	2,628
ID #7 - Lake Camanche	733	732	733	731
ID #3 - La Mel	58	58	58	58
Total Water Connections	<u>7,225</u>	<u>7,172</u>	<u>7,140</u>	<u>7,011</u>
Wastewater Connections:				
Lake Camanche (Users)	346	341	360	342
Wastewater (Users)	305	305	305	303
Martell Areas	160	183	181	178
Wastewater (Standby)	111	102	101	103
Total Wastewater Customers	<u>922</u>	<u>931</u>	<u>947</u>	<u>926</u>
Total Customers	<u><u>8,147</u></u>	<u><u>8,103</u></u>	<u><u>8,087</u></u>	<u><u>7,937</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
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013**

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets: (Notes 1, 2 and 4)		
Cash and cash equivalents	\$ 1,966,943	\$ 1,353,065
Accounts receivable, net:		
Current services	1,178,904	1,223,460
Other	59,496	42,459
Taxes	12,020	9,476
Accrued interest receivable	1,832	1,273
Current portion due from the City of Plymouth	36,570	33,523
Inventory	219,114	211,649
Prepaid expenses	45,620	41,909
Total Current Assets	<u>3,520,499</u>	<u>2,916,814</u>
Noncurrent Assets:		
Restricted Assets: (Notes 1, 2 and 3)		
Cash and cash equivalents	1,997,551	1,472,369
Investments	<u>250,145</u>	<u>369,151</u>
Total Restricted Assets	<u>2,247,696</u>	<u>1,841,520</u>
Capital Assets: (Notes 1, 5 and 6)		
Nondepreciable	11,636,972	6,573,796
Depreciable, net of accumulated depreciation	<u>77,731,690</u>	<u>81,076,430</u>
Total Capital Assets, Net	<u>89,368,662</u>	<u>87,650,226</u>
Other Assets: (Notes 1 and 4)		
Due from the City of Plymouth, less current portion above	2,852,460	2,889,029
Bond issuance costs	<u>104,690</u>	<u>109,504</u>
Total Other Assets	<u>2,957,150</u>	<u>2,998,533</u>
 Total Noncurrent Assets	 <u>94,573,508</u>	 <u>92,490,279</u>
 TOTAL ASSETS	 <u>98,094,007</u>	 <u>95,407,093</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding (Note 1)	\$ <u>14,282</u>	\$ <u>21,423</u>

(Continued)

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

**AMADOR WATER AGENCY
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2014 AND 2013**

<u>LIABILITIES</u>	<u>2014</u>	<u>2013</u>
<u>Current Liabilities:</u> (Notes 1 and 6)		
Accounts payable	\$ 2,346,815	\$ 207,224
Deposits	202,010	144,504
Accrued interest payable	166,488	150,822
Other payables	46,912	29,131
Current portion of long-term debt	<u>1,040,121</u>	<u>1,805,206</u>
Total Current Liabilities	<u>3,802,346</u>	<u>2,336,887</u>
<u>Noncurrent Liabilities:</u>		
<u>Long-Term Debt:</u> (Notes 1 and 6)		
Certificates of participation, net of current portion	20,215,849	20,802,210
Notes payable, net of current portion	<u>14,839,578</u>	<u>11,981,994</u>
Total Long-Term Debt	<u>35,055,427</u>	<u>32,784,204</u>
<u>Other Noncurrent Liabilities:</u> (Notes 1, 6 and 8)		
Compensated absences	218,330	279,782
Net OPEB obligation	<u>2,035,193</u>	<u>1,466,887</u>
Total Other Noncurrent Liabilities	<u>2,253,523</u>	<u>1,746,669</u>
Total Noncurrent Liabilities	<u>37,308,950</u>	<u>34,530,873</u>
TOTAL LIABILITIES	<u>41,111,296</u>	<u>36,867,760</u>
<u>Commitments and Contingencies</u> (Notes 8, 9 and 10)		
<u>NET POSITION:</u> (Note 7)		
Net investment in capital assets	51,216,823	53,060,816
Restricted	6,832,369	6,631,013
Unrestricted	<u>(1,052,199)</u>	<u>(1,131,073)</u>
Total Net Position	<u>\$ 56,996,993</u>	<u>\$ 58,560,756</u>

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

AMADOR WATER AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Operating Revenues:</u>		
Current services	\$ 8,540,874	\$ 8,403,267
Other revenues	547,148	748,289
Total Operating Revenues	<u>9,088,022</u>	<u>9,151,556</u>
<u>Operating Expenses:</u>		
Depreciation	3,608,555	3,736,251
General and administrative	3,635,520	4,057,079
Transmission and distribution	1,748,864	1,702,277
Maintenance	1,442,519	1,259,126
Water treatment	319,942	273,430
Total Operating Expenses	<u>10,755,400</u>	<u>11,028,163</u>
Operating (Loss)	<u>(1,667,378)</u>	<u>(1,876,607)</u>
<u>Nonoperating Revenues (Expenses):</u>		
Taxes and assessments	724,816	694,773
Grant revenues	406,712	460,484
Participation fees	216,688	724,950
Investment income	138,331	110,118
Other nonoperating revenue	93,599	64,300
Other nonoperating expense	-	(16,780)
Amortization	(4,814)	(4,813)
Interest expense	(1,471,717)	(1,511,007)
Total Nonoperating Revenues (Expenses)	<u>103,615</u>	<u>522,025</u>
Change in Net Position	(1,563,763)	(1,354,582)
Net Position at Beginning of Year	<u>58,560,756</u>	<u>59,915,338</u>
NET POSITION AT END OF YEAR	<u>\$ 56,996,993</u>	<u>\$ 58,560,756</u>

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

**AMADOR WATER AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities:</u>		
Cash received from customers	\$ 9,159,857	\$ 9,250,066
Cash payments to suppliers for goods and services	(4,306,326)	(4,606,486)
Cash payments to employees for services	<u>(2,226,826)</u>	<u>(1,998,899)</u>
Net Cash Provided by Operating Activities	<u>2,626,705</u>	<u>2,644,681</u>
<u>Cash Flows From Noncapital and Related Financing Activities:</u>		
Receipts from taxes, assessments and other nonoperating income	<u>815,871</u>	<u>739,394</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>815,871</u>	<u>739,394</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of capital assets	(3,274,444)	(384,351)
Proceeds from long-term debt	3,327,710	-
Proceeds from grant revenues	406,712	460,484
Proceeds from participation fees	216,688	724,950
Principal paid on long-term debt	(1,805,211)	(875,579)
Interest paid on long-term debt	<u>(1,465,271)</u>	<u>(1,548,612)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(2,593,816)</u>	<u>(1,623,108)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments	-	(250,000)
Proceeds from sale or maturity of investments	120,000	-
Payments received on Due from City of Plymouth	33,522	33,523
Investment income	<u>136,778</u>	<u>110,119</u>
Net Cash Provided by (Used in) Investing Activities	<u>290,300</u>	<u>(106,358)</u>
Net Increase in Cash and Cash Equivalents	1,139,060	1,654,609
Cash and Cash Equivalents at Beginning of Year	<u>2,825,434</u>	<u>1,170,825</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,964,494</u></u>	<u><u>\$ 2,825,434</u></u>
<u>Cash and Cash Equivalents:</u>		
<u>Financial Statement Classification:</u>		
Cash and cash equivalents	\$ 1,966,943	\$ 1,353,065
Restricted cash and cash equivalents	<u>1,997,551</u>	<u>1,472,369</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,964,494</u></u>	<u><u>\$ 2,825,434</u></u>

(Continued)

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

**AMADOR WATER AGENCY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<u>Reconciliation of Operating (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating (loss)	\$ (1,667,378)	\$ (1,876,607)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	3,608,555	3,736,251
Bad debts - Accounts receivable - other	13,190	172,182
Bad debts - Grants receivable	-	55,984
(Increase) Decrease in:		
Accounts receivable - current services	44,556	7,797
Accounts receivable - other	(30,227)	63,687
Inventory	(7,465)	3,409
Prepaid expenses	(3,711)	(2,290)
Increase (Decrease) in:		
Accounts payable	87,044	(15,780)
Deposits	57,506	27,026
Other payables	17,781	7,361
Compensated absences	(61,452)	42,274
Net OPEB obligation	568,306	423,387
Net Cash Provided by Operating Activities	<u>\$ 2,626,705</u>	<u>\$ 2,644,681</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Unrealized gain (loss) on investments	\$ <u>994</u>	\$ <u>(649)</u>
Acquisition of capital assets through accounts payable	\$ <u>2,056,291</u>	\$ <u>3,744</u>
Amortization of discounts, premiums and deferred amount on refunding	\$ <u>(9,220)</u>	\$ <u>(9,220)</u>

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

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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, the Central Amador Water Project, three Wastewater Improvement Districts 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, 2014 AND 2013**

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.

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management’s evaluation of outstanding receivables. The allowance for doubtful receivables totaled \$64,645 and \$234,017 at June 30, 2014 and 2013, respectively.

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, 2014 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, 2014 AND 2013**

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 \$3,608,555 and \$3,736,251 for the years ended June 30, 2014 and 2013, respectively.

Interest

The Agency incurred interest charges on long-term debt. For the years ended June 30, 2014 and 2013, the Agency capitalized \$34,018 and \$-0-, respectively, of interest as a cost of construction.

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 \$4,814 and \$4,813 for the years ended June 30, 2014 and 2013, respectively. Amortization of bond discounts and premiums totaled \$16,361 for the years ended June 30, 2014 and 2013, and is included in interest expense. The deferred amount on refunding is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the deferred amount on refunding totaled \$7,141 for the years ended June 30, 2014 and 2013 and is included in interest expense.

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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

Significant Accounting Policies (Continued)

Compensated Absences

Accumulated unpaid vacation and sick leave totaling \$218,330 and \$279,782 is accrued when incurred and included in noncurrent liabilities at June 30, 2014 and 2013, respectively.

Risk Management

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

At June 30, 2014, the Agency participated in the self-insurance programs of the Authority as follows:

Property Loss - Insured up to \$100,000,000 per occurrence (total insurable value of \$25,428,661) 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.

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 \$88,082 and \$103,342 for the years ended June 30, 2014 and 2013, respectively. There were no instances in the past three years where a settlement exceeded the Agency's coverage.

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Subsequent Events

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 26, 2015, the date the financial statements were available to be issued.

Note 2 - Cash and Investments:

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

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

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

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 2 - Cash and Investments: (Continued)

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

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

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

	Maturity in Years			2013 Total
	1 Year or Less	1-5 Years	2014 Total	
Cash on hand	\$ -	\$ -	\$ -	\$ 700
California Local Agency Investment Fund (LAIF)	3,001,304	-	3,001,304	2,044,304
Money market account	505,209	-	505,209	404,058
Deposits with financial institutions	457,981	-	457,981	376,372
Investments:				
Certificates of deposit	250,145	-	250,145	369,151
Total Cash and Investments	\$ 4,214,639	\$ -	\$ 4,214,639	\$ 3,194,585
			2014 Total	2013 Total
Financial Statement Classification:				
Current:				
Cash and cash equivalents			\$ 1,966,943	\$ 1,353,065
Restricted:				
Cash and cash equivalents			1,997,551	1,472,369
Investments			250,145	369,151
Total Cash and Investments			\$ 4,214,639	\$ 3,194,585

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the Agency's investments by maturity as of June 30, 2014.

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 2 - Cash and Investments: (Continued)

Disclosures Relating to Credit Risk

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

	<u>Rating as of Year End</u>
Certificates of Deposit	Not Rated
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, 2014.

Custodial Credit Risk

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

At June 30, 2014, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The following Agency investments were held by the same broker-dealer (counterparty) that was used by the Agency to buy the securities as of June 30:

	<u>2014</u>	<u>2013</u>
Certificates of Deposit	\$ 250,145	\$ 369,151

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 2 - Cash and Investments: (Continued)

Investment in State Investment Pool

The Agency is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

	<u>2014</u>	<u>2013</u>
California Local Agency Investment Fund (LAIF)	\$ 3,001,304	\$ 2,044,304
Money market account	505,209	404,058
Deposits with financial institutions	457,981	376,372
Cash on hand	-	700
Total	<u>\$ 3,964,494</u>	<u>\$ 2,825,434</u>

Note 3 - Restricted Assets:

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

<u>Funding Source</u>	<u>Use</u>	<u>2014</u>	<u>2013</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 1,223,365	\$ 1,015,614
Taxes, assessments and interest earned	Capital improvement and replacement	306,187	159,692
Taxes, assessments and interest earned	Debt service	328,980	351,243
Taxes, assessments and interest earned	Debt service	16,210	-
Taxes, assessments and interest earned	Debt service	10,516	10,680
Taxes, assessments and interest earned	Debt service	9,358	7,998
Taxes, assessments and interest earned	Reserve funds	118,041	91,878
Taxes, assessments and interest earned	Reserve funds	63,299	63,230
Taxes, assessments and interest earned	Reserve funds	20,121	15,662
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	90,908	75,314
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	60,711	50,209
		<u>\$ 2,247,696</u>	<u>\$ 1,841,520</u>

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

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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:

	2014				
	Balances at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Current Portion
Due from the City of Plymouth	\$ 2,922,552	\$ -	\$ (33,522)	\$ 2,889,030	\$ 36,570
	2013				
	Balances at June 30, 2012	Additions	Deletions	Balance at June 30, 2013	Current Portion
Due from the City of Plymouth	\$ 2,956,075	\$ -	\$ (33,523)	\$ 2,922,552	\$ 33,523

Note 5 - Capital Assets:

Capital assets consist of the following at June 30:

	2014			
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 3,760,652	\$ -	\$ -	\$ 3,760,652
Construction in progress	2,813,144	5,266,111	(202,935)	7,876,320
Total Capital Assets Not Being Depreciated	6,573,796	5,266,111	(202,935)	11,636,972
Capital Assets Being Depreciated:				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,710,189	23,502	-	1,733,691
Pumping plant	679,137	-	-	679,137
Treatment plant	23,226,625	76,031	-	23,302,656
Transmission and distribution	74,240,285	98,220	-	74,338,505
General plant	10,735,832	66,062	-	10,801,894
Total Capital Assets Being Depreciated	121,375,545	263,815	-	121,639,360

(Continued)

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 5 - Capital Assets: (Continued)

	2014			
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Less Accumulated Depreciation For:				
Utility plant	(6,090,572)	(240,224)	-	(6,330,796)
Source of supply	(458,232)	(64,731)	-	(522,963)
Pumping plant	(220,952)	(20,886)	-	(241,838)
Treatment plant	(7,773,884)	(734,004)	-	(8,507,888)
Transmission and distribution	(19,047,456)	(2,287,003)	-	(21,334,459)
General plant	(6,708,019)	(261,707)	-	(6,969,726)
Total Accumulated Depreciation	<u>(40,299,115)</u>	<u>(3,608,555)</u>	<u>-</u>	<u>(43,907,670)</u>
Net Capital Assets Being Depreciated	<u>81,076,430</u>	<u>(3,344,740)</u>	<u>-</u>	<u>77,731,690</u>
Net Capital Assets	<u>\$ 87,650,226</u>	<u>\$ 1,921,371</u>	<u>\$ (202,935)</u>	<u>\$ 89,368,662</u>
	2013			
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 3,760,652	\$ -	\$ -	\$ 3,760,652
Construction in progress	4,645,216	533,310	(2,365,382)	2,813,144
Total Capital Assets Not Being Depreciated	<u>8,405,868</u>	<u>533,310</u>	<u>(2,365,382)</u>	<u>6,573,796</u>
Capital Assets Being Depreciated:				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,699,368	10,821	-	1,710,189
Pumping plant	670,116	9,021	-	679,137
Treatment plant	23,206,265	20,360	-	23,226,625
Transmission and distribution	72,126,224	2,114,061	-	74,240,285
General plant	10,728,209	55,321	(47,698)	10,735,832
Total Capital Assets Being Depreciated	<u>119,213,659</u>	<u>2,209,584</u>	<u>(47,698)</u>	<u>121,375,545</u>
Less Accumulated Depreciation For:				
Utility plant	(5,850,432)	(240,140)	-	(6,090,572)
Source of supply	(392,817)	(65,415)	-	(458,232)
Pumping plant	(200,178)	(20,774)	-	(220,952)
Treatment plant	(7,032,121)	(741,763)	-	(7,773,884)
Transmission and distribution	(16,759,802)	(2,287,654)	-	(19,047,456)
General plant	(6,375,212)	(380,505)	47,698	(6,708,019)
Total Accumulated Depreciation	<u>(36,610,562)</u>	<u>(3,736,251)</u>	<u>47,698</u>	<u>(40,299,115)</u>
Net Capital Assets Being Depreciated	<u>82,603,097</u>	<u>(1,526,667)</u>	<u>-</u>	<u>81,076,430</u>
Net Capital Assets	<u>\$ 91,008,965</u>	<u>\$ (993,357)</u>	<u>\$ (2,365,382)</u>	<u>\$ 87,650,226</u>

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 6 - Noncurrent Liabilities:

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

Notes Payable

	2014				
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Current Portion
U.S. Department of Agriculture	\$ 4,470,000	\$ -	\$ (70,000)	\$ 4,400,000	\$ 75,000
U.S. Department of Agriculture	-	3,327,710	-	3,327,710	100,000
U.S. Department of Agriculture	2,875,000	-	(35,000)	2,840,000	40,000
U.S. Department of Agriculture	1,920,000	-	(20,000)	1,900,000	20,000
Department of Water Resources	1,442,720	-	(77,262)	1,365,458	79,622
County of Amador	900,000	-	(900,000)	-	-
U.S. Department of Agriculture	762,000	-	(12,000)	750,000	12,000
City of Sutter Creek	445,670	-	(84,890)	360,780	84,889
U.S. Department of Agriculture	194,705	-	(2,880)	191,825	2,994
State Water Resource Control Board	130,123	-	(14,737)	115,386	15,150
Amador County	74,404	-	(36,224)	38,180	38,180
Department of Water Resources	22,578	-	(2,218)	20,360	2,286
	<u>\$ 13,237,200</u>	<u>\$ 3,327,710</u>	<u>\$ (1,255,211)</u>	<u>\$ 15,309,699</u>	<u>\$ 470,121</u>

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

Notes payable consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
United States Department of Agriculture, Rural Utilities Service, secured by the Buckhorn Water Treatment Plant. Semi-annual payments of interest only at 4.25% each May and interest plus varying principal amounts each November. Original amount of \$5,000,000. Matures November 2043. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$118,041 and \$91,878 at June 30, 2014 and 2013, respectively.	\$ 4,400,000	\$ 4,470,000

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 6 - Noncurrent Liabilities: (Continued)

Notes Payable (Continued)

	<u>2014</u>	<u>2013</u>
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. 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, 2014.	\$ 3,327,710	\$ -
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 \$90,908 and \$75,314 at June 30, 2014 and 2013, respectively.	2,840,000	2,875,000
United States Department of Agriculture, Rural Utilities Service, secured by all revenues and all amounts on deposit at Amador Water Agency. Semi-annual payments of interest only at 4.125% each June and interest plus varying principal amounts each December. Original amount of up to \$2,000,000. Matures December 2048. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$60,711 and \$50,209 at June 30, 2014 and 2013, respectively.	1,900,000	1,920,000
State of California Department of Water Resources, secured by the Ridge System Project. Semi-annual payments of \$60,210 including interest at 3.0315% due each April and October. Original amount of \$2,359,032. Matures April 2028. Requires that semiannual payments to a reserve fund be accumulated during the first ten-year period, then maintained at such level thereafter. The balance of the reserve fund totaled \$63,299 and \$63,230 at June 30, 2014 and 2013, respectively.	1,365,458	1,442,720

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 6 - Noncurrent Liabilities: (Continued)

Notes Payable (Continued)

	<u>2014</u>	<u>2013</u>
United States Department of Agriculture, Rural Utilities Service, secured by the Buckhorn Water Treatment Plant. Semi-annual payments each May and November including interest at 2.45%. Original amount of \$840,000. Matures May 2044. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$20,121 and \$15,662 at June 30, 2014 and 2013, respectively.	\$ 750,000	\$ 762,000
City of Sutter Creek, unsecured, quarterly payments of \$21,222 including interest based on the average monthly yield as published by LAIF (0.24% at June 30, 2013). Original amount of \$594,226. Matures September 2018.	360,780	445,670
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.	191,825	194,705
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.	115,386	130,123
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	74,404
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.	20,360	22,578
County of Amador, unsecured, payment at maturity of principal outstanding plus accrued interest at 2% original amount of \$900,000. Matured November 2013.	-	900,000
Total Notes Payable	<u>\$ 15,309,699</u>	<u>\$ 13,237,200</u>

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 6 - Noncurrent Liabilities: (Continued)

Certificates of Participation

	2014				
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Current Portion
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 20,980,000	\$ -	\$ (550,000)	\$ 20,430,000	\$ 570,000
	20,980,000	-	(550,000)	20,430,000	570,000
Unamortized discounts and premiums	372,210	-	(16,361)	355,849	
	<u>\$ 21,352,210</u>	<u>\$ -</u>	<u>\$ (566,361)</u>	<u>\$ 20,785,849</u>	
	2013				
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013	Current Portion
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 21,505,000	\$ -	\$ (525,000)	\$ 20,980,000	\$ 550,000
	21,505,000	-	(525,000)	20,980,000	550,000
Unamortized discounts and premiums	388,571	-	(16,361)	372,210	
	<u>\$ 21,893,571</u>	<u>\$ -</u>	<u>\$ (541,361)</u>	<u>\$ 21,352,210</u>	

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, 2014 and 2013, totaled \$20,430,000 and \$20,980,000, respectively.

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

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 6 - Noncurrent Liabilities: (Continued)

Certificates of Participation (Continued)

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

Years Ended June 30	Certificates of Participation		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 570,000	\$ 964,625	\$ 470,121	\$ 558,740	\$ 1,040,121	\$ 1,523,365
2016	590,000	941,825	440,913	555,721	1,030,913	1,497,546
2017	615,000	918,225	455,208	540,647	1,070,208	1,458,872
2018	640,000	893,625	468,374	527,387	1,108,374	1,421,012
2019	665,000	868,025	423,045	513,532	1,088,045	1,381,557
2020 - 2024	3,760,000	3,911,650	2,203,232	2,342,734	5,963,232	6,254,384
2025 - 2029	4,720,000	2,948,750	2,499,789	1,918,998	7,219,789	4,867,748
2030 - 2034	6,020,000	1,644,750	2,494,814	1,468,504	8,514,814	3,113,254
2035 - 2039	2,850,000	215,500	2,281,201	989,007	5,131,201	1,204,507
2040 - 2044	-	-	2,377,665	511,548	2,377,665	511,548
2045 - 2049	-	-	1,195,337	131,606	1,195,337	131,606
	<u>\$ 20,430,000</u>	<u>\$ 13,306,975</u>	<u>\$ 15,309,699</u>	<u>\$ 10,058,424</u>	<u>\$ 35,739,699</u>	<u>\$ 23,365,399</u>

Other Noncurrent Liabilities

	2014			
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Compensated absences	\$ 279,782	\$ 26,203	\$ (87,655)	\$ 218,330
Net OPEB obligation (Note 9)	1,466,887	708,796	(140,490)	2,035,193
Total Other Noncurrent Liabilities	<u>\$ 1,746,669</u>	<u>\$ 734,999</u>	<u>\$ (228,145)</u>	<u>\$ 2,253,523</u>
	2013			
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Compensated absences	\$ 237,508	\$ 47,945	\$ (5,671)	\$ 279,782
Net OPEB obligation (Note 9)	1,043,500	564,238	(140,851)	1,466,887
Total Other Noncurrent Liabilities	<u>\$ 1,281,008</u>	<u>\$ 612,183</u>	<u>\$ (146,522)</u>	<u>\$ 1,746,669</u>

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 7 - Restricted Net Assets:

Restricted net assets consist of the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2014</u>	<u>2013</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 3,881,462	\$ 4,037,684
Participation fees and interest earned	Capital improvement and replacement	1,223,365	1,015,614
Taxes, assessments and interest earned	Capital improvement and replacement	306,187	159,692
Taxes, assessments and interest earned	Debt service	703,211	751,809
Taxes, assessments and interest earned	Debt service	328,980	351,243
Taxes, assessments and interest earned	Debt service	16,210u7	-
Taxes, assessments and interest earned	Debt service	10,516	10,680
Taxes, assessments and interest earned	Debt service	9,358	7,998
Taxes, assessments and interest earned	Reserve funds	118,041	91,878
Taxes, assessments and interest earned	Reserve funds	20,121	15,662
Taxes, assessments and interest earned	Reserve funds	63,299	63,230
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	90,908	75,314
Payments from City of Plymouth, and taxes, assessments and interest earned	Reserve funds	60,711	50,209
Total Restricted Net Assets		<u>6,832,369</u>	<u>6,631,013</u>
Less: Interfund receivables, eliminated		<u>(4,584,673)</u>	<u>(4,789,493)</u>
Total Restricted Assets		<u>\$ 2,247,696</u>	<u>\$ 1,841,520</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, 2014 AND 2013**

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, 2014 AND 2013**

Note 8 - Post Employment Benefits: (Continued)

Funding Policy and Annual OPEB Costs (Continued)

	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 564,238	\$ 564,238
Interest on net OPEB obligation	186,769	-
Adjustment to annual required contribution	(42,211)	-
Annual OPEB cost (expense)	<u>708,796</u>	<u>564,238</u>
Contributions (including benefits paid)	<u>(140,490)</u>	<u>(140,851)</u>
Increase in net OPEB obligation	568,306	423,387
Net OPEB obligation - beginning of year	<u>1,466,887</u>	<u>1,043,500</u>
Net OPEB obligation (Asset) - end of year	<u>\$ 2,035,193</u>	<u>\$ 1,466,887</u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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, 2012	\$ 450,283	27.5%	\$ 1,043,500
June 30, 2013	564,238	25.0%	1,466,887
June 30, 2014	708,796	19.8%	2,035,193

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, 2014 AND 2013**

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:

Plan Description

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

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 9 - Defined Benefit Pension Plan: (Continued)

Plan Description (Continued)

Funding Policy

Active plan members of the miscellaneous 2.0% at 55 pool are required to contribute 7% of their annual covered salary, which the Agency contributes 5% on their behalf. Active plan members of the miscellaneous 2.0% at 62 pool are required to contribute 8.049% of their annual covered salary. The Agency is required to contribute at an actuarially determined rate. The required employer contribution rates for the fiscal year ended June 30, 2014 and 2013 were 13.362% and 12.336%, respectively, for miscellaneous 2.0% at 55 pool and 8.049% and 7.846%, respectively, for the miscellaneous 2.0% at 62 pool. The contribution requirements of the plan members and the Agency are established and may be amended by CalPERS. The Agency's contributions were \$418,027 and \$411,335 and \$417,220 for the years ended June 30, 2014, 2013 and 2012, respectively, which were equal to the required contributions each year.

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 \$6,512,458 and \$-0- at June 30, 2014 and 2013, respectively.

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.

**AMADOR WATER AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 11 - New Governmental Accounting Standards:

GASB No. 66

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

GASB No. 67

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

GASB No. 68

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, “Accounting and Financial Reporting for Pensions”. This pronouncement is effective for periods beginning after June 15, 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 Agency has not 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, 2014 AND 2013**

Note 11 - New Governmental Accounting Standards: (Continued)

GASB No. 69

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

GASB No. 70

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

GASB No. 71

In November 2013, 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 Agency has not determined the effects of this pronouncement on the financial statements of the Agency on the year of implementation.

**AMADOR WATER AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
 Direct Programs:		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ <u>3,327,710</u>
Total Direct Programs		<u>3,327,710</u>
 Total Expenditures of Federal Awards		 \$ <u><u>3,327,710</u></u>

Note - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Amador Water Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



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**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, 2014, 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 February 26, 2015.

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
February 26, 2015



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**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, 2014. 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, 2014.

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
February 26, 2015

**AMADOR WATER AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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
--------	--

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
--	-------------------

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, 2014**

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

**AMADOR WATER AGENCY
SCHEDULE OF NET POSITION BY RATE AREA
JUNE 30, 2014**

	Agency General	Agency Water	Central Amador Water Project	Waste Water	Improvement District 11	Improvement District 12	Eliminations	Total
<u>ASSETS</u>								
<u>Current Assets:</u>								
Cash and cash equivalents	\$ 252,451	\$ 1,069,711	\$ 176,956	\$ 20,211	\$ 203,527	\$ 244,087	\$ -	\$ 1,966,943
Accounts receivable, net:								
Current services	-	974,216	-	167,555	31,600	5,533	-	1,178,904
Other	21,938	37,151	-	-	159	248	-	59,496
Taxes	12,020	-	-	-	-	-	-	12,020
Accrued interest receivable	82	1,486	33	2	55	174	-	1,832
Current portion due from the								
City of Plymouth	-	36,570	-	-	-	-	-	36,570
Inventory	-	219,114	-	-	-	-	-	219,114
Prepaid expenses	1,868	34,868	3,553	2,221	1,333	1,777	-	45,620
Total Current Assets	<u>288,359</u>	<u>2,373,116</u>	<u>180,542</u>	<u>189,989</u>	<u>236,674</u>	<u>251,819</u>	<u>-</u>	<u>3,520,499</u>
<u>NonCurrent Assets:</u>								
<u>Restricted Assets:</u>								
Cash and cash equivalents	-	1,520,406	166,844	16,209	2	294,090	-	1,997,551
Investments	-	250,145	-	-	-	-	-	250,145
Interfund receivables	-	3,102,388	300,695	-	-	1,181,590	(4,584,673)	-
Total Restricted Assets	<u>-</u>	<u>4,872,939</u>	<u>467,539</u>	<u>16,209</u>	<u>2</u>	<u>1,475,680</u>	<u>(4,584,673)</u>	<u>2,247,696</u>
<u>Capital Assets:</u>								
Nondepreciable	-	6,112,039	5,489,534	25,916	6,333	3,150	-	11,636,972
Depreciable, net of accumulated depreciation	422,776	58,191,178	9,221,308	3,117,252	2,594,651	4,184,525	-	77,731,690
Total Capital Assets, Net	<u>422,776</u>	<u>64,303,217</u>	<u>14,710,842</u>	<u>3,143,168</u>	<u>2,600,984</u>	<u>4,187,675</u>	<u>-</u>	<u>89,368,662</u>
<u>Other Assets:</u>								
Interfund receivables	362,544	549,860	-	-	-	-	(912,404)	-
Due from the City of Plymouth, less current portion above	-	2,852,460	-	-	-	-	-	2,852,460
Bond issuance costs	104,690	-	-	-	-	-	-	104,690
Total Other Assets	<u>467,234</u>	<u>3,402,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(912,404)</u>	<u>2,957,150</u>
Total Noncurrent Assets	<u>890,010</u>	<u>72,578,476</u>	<u>15,178,381</u>	<u>3,159,377</u>	<u>2,600,986</u>	<u>5,663,355</u>	<u>(5,497,077)</u>	<u>94,573,508</u>
TOTAL ASSETS	<u>1,178,369</u>	<u>74,951,592</u>	<u>15,358,923</u>	<u>3,349,366</u>	<u>2,837,660</u>	<u>5,915,174</u>	<u>(5,497,077)</u>	<u>98,094,007</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>								
Deferred amount on refunding	\$ -	\$ 14,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,282

(Continued)

AMADOR WATER AGENCY
SCHEDULE OF NET POSITION BY RATE AREA (CONTINUED)
JUNE 30, 2014

	Agency General	Agency Water	Central Amador Water Project	Waste Water	Improvement District 11	Improvement District 12	Eliminations	Total
<u>LIABILITIES</u>								
<u>Current Liabilities:</u>								
Accounts payable	\$ 73,175	\$ 148,953	\$ 2,107,392	\$ 8,737	\$ 4,864	\$ 3,694	\$ -	\$ 2,346,815
Deposits	-	200,857	-	213	190	750	-	202,010
Accrued interest payable	-	107,911	56,138	2,439	-	-	-	166,488
Other payables	12,973	33,939	-	-	-	-	-	46,912
Current Portion of long-term debt	-	714,902	225,180	15,150	-	84,889	-	1,040,121
Interfund payables	-	2,030,974	899,022	1,385,491	1,181,590	-	(5,497,077)	-
Total Current Liabilities	<u>86,148</u>	<u>3,237,536</u>	<u>3,287,732</u>	<u>1,412,030</u>	<u>1,186,644</u>	<u>89,333</u>	<u>(5,497,077)</u>	<u>3,802,346</u>
<u>Noncurrent Liabilities:</u>								
<u>Long Term Debt:</u>								
Certificates of participation, net of current portion	-	20,215,849	-	-	-	-	-	20,215,849
Notes payable, net of current portion	-	6,172,741	8,290,710	100,236	-	275,891	-	14,839,578
Total Long Term Debt	<u>-</u>	<u>26,388,590</u>	<u>8,290,710</u>	<u>100,236</u>	<u>-</u>	<u>275,891</u>	<u>-</u>	<u>35,055,427</u>
<u>Other Noncurrent Liabilities:</u>								
Compensated absences	1,495	159,009	26,370	12,874	10,472	8,110	-	218,330
Net OPEB obligation	88,023	1,418,887	218,560	135,822	88,946	84,955	-	2,035,193
Total Other Noncurrent Liabilities	<u>89,518</u>	<u>1,577,896</u>	<u>244,930</u>	<u>148,696</u>	<u>99,418</u>	<u>93,065</u>	<u>-</u>	<u>2,253,523</u>
Total Noncurrent Liabilities	<u>89,518</u>	<u>27,966,486</u>	<u>8,535,640</u>	<u>248,932</u>	<u>99,418</u>	<u>368,956</u>	<u>-</u>	<u>37,308,950</u>
TOTAL LIABILITIES	<u>175,666</u>	<u>31,204,022</u>	<u>11,823,372</u>	<u>1,660,962</u>	<u>1,286,062</u>	<u>458,289</u>	<u>(5,497,077)</u>	<u>41,111,296</u>
<u>NET POSITION:</u>								
Net investment in capital assets	422,776	37,199,725	4,138,661	3,027,782	2,600,984	3,826,895	-	51,216,823
Restricted	-	4,872,939	467,539	16,209	2	1,475,680	-	6,832,369
Unrestricted	579,927	1,689,188	(1,070,649)	(1,355,587)	(1,049,388)	154,310	-	(1,052,199)
Total Net Position	<u>\$ 1,002,703</u>	<u>\$ 43,761,852</u>	<u>\$ 3,535,551</u>	<u>\$ 1,688,404</u>	<u>\$ 1,551,598</u>	<u>\$ 5,456,885</u>	<u>\$ -</u>	<u>\$ 56,996,993</u>

AMADOR WATER AGENCY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY RATE AREA
FOR THE YEAR ENDED JUNE 30, 2014

	Agency General	Agency Water	Central Amador Water Project	Waste Water	Improvement District 11	Improvement District 12	Eliminations	Total
Operating Revenues:								
Current services	\$ -	\$ 7,165,234	\$ 64,318	\$ 391,228	\$ 429,126	\$ 490,968	\$ -	\$ 8,540,874
Other revenues	98,985	270,937	850,529	4,966	86	2,605	(680,960)	547,148
Total Operating Revenues	<u>98,985</u>	<u>7,436,171</u>	<u>914,847</u>	<u>396,194</u>	<u>429,212</u>	<u>493,573</u>	<u>(680,960)</u>	<u>9,088,022</u>
Operating Expenses:								
Depreciation	163,363	2,441,201	351,339	136,570	157,402	358,680	-	3,608,555
General and administrative	264,145	3,186,491	241,591	131,729	124,429	123,299	(436,164)	3,635,520
Transmission and distribution	33,063	1,182,867	179,703	166,039	104,459	82,733	-	1,748,864
Maintenance	8,841	801,175	493,028	43,775	74,891	265,605	(244,796)	1,442,519
Water treatment	-	215,112	39,497	33,132	32,071	130	-	319,942
Total Operating Expenses	<u>469,412</u>	<u>7,826,846</u>	<u>1,305,158</u>	<u>511,245</u>	<u>493,252</u>	<u>830,447</u>	<u>(680,960)</u>	<u>10,755,400</u>
Operating Loss	<u>(370,427)</u>	<u>(390,675)</u>	<u>(390,311)</u>	<u>(115,051)</u>	<u>(64,040)</u>	<u>(336,874)</u>	<u>-</u>	<u>(1,667,378)</u>
Nonoperating Revenues (Expenses):								
Taxes and assessments	239,192	420,378	-	65,246	-	-	-	724,816
Grant revenues	-	406,712	-	-	-	-	-	406,712
Participation fees	-	168,800	17,520	-	-	30,368	-	216,688
Investment income	1,529	362,234	295,204	31,759	465	58,226	(611,086)	138,331
Other nonoperating revenue	52,546	-	93,599	-	-	-	(52,546)	93,599
Other nonoperating expense	(525)	(42,037)	(4,729)	(2,102)	(1,576)	(1,577)	52,546	-
Amortization	(4,814)	-	-	-	-	-	-	(4,814)
Interest expense	(7,947)	(1,762,110)	(236,194)	(17,490)	(3,812)	(55,250)	611,086	(1,471,717)
Total Nonoperating Revenues (Expenses)	<u>279,981</u>	<u>(446,023)</u>	<u>165,400</u>	<u>77,413</u>	<u>(4,923)</u>	<u>31,767</u>	<u>-</u>	<u>103,615</u>
Change in Net Position	(90,446)	(836,698)	(224,911)	(37,638)	(68,963)	(305,107)	-	(1,563,763)
Net Position at Beginning of Year	<u>1,093,149</u>	<u>44,598,550</u>	<u>3,760,462</u>	<u>1,726,042</u>	<u>1,620,561</u>	<u>5,761,992</u>	<u>-</u>	<u>58,560,756</u>
NET POSITION AT END OF YEAR	<u>\$ 1,002,703</u>	<u>\$ 43,761,852</u>	<u>\$ 3,535,551</u>	<u>\$ 1,688,404</u>	<u>\$ 1,551,598</u>	<u>\$ 5,456,885</u>	<u>\$ -</u>	<u>\$ 56,996,993</u>

AMADOR WATER AGENCY
SUPPLEMENTARY SCHEDULE OF NET REVENUES – AMADOR WATER SYSTEM
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Revenues:</u>		
Current services	\$ 5,200,043	\$ 4,752,857
PG&E contract payments	193,081	147,008
Connection fees	63,810	81,440
Participation fees	142,963	705,295
Taxes and assessments	363,293	343,719
Other nonoperating revenue	-	21,372
Investment income	134,919	108,259
Less: Investment income on restricted reserves	<u>(4,542)</u>	<u>(3,998)</u>
Total Revenues	<u>6,093,567</u>	<u>6,155,952</u>
<u>Expenditures:</u>		
Salaries and benefits	1,830,727	1,709,076
System operations and maintenance	693,252	592,049
Administrative expenditures	507,819	412,183
Annual OPEB cost (expense)	<u>328,867</u>	<u>265,499</u>
Total Expenditures	<u>3,360,665</u>	<u>2,978,807</u>
<u>Senior Debt Service Payments:</u>		
Capital leases	-	225
Certificate of Participation/Loan admin fee	<u>2,050</u>	<u>2,300</u>
Total Senior Debt Service Payments	<u>2,050</u>	<u>2,525</u>
Total Expenditures	<u>3,362,715</u>	<u>2,981,332</u>
Preliminary Net Revenues	<u>2,730,852</u>	<u>3,174,620</u>
Net Revenues	<u>\$ 2,730,852</u>	<u>\$ 3,174,620</u>
<u>Debt Service:</u>		
2006 Series A Certificates of Participation	\$ 1,536,625	\$ 1,532,625
2008 USDA Loan (Plymouth)	<u>262,375</u>	<u>264,775</u>
Total Debt Service	<u>\$ 1,799,000</u>	<u>\$ 1,797,400</u>
Debt Service Coverage Ratio	<u>152%</u>	<u>177%</u>