

**AMADOR WATER AGENCY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**



Leaf & Cole, LLP  
*Certified Public Accountants*

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## Independent Auditor's Report

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

We have audited the accompanying statement of net assets of Amador Water Agency as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Amador Water Agency's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amador Water Agency as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 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 statement. 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of net assets by rate area and the supplementary schedule of revenues, expenses and changes in net assets by rate area as of and for the year ended June 30, 2011 are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary schedule of net assets by rate area and the supplementary schedule of revenues, expenses and changes in net assets by rate area 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. The information has been subjected to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Leaf & Cole LLP

San Diego, California  
April 5, 2013

## 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, 2011. 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 Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements.

The statement of net assets includes all the Agency's assets and liabilities, with the difference between the two reported as net assets. Net assets may be displayed in the categories:

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

The statement of net assets 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 assets presents information which shows how the Agency's net assets 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 assets 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
- Noncapital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net assets 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 assets decreased by \$4,275,838, or 6.42 percent, during the year ended June 30, 2011. The Agency's operating revenues decreased \$85,941 while operating expenses increased \$1,351,009. Nonoperating revenues over expenses increased \$477,436. Capital contributions of \$107,959 for the year ended June 30, 2011 were \$4,343,606 less than the prior year as a result of contributions related to the Plymouth pipeline in the prior year.

### Financial Analysis of the Financial Statements

#### Net Assets

The following is a summary of the Agency's statement of net assets:

	June 30, <u>2011</u>	June 30, <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Assets:</u></b>				
Current assets	\$ 2,295,202	\$ 3,004,685	\$ (709,483)	(23.61)
Noncurrent Assets:				
Restricted assets	432,670	496,470	(63,800)	12.85
Due from the City of Plymouth	3,205,519	3,241,429	(35,910)	(1.11)
Capital assets	94,431,134	97,907,726	(3,476,592)	(3.55)
Deferred bond costs	237,129	250,122	(12,993)	(5.19)
Total Assets	<u>100,601,654</u>	<u>104,900,432</u>	<u>(4,298,778)</u>	(4.09)
<b><u>Liabilities:</u></b>				
Current liabilities	1,956,854	2,409,564	(452,710)	(18.79)
Noncurrent liabilities	36,357,435	35,927,665	429,770	1.20
Total Liabilities	<u>38,314,289</u>	<u>38,337,229</u>	<u>(22,940)</u>	(0.06)
<b><u>Net Assets:</u></b>				
Invested in capital assets, net of related debt	58,268,976	61,008,257	(2,739,281)	(4.49)
Restricted	5,698,707	5,689,937	8,770	0.15
Unrestricted	(1,680,318)	(134,991)	(1,545,327)	1,144.76
Total Net Assets	<u>\$ 62,287,365</u>	<u>\$ 66,563,203</u>	<u>\$ (4,275,838)</u>	(6.42)

As you can see from the table above, net assets decreased \$4,275,838 from fiscal year 2010 to 2011. Capital assets, net of related debt, decreased \$2,739,281. This decrease is the result of depreciation expense exceeding capital asset additions and principal payments on long-term debt.

Restricted net assets increased \$8,770 from fiscal year 2010 to 2011 as a result of activities in restricted participation fee funds, net of reductions in debt service funds.

Unrestricted net assets (those that can be used to finance day-to-day operations) decreased \$1,545,327 due to assets being used to fund capital acquisitions and pay-down long-term debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The following is a summary of the Agency's revenues, expenses and changes in net assets for the years ended June 30, 2011 and June 30, 2010, respectively:

	June 30, <u>2011</u>	June 30, <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
Operating revenues	\$ 8,354,461	\$ 8,440,402	\$ (85,941)	(1.02)
Nonoperating revenues	1,327,722	851,196	476,526	55.98
Total Revenues	<u>9,682,183</u>	<u>9,291,598</u>	<u>390,585</u>	4.20
Depreciation expense	3,770,544	3,549,285	221,259	6.23
Other operating expense	8,708,562	7,578,812	1,129,750	14.91
Nonoperating expense	1,586,874	1,587,784	(910)	(0.06)
Total Expenses	<u>14,065,980</u>	<u>12,715,881</u>	<u>1,350,099</u>	10.62
Capital contributions	<u>107,959</u>	<u>4,451,565</u>	<u>(4,343,606)</u>	(97.57)
Change in Net Assets	(4,275,838)	1,027,282	(5,305,120)	(516.23)
Net Assets at Beginning of Year	<u>66,563,203</u>	<u>65,535,921</u>	<u>1,027,282</u>	1.57
Net Assets at End of Year	<u>\$ 62,287,365</u>	<u>\$ 66,563,203</u>	<u>\$ (4,275,838)</u>	(6.42)

A closer examination of the source of changes in net assets reveals that the Agency's operating revenues decreased \$85,941 in fiscal year 2011 as a result of a reduction in outside service contracts, which are driven by development in the area. Nonoperating revenues increased \$476,526 in fiscal year 2011 due to increased participation fees and new grant revenues. Operating costs exclusive of depreciation increased \$1,129,750 due to write-offs of grants and miscellaneous receivables in the current year, as well as less salaries and benefits being capitalized and purchases of additional sewer capacity.

#### Capital Assets

Capital assets consist of the following at June 30, 2011 and June 30, 2010, respectively:

	June 30, <u>2011</u>	June 30, <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Capital Assets Not Being Depreciated:</u></b>				
Land	\$ 3,482,326	\$ 3,482,326	\$ -	-
Construction in progress	4,483,913	5,064,514	(580,601)	(11.46)
Total Capital Assets Not Being Depreciated	7,966,239	8,546,840	(580,601)	(6.79)

(Continued)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

#### Capital Assets (Continued)

	June 30, <u>2011</u>	June 30, <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Capital Assets Being Depreciated:</u></b>				
Utility plant	10,783,477	10,783,477	-	-
Source of supply	1,640,586	1,640,586	-	-
Pumping plant	670,116	670,116	-	-
Treatment plant	23,206,265	22,787,356	418,909	1.84
Transmission and distribution	72,341,749	71,886,105	455,644	0.63
General plant	10,712,831	10,712,831	-	-
Total Capital Assets Being Depreciated	119,355,024	118,480,471	874,553	0.74
Less: Accumulated Depreciation	<u>(32,890,129)</u>	<u>(29,119,585)</u>	<u>(3,770,544)</u>	(12.95)
Net Capital Assets Being Depreciated	<u>86,464,895</u>	<u>89,360,886</u>	<u>(2,895,991)</u>	(3.24)
Net Capital Assets	<u>\$ 94,431,134</u>	<u>\$ 97,907,726</u>	<u>\$ (2,895,991)</u>	(2.96)

The net additions to capital assets for fiscal year 2011 totaled \$874,553. Capital asset additions included the Gayla Manor Leachfield, the Backwash line upgrade, the Tanner Hypalon Clearwell replacement and the work done at Last Chance Alley.

#### Long-Term Debt

The following is a summary of long-term debt at June 30, 2011 and June 30, 2010, respectively:

	June 30, <u>2011</u>	June 30, <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
Certificates of participation	\$ 22,010,000	\$ 22,495,000	\$ (485,000)	(0.02)
Notes payable	<u>13,337,104</u>	<u>13,580,195</u>	<u>(243,091)</u>	(0.02)
Total	35,347,104	36,075,195	(728,091)	(0.02)
Unamortized discount and premium	404,931	421,292	(16,361)	(0.04)
Deferred amount on refunding	<u>(35,705)</u>	<u>(42,846)</u>	<u>7,141</u>	0.17
Total Long-Term Debt	35,716,330	36,453,641	(737,311)	(0.02)
Less: Current portion	752,275	1,628,085	875,810	
	<u>\$ 34,964,055</u>	<u>\$ 34,825,556</u>	<u>\$ 138,499</u>	

The Agency reduced its debt outstanding by \$737,311 during the year ended June 30, 2011. No new long-term debt has been issued.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 ending June 30, 2012, including the CAWP Gravity Supply Line design and construction, the AWS Ione Treatment Plant expansion and the Broad Street Waterline relocation. The Agency's Capital Improvement Program for the year ending June 30, 2012 totals \$2,070,171, which is a decrease from the prior year. The Agency's total operating budget for the year ended June 30, 2012 totaled \$11,715,226, which is an increase compared to the adopted operating budget for the year ended June 30, 2011. This will allow the Agency to meet its current obligations on loan payments and post-employment benefit payments.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>Water Production (000 Gals):</u></b>				
Tanner Plant	752,838	706,501	774,394	843,525
Ione Plant	477,885	482,949	505,756	529,787
Buckhorn Plant	294,653	326,141	334,038	354,773
Lake Comanche Plant	95,697	89,392	93,691	100,754
La Mel Heights Plant	5,496	5,580	6,505	7,002
Total Production	1,626,569	1,610,563	1,714,384	1,835,841
<b><u>Customer Accounts:</u></b>				
<b><u>Water Connections:</u></b>				
Amador Water System	3,594	3,534	3,510	3,485
Cawp Retail	2,628	2,626	2,626	2,630
ID #7 - Lake Comanche	731	728	738	735
ID #3 - La Mel	58	58	59	59
Total Water Connections	7,011	6,946	6,933	6,909
<b><u>Wastewater Connections:</u></b>				
Lake Comanche (Users)	342	366	371	370
Wastewater (Users)	303	304	304	299
Martell Areas	178	179	179	174
Wastewater (Standby)	103	-	-	107
Total Wastewater Customers	926	849	854	982
Total Customers	7,937	7,795	7,787	7,859

### Contacting the District's Financial Manager

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 ASSETS  
JUNE 30, 2011 AND 2010**

<b>ASSETS</b>		
	<u>2011</u>	<u>2010</u>
<b><u>Current Assets:</u></b> (Notes 1, 2 and 4)		
Cash and cash equivalents	\$ 185,943	\$ 104,705
Accounts receivable, net:		
Current services	1,375,739	1,288,793
Other	356,466	361,674
Taxes	11,011	11,175
Grants receivable	55,984	1,006,998
Accrued interest receivable	437	169
Current portion due from the City of Plymouth	35,910	32,905
Inventory	217,588	134,897
Prepaid expenses	56,124	63,369
Total Current Assets	<u>2,295,202</u>	<u>3,004,685</u>
<b><u>Noncurrent Assets:</u></b>		
<b>Restricted Assets:</b> (Notes 1, 2 and 3)		
Cash and cash equivalents	311,380	276,470
Investments	121,290	220,000
Total Restricted Assets	<u>432,670</u>	<u>496,470</u>
<b>Capital Assets:</b> (Notes 1, 5 and 6)	<u>94,431,134</u>	<u>97,907,726</u>
<b>Other Assets:</b> (Notes 1 and 4)		
Due from City of Plymouth, less current portion above	3,205,519	3,241,429
Deferred bond costs	237,129	250,122
Total Other Assets	<u>3,442,648</u>	<u>3,491,551</u>
Total Noncurrent Assets	<u>98,306,452</u>	<u>101,895,747</u>
<b>TOTAL ASSETS</b>	<u>\$ 100,601,654</u>	<u>\$ 104,900,432</u>

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENTS OF NET ASSETS (CONTINUED)  
JUNE 30, 2011 AND 2010**

**LIABILITIES AND FUND EQUITY**

	<u>2011</u>	<u>2010</u>
<b><u>Current Liabilities:</u></b> (Notes 1 and 6)		
Accounts payable	\$ 837,933	\$ 454,209
Deposits	96,763	80,849
Accrued interest payable	188,766	175,291
Other payables	81,117	71,130
Current portion of long-term debt	752,275	1,628,085
Total Current Liabilities	<u>1,956,854</u>	<u>2,409,564</u>
<b><u>Noncurrent Liabilities:</u></b>		
<b><u>Long-Term Debt:</u></b> (Notes 1 and 6)		
Certificates of participation, net of current portion	21,874,226	22,388,446
Notes payable, net of current portion	13,089,829	12,437,110
Total Long-Term Debt	<u>34,964,055</u>	<u>34,825,556</u>
<b><u>Other Noncurrent Liabilities:</u></b> (Notes 1, 7 and 9)		
Caltrans advance	445,828	445,828
Compensated absences	230,508	285,615
Net OPEB obligation	717,044	370,666
Total Other Noncurrent Liabilities	<u>1,393,380</u>	<u>1,102,109</u>
Total Noncurrent Liabilities	<u>36,357,435</u>	<u>35,927,665</u>
Total Liabilities	<u>38,314,289</u>	<u>38,337,229</u>
<b><u>Commitments and Contingencies</u></b> (Notes 8, 9 and 10)		
<b><u>Net Assets:</u></b> (Note 12)		
Invested in capital assets, net of related debt	58,268,976	61,008,257
Restricted	5,698,707	5,689,937
Unrestricted	(1,680,318)	(134,991)
Total Net Assets	<u>62,287,365</u>	<u>66,563,203</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 100,601,654</u>	<u>\$ 104,900,432</u>

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

**AMADOR WATER AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>Operating Revenues:</u></b>		
Current services	\$ 7,962,389	\$ 7,637,271
Other revenues	392,072	803,131
Total Operating Revenues	<u>8,354,461</u>	<u>8,440,402</u>
<b><u>Operating Expenses:</u></b>		
General and administrative	3,989,518	3,756,047
Depreciation	3,770,544	3,549,285
Transmission and distribution	1,239,563	1,276,261
Maintenance	1,810,121	1,168,872
Engineering	367,416	394,761
Source of supply	729,476	717,690
Water treatment	572,468	265,181
Total Operating Expenses	<u>12,479,106</u>	<u>11,128,097</u>
Operating (Loss)	<u>(4,124,645)</u>	<u>(2,687,695)</u>
<b><u>Nonoperating Revenues and (Expenses):</u></b>		
Participation fees	406,403	246,845
Taxes and assessments	489,992	471,727
Other nonoperating revenue	156,548	-
Investment income earned	156,729	132,624
Grant revenue	118,050	-
Amortization	(12,993)	(12,994)
Other nonoperating expense	-	(7,668)
Interest expense	(1,573,881)	(1,567,122)
Total Nonoperating Revenues (Expenses)	<u>(259,152)</u>	<u>(736,588)</u>
(Loss) Before capital contributions	(4,383,797)	(3,424,283)
<b><u>Capital Contributions</u></b>	<u>107,959</u>	<u>4,451,565</u>
Change in net assets	(4,275,838)	1,027,282
Net Assets at Beginning of Year	<u>66,563,203</u>	<u>65,535,921</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 62,287,365</u></u>	<u><u>\$ 66,563,203</u></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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Cash received from customers	\$ 8,239,313	\$ 8,349,428
Cash payments to suppliers for goods and services	(4,802,021)	(4,497,994)
Cash payments to employees for services	(3,116,295)	(3,543,555)
Net Cash Provided by Operating Activities	<u>320,997</u>	<u>307,879</u>
<b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b>		
Receipts from taxes, assessments and other nonoperating income	<u>646,704</u>	<u>571,638</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>646,704</u>	<u>571,638</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Acquisition and construction of capital assets	(185,993)	(6,571,495)
Proceeds from long-term debt	-	1,900,000
Proceeds from grant revenues	937,678	147,828
Proceeds from participation fees	406,403	246,845
Principal paid on long-term debt	(728,091)	(852,668)
Interest paid on long-term debt	(1,569,626)	(1,680,114)
Contributed capital	-	3,317,290
Net Cash Used in Capital and Related Financing Activities	<u>(1,139,629)</u>	<u>(3,492,314)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchase of investments	(121,290)	(220,000)
Proceeds from sale or maturity of investments	220,000	1,155,150
Payments received on Due from City of Plymouth	32,905	32,905
Investment income	156,461	116,043
Net Cash Provided by Investing Activities	<u>288,076</u>	<u>1,084,098</u>
Net Increase (Decrease) in Cash and Cash Equivalents	116,148	(1,528,699)
Cash and Cash Equivalents at Beginning of Year	<u>381,175</u>	<u>1,909,874</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 497,323</u>	<u>\$ 381,175</u>
<b><u>Cash and Cash Equivalents:</u></b>		
<b><u>Financial Statement Classification:</u></b>		
Cash and cash equivalents	\$ 185,943	\$ 104,705
Restricted cash and cash equivalents	311,380	276,470
Total Cash and Cash Equivalents	<u>\$ 497,323</u>	<u>\$ 381,175</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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>Reconciliation of Operating (Loss) to Net Cash</u></b>		
<b><u>Provided by Operating Activities:</u></b>		
Operating (loss)	\$ (4,124,645)	\$ (2,687,695)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>		
Depreciation	3,770,544	3,549,285
Bad debts - Grants receivable	131,386	-
Increase in allowance for doubtful accounts	49,324	-
<b>Increase (Decrease) in:</b>		
Accounts receivable - current services	(86,946)	(59,720)
Accounts receivable - other	(44,116)	(32,782)
Inventory	(82,691)	8,615
Prepaid expenses	7,245	10,000
Accounts payable	383,724	(745,079)
Deposits	15,914	1,527
Other payables	9,987	(64,185)
Compensated absences	(55,107)	(42,753)
Net OPEB obligation	346,378	370,666
Net Cash Provided by Operating Activities	<u>\$ 320,997</u>	<u>\$ 307,879</u>
<b><u>Supplemental Disclosure of Cash Flow Information</u></b>		
Contribution of capital assets	<u>\$ 107,959</u>	<u>\$ 100,463</u>
Amortization of 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, 2011 AND 2010**

**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 criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14 as amended by GASB Statement 39. 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 no component units.

**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 assets and the statements of revenues, expenses, and changes in net assets have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Agency's books and records include a General Fund, the Amador Water System, the Central Amador Water Project, four Improvement Districts, a Wastewater Fund and the Amador Water Agency Financing Corporation. These funds have been combined in the accompanying statements of net assets, statements of revenues, expenses, and changes in net assets and statements of cash flows. All material interfund transactions have been eliminated.

The Agency has not elected to apply the option allowed in Paragraph 7 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities" and as a consequence will continue to apply GASB Statements and interpretations.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**Significant Accounting Policies (Continued)**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, 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 \$49,324 and \$-0- at June 30, 2011 and 2010, 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, 2011 was as follows:

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

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

**Inventory**

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**Significant Accounting Policies (Continued)**

**Capital Assets**

The Agency does not have a capitalization policy. Capital assets purchased or acquired 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 \$3,770,544 and \$3,549,285 for the years ended June 30, 2011 and 2010, respectively.

**Interest**

The Agency incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the years ended June 30, 2011 and 2010.

**Amortization**

Deferred bond costs are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization of these expenses aggregated \$12,993 and \$12,994 for the years ended June 30, 2011 and 2010, respectively. 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 \$9,220 for the years ended June 30, 2011 and 2010, and is included in interest expense.

**Compensated Absences**

Accumulated unpaid vacation and sick leave totaling \$230,508 and \$285,615 is accrued when incurred and included in noncurrent liabilities at June 30, 2011 and 2010, 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.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

At June 30, 2011, 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 \$23,621,175) 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 \$50,000 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 \$1 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 \$1 million per occurrence and excess insurance coverage has been purchased.

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

Public Officials' and Employees and Omissions - Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$1 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.

**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 April 5, 2013, the date the financial statements were available to be issued.

**Reclassification**

The Agency has classified certain prior year information to conform with the current year presentation.

**Note 2 - Cash and Investments:**

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

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	100%	100%
State Obligations	5 years	None	None
California Local Agencies	5 years	None	None
U.S. Agency Securities	5 years	100%	100%
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	100%
Repurchase Agreements	1 year	100%	100%
Reverse Repurchase Agreements	92 days	20% of base value	100%
Medium-Term Notes (Corporation Debt Investment Grade)	5 years	30%	100%
Mutual Funds	N/A	20%	10%
Open Ended Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	100%
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	100%	100%

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

	<u>Maturity in Years</u>			
	<u>1 Year or Less</u>	<u>1-5 Years</u>	<u>2011 Total</u>	
Cash on hand	\$ 700	\$ -	\$ 700	\$ 700
California Local Agency Investment Fund (LAIF)	288,105	-	288,105	46,439
Open-ended money market mutual funds	175,641	-	175,641	73,852
Deposits with financial institutions	32,877	-	32,877	260,184
Investments:				
Certificates of deposit	-	121,290	121,290	220,000
Total Cash and Investments	<u>\$ 497,323</u>	<u>\$ 121,290</u>	<u>\$ 618,613</u>	<u>\$ 601,175</u>

Financial Statement Classification:

Current:

Cash and cash equivalents \$ 185,943 \$ 104,705

Restricted:

Cash and cash equivalents 311,380 276,470

Investments 121,290 220,000

Total Cash and Investments \$ 618,613 \$ 601,175

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing shorter 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, 2011.

**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
LAIIF	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 represent 5% or more of total Agency investments.

**Custodial Credit Risk**

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**Custodial Credit Risk (Continued)**

At June 30, 2011, 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>2011</u>	<u>2010</u>
Certificates of Deposit	\$ <u>121,290</u>	\$ <u>220,000</u>

**Investment in State Investment Pool**

The Agency is a voluntary participant in the 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:

	<u>2011</u>	<u>2010</u>
California Local Agency Investment Fund (LAIF)	\$ 288,105	\$ 46,439
Open-ended money market mutual funds	175,641	73,852
Deposits with financial institutions	32,877	260,184
Petty cash	700	700
Total	\$ <u>497,323</u>	\$ <u>381,175</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>2011</u>	<u>2010</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 154,368	\$ 16,892
Taxes, assessments and interest earned	Debt service	156,157	315,095
Taxes, assessments and interest earned	Debt service	9,263	9,012
Taxes, assessments and interest earned	Reserve funds	76,560	76,142
Taxes, assessments and interest earned	Reserve funds	2,911	63,090
Payments from City of Plymouth	Reserve funds	33,411	16,239
		\$ <u>432,670</u>	\$ <u>496,470</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, 2011 AND 2010**

**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 agreement requires the City of Plymouth to pay an estimated 65.82% of the costs of the project (\$3,258,095). The 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.

The Agency has entered into negotiations with the City of Plymouth to determine the final percentage of project costs that would be owed to the Agency, at which point the due from the City of Plymouth balance may be adjusted.

Changes in the due from the City of Plymouth consisted of the following at June 30, 2011:

	<u>Balances at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 3,274,334	\$ -	\$ (32,905)	\$ 3,241,429	\$ 35,910

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30:

	2011			
	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
<b><u>Capital Assets Not Being</u></b>				
<b><u>Depreciated:</u></b>				
Land	\$ 3,482,326	\$ -	\$ -	\$ 3,482,326
Construction in progress	5,064,514	567,074	(1,147,675)	4,483,913
Total Capital Assets Not Being Depreciated	<u>8,546,840</u>	<u>567,074</u>	<u>(1,147,675)</u>	<u>7,966,239</u>
<b><u>Capital Assets Being Depreciated:</u></b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,640,586	-	-	1,640,586
Pumping plant	670,116	-	-	670,116
Treatment plant	22,787,356	418,910	-	23,206,265
Transmission and distribution	71,886,105	455,644	-	72,341,749
General plant	10,712,831	-	-	10,712,831
Total	<u>118,480,471</u>	<u>874,554</u>	<u>-</u>	<u>119,355,024</u>
Less: Accumulated depreciation	<u>(29,119,585)</u>	<u>(3,770,544)</u>	<u>-</u>	<u>(32,890,129)</u>
Net Capital Assets Being Depreciated	<u>89,360,886</u>	<u>(2,895,990)</u>	<u>-</u>	<u>86,464,895</u>
Net Capital Assets	<u>\$ 97,907,726</u>	<u>\$ (2,328,916)</u>	<u>\$ (1,147,675)</u>	<u>\$ 94,431,134</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

	2010			
	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
<b><u>Capital Assets Not Being Depreciated:</u></b>				
Land	\$ 3,482,326	\$ -	\$ -	\$ 3,482,326
Construction in progress	9,444,520	4,430,651	(8,810,657)	5,064,514
Total Capital Assets Not Being Depreciated	12,926,846	4,430,651	(8,810,657)	8,546,840
<b><u>Capital Assets Being Depreciated:</u></b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	1,628,324	12,262	-	1,640,586
Pumping plant	644,001	26,115	-	670,116
Treatment plant	22,044,229	743,127	-	22,787,356
Transmission and distribution	63,889,511	7,996,594	-	71,886,105
General plant	10,669,851	42,980	-	10,712,831
Total	109,659,393	8,821,078	-	118,480,471
Less: Accumulated depreciation	(25,570,300)	(3,549,285)	-	(29,119,585)
Net Capital Assets Being Depreciated	84,089,093	5,271,793	-	89,360,886
Net Capital Assets	\$ 97,015,939	\$ 9,702,444	\$ (8,810,657)	\$ 97,907,726

**Note 6 - Long-Term Debt:**

**Notes Payable**

Notes payable consist of the following at June 30:

	2011				
	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011	Current Portion
County of Amador	\$ 900,000	\$ -	\$ -	\$ 900,000	\$ -
Department of Water Resources	1,661,032	-	(70,594)	1,590,438	72,653
Department of Water Resources	28,845	-	(2,027)	26,818	2,087
State Water Resource Control Board	171,971	-	(13,566)	158,405	13,946
Amador County	201,667	-	(29,352)	172,315	30,937
U.S. Department of Agriculture	2,970,000	-	(30,000)	2,940,000	30,000
U.S. Department of Agriculture	1,980,000	-	(20,000)	1,960,000	20,000
U.S. Department of Agriculture	4,670,000	-	(65,000)	4,605,000	65,000
U.S. Department of Agriculture	794,000	-	(10,000)	784,000	10,000
U.S. Department of Agriculture	202,680	-	(2,552)	200,128	2,652
	\$ 13,580,195	\$ -	\$ (243,091)	\$ 13,337,104	\$ 247,275

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 6 - Long-Term Debt: (Continued)**

**Notes Payable (Continued)**

	2010				
	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010	Current Portion
Amador County	\$ -	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Amador County	229,515	-	(27,848)	201,667	29,352
State of California (WRCB)	185,167	-	(13,196)	171,971	13,566
State of California (DWR)	30,812	-	(1,967)	28,845	2,027
State of California (DWR)	1,729,533	-	(68,501)	1,661,032	70,593
U.S. Department of Agriculture	804,000	-	(10,000)	794,000	10,000
U.S. Department of Agriculture	205,130	-	(2,450)	202,680	2,547
U.S. Department of Agriculture	4,730,000	-	(60,000)	4,670,000	65,000
U.S. Department of Agriculture	3,000,000	-	(30,000)	2,970,000	30,000
U.S. Department of Agriculture	1,000,000	1,000,000	(20,000)	1,980,000	20,000
Amador County	52,785	-	(52,785)	-	-
LaSalle Bank National Association	105,141	-	(105,141)	-	-
	<u>\$ 12,072,083</u>	<u>\$ 1,900,000</u>	<u>\$ (391,888)</u>	<u>\$ 13,580,195</u>	<u>\$ 1,143,085</u>

	<u>2011</u>	<u>2010</u>
County of Amador, unsecured, payment at maturity of principal outstanding plus accrued interest at 2% original amount of \$900,000. Matures December 2012.	\$ 900,000	\$ 900,000

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 \$623,311. Matures July 2015.	172,315	201,667
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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.	158,405	171,971
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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 \$50,358. Matures April 2022.	26,818	28,845
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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 \$2,911 and \$63,090 at June 30, 2011 and 2010, respectively.	1,590,438	1,661,032
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**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 6 - Long-Term Debt: (Continued)**

**Notes Payable (Continued)**

	<u>2011</u>	<u>2010</u>
<p>United States Department of Agriculture, Rural Utilities Service, secured by the Buckhorn Water Treatment Plant. Semi-annual payments each May and November including interest at 2.45%. Original amount of \$840,000. Matures May 2044. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. The balance of the reserve fund totaled \$11,138 and \$11,065 at June 30, 2011 and 2010, respectively.</p>	\$ 784,000	\$ 794,000
<p>United States Department of Agriculture, Rural Utilities Service, secured by the La Mel property. Annual payments of \$10,912 each November including interest at 4.125%. Original amount of \$212,000. Matures November 2044.</p>	200,128	202,680
<p>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 \$65,442 and \$65,077 at June 30, 2011 and 2010, respectively.</p>	4,605,000	4,670,000
<p>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 \$20,047 and \$9,743 at June 30, 2011 and 2010, respectively.</p>	2,940,000	2,970,000

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 6 - Long-Term Debt: (Continued)**

**Notes Payable (Continued)**

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 \$13,364 and \$6,496 at June 30, 2011 and 2010, respectively.

Total Notes Payable

	2011	2010
	\$ 1,960,000	\$ 1,980,000
	\$ 13,337,104	\$ 13,580,195

**Certificates of Participation**

Certificates of Participation consist of the following at June 30:

	2011				
	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011	Current Portion
Amador Water System Revenue					
Certificates of Participation, 2006					
Series A	\$ 22,495,000	\$ -	\$ (485,000)	\$ 22,010,000	\$ 505,000
	22,495,000	-	(485,000)	22,010,000	\$ 505,000
Unamortized discounts and premiums	421,292	-	(16,361)	404,931	
Deferred amount on refunding	(42,846)	-	7,141	(35,705)	
	\$ 22,873,446	\$ -	\$ (494,220)	\$ 22,379,226	
	2010				
	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010	Current Portion
Amador Water System Revenue					
Certificates of Participation, 2006					
Series A	\$ 22,965,000	\$ -	\$ (470,000)	\$ 22,495,000	\$ 485,000
	22,965,000	-	(470,000)	22,495,000	\$ 485,000
Unamortized discounts and premiums	437,653	-	(16,361)	421,292	
Deferred amount on refunding	(49,987)	-	7,141	(42,846)	
	\$ 23,352,666	\$ -	\$ (479,220)	\$ 22,873,446	

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 6 - Long-Term Debt: (Continued)**

**Certificates of Participation (Continued)**

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, 2011 and 2010, totaled \$22,010,000 and \$22,495,000, 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 deferred amount on refunding is being amortized over the life of the refunded debt. 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.

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

Years Ending June 30	Certificates of Participation		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 505,000	\$ 1,027,825	\$ 247,275	\$ 528,931	\$ 752,275	\$ 1,556,756
2013	525,000	1,007,625	1,163,923	509,641	1,688,923	1,517,266
2014	550,000	986,625	268,461	490,198	818,461	1,476,823
2015	570,000	964,625	283,276	479,259	853,276	1,443,884
2016	590,000	941,825	294,203	467,862	884,203	1,409,687
2017 - 2021	3,335,000	4,334,925	1,427,693	2,172,822	4,762,693	6,507,747
2022 - 2026	4,095,000	3,572,850	1,621,777	1,879,238	5,716,777	5,452,088
2027 - 2031	5,205,000	2,465,000	1,591,383	1,544,689	6,796,383	4,009,689
2032 - 2036	6,635,000	1,027,750	1,678,324	1,209,622	8,313,324	2,237,372
2037 - 2041	-	-	2,063,564	808,683	2,063,564	808,683
2042 - 2046	-	-	1,962,234	324,601	1,962,234	324,601
2047 - 2050	-	-	735,000	48,619	735,000	48,619
	<u>\$ 22,010,000</u>	<u>\$ 16,329,050</u>	<u>\$ 13,337,113</u>	<u>\$ 10,464,165</u>	<u>\$ 35,347,113</u>	<u>\$ 26,793,215</u>

**Note 7 - Caltrans Advance:**

On October 30, 1992, the Agency entered into a Utility Agreement with the California Department of Transportation (Cal-Trans), whereby Cal-Trans would advance the Agency the necessary costs for relocating Agency facilities on Highway 49 to make way for a Cal-Trans project. The Utility Agreement did not define the parties' respective liabilities for certain disputed relocation costs. After execution of the Utility Agreement, Cal-Trans advanced to the Agency \$511,000 for relocation of the Agency's Highway 49 utility facilities. Of that amount, Cal-Trans accepted responsibility for approximately \$65,172. The Agency disputed responsibility for the remaining amount or approximately \$445,828. Cal-Trans has not filed a claim or taken any action against the Agency in seeking recovery of the disputed amount. The Agency has recorded the advance of \$445,828 as a noncurrent liability in the statement of net assets at June 30, 2011 and June 30, 2010.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 8 - Restricted Net Assets:**

Restricted net assets consist of the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2011</u>	<u>2010</u>
Participation fees and interest earned	Capital improvement and replacement	\$ 4,141,424	\$ 4,073,883
Participation fees and interest earned	Capital improvement and replacement	154,368	16,892
Taxes, assessments and interest earned	Debt service	1,124,613	1,119,584
Taxes, assessments and interest earned	Debt service	156,157	315,095
Taxes, assessments and interest earned	Debt service	9,263	9,012
Taxes, assessments and interest earned	Reserve funds	76,560	76,142
Taxes, assessments and interest earned	Reserve funds	2,911	63,090
Payments from City of Plymouth	Reserve funds	33,411	16,239
Total Restricted Net Assets		<u>5,698,707</u>	<u>5,689,937</u>
Less: Interfund receivables eliminated		<u>(5,266,037)</u>	<u>(5,193,467)</u>
Total Restricted Assets		<u>\$ 432,670</u>	<u>\$ 496,470</u>

**Note 9 - Post Employment Benefits:**

The Agency implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for postemployment benefits during the year ended June 30, 2011. Previously, the costs of such benefits were generally recognized as expenditures/expenses of local government employers on a pay-as-you-go basis. The Agency has not established an irrevocable trust fund in order to begin funding the Agency's unfunded liability as of June 30, 2011. The new reporting requirements for these benefit programs as they pertain to the Agency are set forth below.

**Plan Description**

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

**Funding Policy and Annual OPEB Costs**

The contribution requirements of the Agency are established and may be amended annually by the Board of Directors. The Agency's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. 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 following table shows the components of the Agency's annual OPEB cost, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation at June 30:

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

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

	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 450,283	\$ 450,283
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	450,283	450,283
Contributions (including benefits paid)	(103,905)	(79,617)
Increase in net OPEB obligation	346,378	370,666
Net OPEB obligation - beginning of year	370,666	-
Net OPEB obligation (Asset) - end of year	\$ 717,044	\$ 370,666

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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, 2009	\$ N/A	N/A	\$ N/A
June 30, 2010	450,283	17.7%	370,666
June 30, 2011	450,283	23.1%	717,044

**Funding Status and Funding Progress**

As of June 1, 2010, the most recent actuarial valuation date, the plan was not yet funded. The Agency's actuarial accrued liability for benefits totaled \$4,788,652 at June 1, 2010, and the covered payroll (annual payroll of active employees covered by plan) totaled \$4,689,284 and 3,647,232 with a ratio of the UAAL to the covered payroll of 99.90% and 129.11% at June 30, 2011 and 2010, respectively. The normal cost payments made of \$103,906 at June 30, 2011 funded 23.1% of the Annual Required Contribution (ARC), leaving an unfunded actuarial liability (UAAL) of \$4,684,748 and a funded ratio of 2.17%.

<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 30, 2009	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
June 30, 2010	-	4,788,652	4,709,035	1.66%	3,647,232	129.11%
June 30, 2011	-	4,788,652	4,684,748	2.17%	4,689,284	99.90%

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. Under GASB 45 the Agency is required to perform an actuarial valuation every three years.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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

**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 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates included a 3.0% 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 3.0% per year.

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

**Plan Description**

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The Agency participates in the Miscellaneous 2.0% at 55 Risk Pool. 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.

**Funding Policy**

Active plan members are required to contribute 7% of their annual covered salary. The Agency makes the contributions required of Agency employees on their behalf and for their account. The Agency is required to contribute at an actuarially determined rate. The required employer contribution rate was 10.69% and 10.303% for the fiscal year ended June 30, 2011 and 2010, respectively. The contribution requirements of the plan members and the Agency are established and may be amended by CalPERS. The Agency's contributions were \$517,463, \$601,878 and \$651,903 for the years ended June 30, 2011, 2010 and 2009, respectively, which were equal to the required contributions each year.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 11 - Litigation:**

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

**Note 12 - Proposition 1A Securitization Program:**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Agency totaled \$20,724. The borrowing was repaid by the State of California during the year ended June 30, 2010.

Authorized with the 2009 - 2010 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The Agency participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

**Note 13 - New Governmental Accounting Standards:**

**GASB No. 51**

In June 2007, the Governmental Accounting Standards Board issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This pronouncement is effective for periods beginning after June 15, 2009. Retroactive reporting of these intangible assets is encouraged but not required. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This pronouncement did not have a material effect on the Agency's statements in the year of adoption, the year ended June 30, 2011.

**GASB No. 53**

In June 2008, the Governmental Accounting Standards Board issued Statement No. 53 "Accounting and Financial Reporting for Derivative Investments." This pronouncement is effective for periods beginning after June 15, 2009 with earlier application encouraged. The Statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared on the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. The Agency has no derivative instruments at June 30, 2011.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 13 - New Governmental Accounting Standards: (Continued)**

**GASB No. 54**

In March 2009, the Government Accounting Standards Board issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This pronouncement is effective for periods beginning after June 15, 2010, with early implementation encouraged. This pronouncement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting information in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific accounts can be spent. Fund balance reclassifications made to conform to the provisions of this statement should be applied retroactively by restating fund balance for all periods presented. The Agency has no governmental funds at June 30, 2011.

**GASB No. 57**

In December 2009, the Government Accounting Standards Board issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This Statement amends Statement No. 45. "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 members to use the alternate measurement method, at its option, regardless of the number of total plan members in the agent-multiple employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a requirement in Statement No. 43. "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," that a defined benefit OPEB plan obtained an actuarial valuation. The amendment permits the requirement to be satisfied for an agent-multiple employer OPEB plan by reporting an aggregation of results of actuarial valuation of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, the Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation, June 30, 2010.

**GASB No. 58**

In December 2009, the Governmental Accounting Standards Board issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." This pronouncement is effective for periods beginning after June 15, 2009. Early application is encouraged. Retroactive application is required for all periods presented during which the government was in bankruptcy. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the court approved a new payment plan. The Agency has not filed for bankruptcy protection as of June 30, 2011.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Note 13 - New Governmental Accounting Standards: (Continued)**

**GASB No. 59**

In June 2010, Governmental Accounting Standards Board issued Statement No. 59, "Financial Instruments Omnibus." This pronouncement is effective for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This pronouncement did not have a material effect on the financial statements for the year ended June 30, 2011.

**GASB No. 60**

In November 2010, the Governmental Accounting Standards Board issued Statement No. 60, "Accounting and Financial Reporting for Service concession Arrangements". This pronouncement is effective for periods beginning after December 15, 2011 and its provisions are generally required to be applied retroactively. The objective of this statement is to address issues related to service concession arrangements (SCA's) which are a type of public-private or public-public partnership. An SCA is an arrangement between the transferor (a government) and an operator in which (1) the transferor conveys to the operator the right and related obligation to provide services through the use of infrastructure or other public assets in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Agency does not have any SCA's as of June 30, 2011.

**GASB No. 61**

In November 2010, the Governmental Accounting Standards Board issued Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34". This pronouncement is effective for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this statement is to address reporting entity issues that have arisen since the issuance of Statements No.14 and No. 34. The Agency does not have any component units as of June 30, 2011.

**GASB No. 62**

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

**Note 14 - Subsequent Event:**

As of November 28, 2011, the Agency agreed in principle to a seven year promissory note with the City of Sutter Creek (the City) to borrow \$596,029 to settle and release the Agency of an existing Accounts Payable balance to the City. The note will bear interest based on the average monthly yield as published by the Local Agency Investment Fund. Principal and interest will be payable in equal calendar quarter payments of \$21,583 beginning January 1, 2012.

**AMADOR WATER AGENCY  
SCHEDULE OF NET ASSETS BY RATE AREA  
JUNE 30, 2011**

	<u>Agency General</u>	<u>Amador Water System</u>	<u>Central Amador Water Project</u>	<u>Improvement District 3</u>	<u>Improvement District 7</u>	<u>Waste Water</u>	<u>Improvement District 11</u>	<u>Improvement District 12</u>	<u>CAWP Retail</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>Current Assets:</u></b>											
Cash and investments	\$ 66,500	\$ 50,142	\$ 2,386	\$ 24,586	\$ 608	\$ 1,097	\$ 38,904	\$ 832	\$ 888	\$ -	\$ 185,943
Accounts receivable, net:											
Current services	-	599,445	30,092	5,367	177,544	114,428	52,095	115,635	281,133	-	1,375,739
Other	66,006	20,846	-	-	9,563	673	55	12,315	247,008	-	356,466
Taxes	11,011	-	-	-	-	-	-	-	-	-	11,011
Grants receivable	-	-	-	-	-	55,984	-	-	-	-	55,984
Accrued interest receivable	135	214	-	8	-	-	3	77	-	-	437
Current portion due from the City of Plymouth	-	35,910	-	-	-	-	-	-	-	-	35,910
Materials inventory	-	217,588	-	-	-	-	-	-	-	-	217,588
Prepaid expenses	994	32,857	4,490	128	2,198	2,806	1,379	2,549	8,723	-	56,124
Total Current Assets	<u>144,646</u>	<u>957,002</u>	<u>36,968</u>	<u>30,089</u>	<u>189,913</u>	<u>174,988</u>	<u>92,436</u>	<u>131,408</u>	<u>537,752</u>	<u>-</u>	<u>2,295,202</u>
<b><u>NonCurrent Assets:</u></b>											
<b>Restricted Assets:</b>											
Cash and cash equivalents	-	80,920	76,770	-	370	-	-	152,351	969	-	311,380
Investments	-	121,290	-	-	-	-	-	-	-	-	121,290
Interfund receivables	-	3,447,471	333,000	-	70,000	-	-	1,341,566	74,000	(5,266,037)	-
Total Restricted Assets	<u>-</u>	<u>3,649,681</u>	<u>409,770</u>	<u>-</u>	<u>70,370</u>	<u>-</u>	<u>-</u>	<u>1,493,917</u>	<u>74,969</u>	<u>(5,266,037)</u>	<u>432,670</u>
<b>Capital Assets</b>	947,417	58,451,711	11,469,712	633,271	6,969,852	3,537,042	3,037,804	5,264,227	4,120,098	-	94,431,134
<b>Other Assets:</b>											
Interfund receivables	540,500	599,568	-	-	-	-	-	-	-	(1,140,068)	-
Due from the City of Plymouth, less current portion above	-	3,205,519	-	-	-	-	-	-	-	-	3,205,519
Deferred bond costs	237,129	-	-	-	-	-	-	-	-	-	237,129
Total Other Assets	<u>777,629</u>	<u>3,805,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,140,068)</u>	<u>3,442,648</u>
Total NonCurrent Assets	<u>1,725,046</u>	<u>65,906,479</u>	<u>11,879,482</u>	<u>633,271</u>	<u>7,040,222</u>	<u>3,537,042</u>	<u>3,037,804</u>	<u>6,758,144</u>	<u>4,195,067</u>	<u>(6,406,105)</u>	<u>98,306,452</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,869,692</u>	<u>\$ 66,863,481</u>	<u>\$ 11,916,450</u>	<u>\$ 663,360</u>	<u>\$ 7,230,135</u>	<u>\$ 3,712,030</u>	<u>\$ 3,130,240</u>	<u>\$ 6,889,552</u>	<u>\$ 4,732,819</u>	<u>\$ (6,406,105)</u>	<u>\$ 100,601,654</u>

**AMADOR WATER AGENCY**  
**SCHEDULE OF NET ASSETS BY RATE AREA (CONTINUED)**  
**JUNE 30, 2011**

	Agency General	Amador Water System	Central Amador Water Project	Improvement District 3	Improvement District 7	Waste Water	Improvement District 11	Improvement District 12	CAWP Retail	Eliminations	Total
<b><u>Current Liabilities:</u></b>											
Accounts payable	\$ 64,326	\$ 41,077	\$ 18,352	\$ 1,470	\$ 18,643	\$ 6,327	\$ 8,112	\$ 673,260	\$ 6,366	\$ -	\$ 837,933
Deposits	-	68,631	-	450	9,349	125	-	150	18,058	-	96,763
Accrued interest payable	-	115,705	68,040	2,064	-	2,957	-	-	-	-	188,766
Other payables	64,267	9,300	-	-	5,550	2,000	-	-	-	-	81,117
Current Portion of long-term debt	-	629,740	105,937	2,652	-	13,946	-	-	-	-	752,275
Interfund payables	-	491,000	730,000	195,070	1,094,773	1,479,403	1,291,566	50,000	1,074,293	(6,406,105)	-
Total Current Liabilities	<u>128,593</u>	<u>1,355,453</u>	<u>922,329</u>	<u>201,706</u>	<u>1,128,315</u>	<u>1,504,758</u>	<u>1,299,678</u>	<u>723,410</u>	<u>1,098,717</u>	<u>(6,406,105)</u>	<u>1,956,854</u>
<b><u>Noncurrent Liabilities:</u></b>											
<b>Long Term Debt:</b>											
Certificates of participation	-	21,874,226	-	-	-	-	-	-	-	-	21,874,226
Notes payable	-	6,392,516	6,355,378	197,476	-	144,459	-	-	-	-	13,089,829
Total Long Term Debt	<u>-</u>	<u>28,266,742</u>	<u>6,355,378</u>	<u>197,476</u>	<u>-</u>	<u>144,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,964,055</u>
<b><u>Other Noncurrent Liabilities:</u></b>											
Caltrans advance	-	445,828	-	-	-	-	-	-	-	-	445,828
Compensated absences	23,616	103,137	26,180	1,912	12,520	18,346	8,972	10,339	25,486	-	230,508
Net OPEB obligation	31,437	376,373	71,366	2,789	35,491	47,600	29,305	37,079	85,604	-	717,044
Total Other Noncurrent Liabilities	<u>55,053</u>	<u>925,338</u>	<u>97,546</u>	<u>4,701</u>	<u>48,011</u>	<u>65,946</u>	<u>38,277</u>	<u>47,418</u>	<u>111,090</u>	<u>-</u>	<u>1,393,380</u>
Total Noncurrent Liabilities	<u>55,053</u>	<u>29,192,080</u>	<u>6,452,924</u>	<u>202,177</u>	<u>48,011</u>	<u>210,405</u>	<u>38,277</u>	<u>47,418</u>	<u>111,090</u>	<u>-</u>	<u>36,357,435</u>
Total Liabilities	<u>183,646</u>	<u>30,547,533</u>	<u>7,375,253</u>	<u>403,883</u>	<u>1,176,326</u>	<u>1,715,163</u>	<u>1,337,955</u>	<u>770,828</u>	<u>1,209,807</u>	<u>(6,406,105)</u>	<u>38,314,289</u>
<b><u>Net Assets:</u></b>											
Invested in capital assets, net of related debt	947,417	29,109,401	5,008,397	433,143	6,969,852	3,378,637	3,037,804	5,264,227	4,120,098	-	58,268,976
Restricted	-	3,649,681	409,770	-	70,370	-	-	1,493,917	74,969	-	5,698,707
Unrestricted	738,629	3,556,866	(876,970)	(173,666)	(986,413)	(1,381,770)	(1,245,519)	(639,420)	(672,055)	-	(1,680,318)
Total Net Assets	<u>1,686,046</u>	<u>36,315,948</u>	<u>4,541,197</u>	<u>259,477</u>	<u>6,053,809</u>	<u>1,996,867</u>	<u>1,792,285</u>	<u>6,118,724</u>	<u>3,523,012</u>	<u>-</u>	<u>62,287,365</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,869,692</u>	<u>\$ 66,863,481</u>	<u>\$ 11,916,450</u>	<u>\$ 663,360</u>	<u>\$ 7,230,135</u>	<u>\$ 3,712,030</u>	<u>\$ 3,130,240</u>	<u>\$ 6,889,552</u>	<u>\$ 4,732,819</u>	<u>\$ (6,406,105)</u>	<u>\$ 100,601,654</u>

**AMADOR WATER AGENCY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY RATE AREA**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Agency General	Amador Water System	Central Amador Water Project	Improvement District 3	Improvement District 7	Waste Water	Improvement District 11	Improvement District 12	CAWP Retail	Eliminations	Total
<b>Operating Revenues:</b>											
Current services	\$ -	\$ 4,422,947	\$ 117,296	\$ 37,301	\$ 351,722	\$ 432,563	\$ 394,015	\$ 558,251	\$ 1,648,294	\$ -	\$ 7,962,389
Other revenues	94,185	164,279	791,985	-	431	(77)	(5,432)	(2,252)	4,496	(655,543)	392,072
Total Operating Revenues	<u>94,185</u>	<u>4,587,226</u>	<u>909,281</u>	<u>37,301</u>	<u>352,153</u>	<u>432,486</u>	<u>388,583</u>	<u>555,999</u>	<u>1,652,790</u>	<u>(655,543)</u>	<u>8,354,461</u>
<b>Operating Expenses:</b>											
Administrative and general	326,579	1,970,428	322,460	31,920	226,755	193,491	256,337	134,442	929,766	(402,660)	3,989,518
Depreciation	284,778	2,010,819	354,812	27,048	268,394	134,635	127,679	360,402	201,977	-	3,770,544
Transmission and distribution	30,652	310,395	180,538	12,795	238,638	165,279	114,866	91,845	94,555	-	1,239,563
Maintenance	20,882	313,738	396,593	7,287	49,113	46,679	76,807	857,918	293,987	(252,883)	1,810,121
Engineering	50,963	184,279	35,813	782	23,341	18,145	5,208	19,587	29,298	-	367,416
Source of supply	19,946	393,285	32,179	2,751	61,491	19,038	10,797	13,669	176,320	-	729,476
Water treatment	-	231,993	51,316	7,784	12,503	20,869	211,319	25,727	10,957	-	572,468
Total Operating Expenses	<u>733,800</u>	<u>5,414,937</u>	<u>1,373,711</u>	<u>90,367</u>	<u>880,235</u>	<u>598,136</u>	<u>803,013</u>	<u>1,503,590</u>	<u>1,736,860</u>	<u>(655,543)</u>	<u>12,479,106</u>
Operating Loss	<u>(639,615)</u>	<u>(827,711)</u>	<u>(464,430)</u>	<u>(53,066)</u>	<u>(528,082)</u>	<u>(165,650)</u>	<u>(414,430)</u>	<u>(947,591)</u>	<u>(84,070)</u>	<u>-</u>	<u>(4,124,645)</u>
<b>Nonoperating Revenues and (Expenses):</b>											
Participation fees	-	168,035	11,220	-	70,160	-	-	149,558	7,430	-	406,403
Taxes & assessments	266,499	49,738	-	10,260	28,900	49,221	-	-	85,374	-	489,992
Other revenue	-	24,023	101,435	-	15,103	(159)	30	4,417	11,699	-	156,548
Investment income	13,836	196,063	306,249	188	71	(986)	1,041	12,749	189	(372,671)	156,729
Grant revenue	-	-	-	-	118,050	-	-	-	-	-	118,050
Amortization	(12,993)	-	-	-	-	-	-	-	-	-	(12,993)
Other expense	7,096	(4,116)	(1,080)	(35)	14	(356)	(283)	(247)	(993)	-	-
Interest expense	1,525	(1,305,569)	(258,516)	(10,255)	(15,671)	(21,675)	(11,943)	(66)	(324,382)	372,671	(1,573,881)
Total Nonoperating Revenues and (Expenses)	<u>275,963</u>	<u>(871,826)</u>	<u>159,308</u>	<u>158</u>	<u>216,627</u>	<u>26,045</u>	<u>(11,155)</u>	<u>166,411</u>	<u>(220,683)</u>	<u>-</u>	<u>(259,152)</u>
(Loss) Before Capital Contributions	<u>(363,652)</u>	<u>(1,699,537)</u>	<u>(305,122)</u>	<u>(52,908)</u>	<u>(311,455)</u>	<u>(139,605)</u>	<u>(425,585)</u>	<u>(781,180)</u>	<u>(304,753)</u>	<u>-</u>	<u>(4,383,797)</u>
<b>Capital Contributions</b>	<u>-</u>	<u>107,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,959</u>
Change in net assets	<u>(363,652)</u>	<u>(1,591,578)</u>	<u>(305,122)</u>	<u>(52,908)</u>	<u>(311,455)</u>	<u>(139,605)</u>	<u>(425,585)</u>	<u>(781,180)</u>	<u>(304,753)</u>	<u>-</u>	<u>(4,275,838)</u>
Net Assets at Beginning of Year	<u>2,049,698</u>	<u>37,907,526</u>	<u>4,846,319</u>	<u>312,385</u>	<u>6,365,264</u>	<u>2,136,472</u>	<u>2,217,870</u>	<u>6,899,904</u>	<u>3,827,765</u>	<u>-</u>	<u>66,563,203</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,686,046</u>	<u>\$ 36,315,948</u>	<u>\$ 4,541,197</u>	<u>\$ 259,477</u>	<u>\$ 6,053,809</u>	<u>\$ 1,996,867</u>	<u>\$ 1,792,285</u>	<u>\$ 6,118,724</u>	<u>\$ 3,523,012</u>	<u>\$ -</u>	<u>\$ 62,287,365</u>