

**AMADOR WATER AGENCY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2017**



Leaf & Cole, LLP  
*Certified Public Accountants*

**AMADOR WATER AGENCY  
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JUNE 30, 2017**

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

## Independent Auditor's Report

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

### Report on Financial Statements

We have audited the accompanying financial statements of Amador Water Agency, which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***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, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

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

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of net position by fund, and the schedule of revenues, expenses and changes in net position by fund are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2018, on our consideration of the Amador Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Amador Water Agency's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California  
March 22, 2018

## 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, 2017. 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 three 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 \$1,448,376 to \$53,920,147 for the year ended June 30, 2017.
- The Agency's total revenues decreased from \$13,500,053 for the year ended June 30, 2016, to \$12,590,828 for the year ended June 30, 2017. The decrease in grant revenues represents the majority of the change.
- The Agency's total expenses increased from \$13,080,698 for the year ended June 30, 2016, to \$14,039,204 for the year ended June 30, 2017. This was driven by an increase in consulting and legal fees, and an increase to CalPERS unfunded liability.

### Financial Analysis of the Agency

#### Net Assets

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

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>
<u>Assets:</u>			
Current assets	\$ 3,975,749	\$ 3,440,444	\$ 535,305
Noncurrent Assets:			
Restricted assets	807,017	2,242,595	(1,435,578)
Due from the City of Plymouth	2,738,415	2,776,272	(37,857)
Capital assets	96,102,930	97,081,936	(979,006)
Bond issuance costs, net	109,877	95,063	14,814
Total Assets	<u>103,733,988</u>	<u>105,636,310</u>	<u>(1,902,322)</u>
 <u>Deferred Outflows of Resources</u>	 <u>1,187,327</u>	 <u>421,610</u>	 <u>765,717</u>
 <u>Liabilities:</u>			
Current liabilities	2,996,314	3,608,812	(612,498)
Noncurrent liabilities	47,540,388	46,605,967	934,421
Total Liabilities	<u>50,536,702</u>	<u>50,214,779</u>	<u>321,923</u>
 <u>Deferred Inflows of Resources</u>	 <u>464,466</u>	 <u>474,618</u>	 <u>(10,152)</u>
 <u>Net Position:</u>			
Net investment in capital assets	55,724,502	54,890,008	834,494
Restricted	5,132,604	6,395,802	(1,263,198)
Unrestricted	(6,936,959)	(5,917,287)	(1,019,672)
Total Net Position	<u>\$ 53,920,147</u>	<u>\$ 55,368,523</u>	<u>\$ (1,448,376)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the Agency (Continued)

#### Net Assets (Continued)

Net position decreased by \$1,448,376 from fiscal year 2016 to 2017. This decrease was due to a decrease in both operating and grant revenues compounded by an increase in both the net pension liability and the net OPEB obligation.

Restricted net position decreased by \$1,263,198 from fiscal year 2016 to 2017 as a result of the Agency using participation fees to fund capital projects and pay down long-term debt. In addition, dedicated reserves were used in refinancing long-term debt.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased \$1,019,672 and results from recognizing increases in the net pension liability and the net OPEB obligation as required by recently implemented accounting pronouncements.

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

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

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>
<u>Revenues:</u>			
Operating revenues	\$ 8,951,225	\$ 8,963,363	\$ (12,138)
Nonoperating revenues	3,639,603	4,536,690	(897,087)
Total Revenues	<u>12,590,828</u>	<u>13,500,053</u>	<u>(909,225)</u>
<u>Expenses:</u>			
Depreciation expense	3,420,886	3,334,997	85,889
Other operating expense	8,909,335	8,086,594	822,741
Nonoperating expense	1,708,983	1,659,107	49,876
Total Expenses	<u>14,039,204</u>	<u>13,080,698</u>	<u>958,506</u>
Change in Net Position	(1,448,376)	419,355	(1,867,731)
Net Position at Beginning of Year	<u>55,368,523</u>	<u>54,949,168</u>	<u>419,355</u>
Net Position at End of Year	<u>\$ 53,920,147</u>	<u>\$ 55,368,523</u>	<u>\$ (1,448,376)</u>

The Agency's operating revenues decreased by \$12,138 in fiscal year 2017. Nonoperating revenues decreased by \$897,087 in fiscal year 2017 primarily as a result of a reduction in grant revenues.

Operating expenses, exclusive of depreciation, increased \$822,741 in fiscal year 2017, primarily as a result of increased consulting, and recognizing the increase in the net pension liability and the net OPEB obligation. Nonoperating expenses increased \$49,876 and is a result of additional debt service interest payments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets

Capital assets consist of the following at June 30:

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,810,339	\$ 3,810,339	\$ -
Construction in progress	2,635,455	2,697,542	(62,087)
Total Capital Assets Not Being Depreciated	<u>6,445,794</u>	<u>6,507,881</u>	<u>(62,087)</u>
<u>Capital Assets Being Depreciated:</u>			
Utility plant	10,783,477	10,783,477	-
Source of supply	2,801,063	2,801,063	-
Pumping plant	679,137	679,137	-
Treatment plant	23,471,652	23,302,793	168,859
Transmission and distribution	94,830,316	92,622,166	2,208,150
General plant	11,259,424	11,132,466	126,958
Total Capital Assets Being Depreciated	<u>143,825,069</u>	<u>141,321,102</u>	<u>2,503,967</u>
Less: Accumulated depreciation	<u>(54,167,933)</u>	<u>(50,747,047)</u>	<u>(3,420,886)</u>
Net Capital Assets Being Depreciated	<u>89,657,136</u>	<u>90,574,055</u>	<u>(916,919)</u>
Net Capital Assets	<u>\$ 96,102,930</u>	<u>\$ 97,081,936</u>	<u>\$ (979,006)</u>

Capital assets, net of accumulated depreciation, decreased \$979,006 for the year ended June 30, 2017. Capital asset additions including the Pioneer Water Rehab project and the Buckhorn Disinfectant Byproducts were exceeded by depreciation expense during the year ended June 30, 2017.

### Long-Term Debt

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

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>
Certificates of participation	\$ 27,450,000	\$ 19,270,000	\$ 8,180,000
Notes payable	11,510,818	21,498,801	(9,987,983)
Total	<u>38,960,818</u>	<u>40,768,801</u>	<u>(1,807,983)</u>
Unamortized discount and premium	1,417,610	323,127	1,094,483
Total Long-Term Debt	<u>40,378,428</u>	<u>41,091,928</u>	<u>(713,500)</u>
Less: Current portion	<u>(1,395,203)</u>	<u>(1,314,388)</u>	<u>(80,815)</u>
Total Long-Term Debt	<u>\$ 38,983,225</u>	<u>\$ 39,777,540</u>	<u>\$ (794,315)</u>

During the fiscal year 2017, the Agency continued receiving proceeds from four notes payable totaling \$265,703. In addition, the Agency refinanced its Certificates of Participation 2006, Series A along with several notes payable with the Revenue Refunding Bonds 2016 and reduced its total long-term debt before unamortized discounts and premiums by \$1,807,983. Another result of the refinancing is a significant decrease in notes payable and a similar increase in certificates of participation.

## 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 ended June 30, 2018, including the Buckhorn Disinfection Byproducts Compliance Project, Lake Camanche Tank 9 and Intertie, Ione Water Treatment Plant Expansion, and the Pioneer Water System Improvements project. The Agency's Capital Improvement Program for the year ended June 30, 2018 is \$10,161,917 is a decrease from the prior year. The Agency's total operating budget for the year ended June 30, 2018 is \$10,284,977 which is a slight increase compared to the adopted operating budget for the year ended June 30, 2017. The budget for the year ended June 30, 2017 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Water Production (000 Gals):</u></b>					
Tanner Plant	677,510	624,890	701,050	829,340	826,160
Ione Plant	410,650	362,680	392,860	468,050	512,800
Buckhorn Plant	257,340	226,010	252,400	294,860	304,910
Lake Camanche Plant	68,840	63,450	69,680	80,960	96,530
La Mel Heights Plant	4,340	3,890	4,550	5,460	5,580
Total Production	<u>1,418,680</u>	<u>1,280,920</u>	<u>1,420,540</u>	<u>1,678,670</u>	<u>1,745,980</u>
<b><u>Customer Accounts:</u></b>					
Water Connections	7,291	7,210	7,187	7,225	7,172
Wastewater Connections	<u>921</u>	<u>920</u>	<u>915</u>	<u>922</u>	<u>931</u>
Total Customers	<u>8,212</u>	<u>8,130</u>	<u>8,102</u>	<u>8,147</u>	<u>8,103</u>

### Contacting the Agency

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

**AMADOR WATER AGENCY  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

**ASSETS**

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

Cash and cash equivalents	\$ 790,827
Accounts receivable, net:	
Current services	1,098,111
Other	15,852
Taxes	10,924
Grants	1,593,163
Accrued interest receivable	3,615
Current portion due from the City of Plymouth	83,570
Inventory	274,412
Prepaid expenses	105,275
Total Current Assets	3,975,749

**Noncurrent Assets:**

**Restricted Assets:** (Notes 1, 2, 3 and 7)

Cash and cash equivalents	807,017
Total Restricted Assets	807,017

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

Nondepreciable	6,445,794
Depreciable, net of accumulated depreciation	89,657,136
Total Capital Assets, Net	96,102,930

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

Due from the City of Plymouth, less current portion above	2,738,415
Bond issuance costs, net	109,877
Total Other Noncurrent Assets	2,848,292

Total Noncurrent Assets	99,758,239
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<b>TOTAL ASSETS</b>	<b>103,733,988</b>
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**DEFERRED OUTFLOWS OF RESOURCES:** (Note 1 and 9)

Deferred outflows related to contributions	\$ 456,825
Deferred outflows related to pensions	730,502
Total Deferred Outflows of Resources	1,187,327

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2017**

**LIABILITIES**

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

Accounts payable	\$ 997,983
Deposits	362,043
Accrued interest payable	171,850
Other payables	69,235
Current portion of long-term debt	1,395,203
Total Current Liabilities	2,996,314

**Noncurrent Liabilities:**

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

Notes payable, net of current portion	10,960,615
Certificates of participation, net of current portion	28,022,610
Total Long-Term Debt	38,983,225

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

Compensated absences	210,377
Net OPEB obligation	4,273,719
Net pension liability	4,073,067
Total Other Noncurrent Liabilities	8,557,163

Total Noncurrent Liabilities	47,540,388
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<b>TOTAL LIABILITIES</b>	50,536,702
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**DEFERRED INFLOWS OF RESOURCES:** (Notes 1, 6 and 9)

Deferred inflows related to pensions	243,196
Deferred amount on refunding	221,270
Total Deferred Inflows of Resources	464,466

**Commitments and Contingencies** (Notes 8, 9 and 10)

**NET POSITION:** (Note 7)

Net investment in capital assets	55,724,502
Restricted	5,132,604
Unrestricted	(6,936,959)
Total Net Position	\$ 53,920,147

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

**AMADOR WATER AGENCY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

<b><u>Operating Revenues:</u></b>	
Current services	\$ 8,229,947
Other revenues	721,278
Total Operating Revenues	<u>8,951,225</u>
 <b><u>Operating Expenses:</u></b>	
General and administrative	5,434,147
Depreciation	3,420,886
Transmission and distribution	2,058,900
Maintenance	1,031,527
Water treatment	384,761
Total Operating Expenses	<u>12,330,221</u>
Operating Loss	<u>(3,378,996)</u>
 <b><u>Nonoperating Revenues (Expenses):</u></b>	
Grant revenues	2,507,018
Taxes and assessments	720,880
Participation fees	295,997
Investment income	115,708
Interest expense	(1,708,983)
Total Nonoperating Revenues (Expenses)	<u>1,930,620</u>
Change in Net Position	(1,448,376)
Net Position at Beginning of Year	<u>55,368,523</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u>\$ 53,920,147</u></b>

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

**AMADOR WATER AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b><u>Cash Flows From Operating Activities:</u></b>	
Cash received from customers	\$ 9,042,598
Cash payments to suppliers for goods and services	(6,267,519)
Cash payments to employees for services	(2,515,720)
Net Cash Provided by Operating Activities	<u>259,359</u>
<b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b>	
Receipts from taxes, assessments and other nonoperating income	<u>724,514</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>724,514</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>	
Acquisition and construction of capital assets	(2,441,880)
Proceeds from grant revenues	1,872,318
Proceeds from participation fees	295,997
Payments for debt issuance costs	(111,886)
Proceeds from long-term debt	28,740,703
Proceeds from bond premium	1,443,519
Principal paid on long-term debt	(30,548,686)
Interest paid on long-term debt	(1,802,607)
Net Cash Used in Capital and Related Financing Activities	<u>(2,552,522)</u>
<b><u>Cash Flows From Investing Activities:</u></b>	
Payments received on Due from City of Plymouth	(6,095)
Investment income	115,751
Net Cash Provided by Investing Activities	<u>109,656</u>
Net Decrease in Cash and Cash Equivalents	(1,458,993)
Cash and Cash Equivalents at Beginning of Year	<u>3,056,837</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>1,597,844</u></b>

(Continued)

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

**AMADOR WATER AGENCY  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Reconciliation of Operating Loss to Net Cash**

**Provided by Operating Activities:**

Operating loss	\$ (3,378,996)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
Depreciation	3,420,886
<b>(Increase) Decrease in:</b>	
Accounts receivable - current services	157,488
Accounts receivable - other	50,597
Inventory	(44,414)
Prepaid expenses	(47,416)
Deferred outflows related to contributions	(58,561)
Deferred outflows related to pensions	(707,156)
<b>Increase (Decrease) in:</b>	
Accounts payable	(537,986)
Deposits	(116,712)
Other payables	24,315
Compensated absences	(7,212)
Net OPEB obligation	806,564
Net pension liability	929,384
Deferred inflows related to pensions	(231,422)
Net Cash Provided by Operating Activities	<u>\$ 259,359</u>

**Cash and Cash Equivalents:**

**Financial Statement Classification:**

Cash and cash equivalents	\$ 790,827
Restricted cash and cash equivalents	807,017
Total Cash and Cash Equivalents	<u>\$ 1,597,844</u>

**Supplemental Disclosure of Cash Flow Information**

Acquisition of capital assets through accounts payable	\$ (385,463)
Amortization of bond discounts and deferred amount on refunding	<u>\$ (30,694)</u>

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Organization**

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

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

**Significant Accounting Policies**

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

**Method of Accounting**

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Significant Accounting Policies (Continued)**

**Method of Accounting (Continued)**

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Agency recognizes revenue from water sales, sewer services and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the Agency considers fees received from water sales, sewer services and other fees to be operating revenues. Taxes and assessments are recognized as revenue based upon amounts reported to the Agency by the County of Amador.

**Investments**

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

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management’s evaluation of outstanding receivables. The allowance for doubtful accounts receivable totaled \$84,603 at June 30, 2017.

**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, 2017 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, 2017**

**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 \$3,240,866 for the year ended June 30, 2017.

**Interest**

The Agency incurred interest charges on long-term debt. No interest was capitalized during the year.

**Amortization**

Bond issuance costs and bond discounts are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization of bond issuance costs totaled \$97,072 for the year ended June 30, 2017. Amortization of bond premiums and discounts totaled \$23,901 for the year ended June 30, 2017, 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 \$6,793 for the year ended June 30, 2017 and is included in interest expense.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Significant Accounting Policies (Continued)**

**Compensated Absences**

Accumulated unpaid vacation and sick leave totaling \$210,377 is accrued when incurred and included in noncurrent liabilities at June 30, 2017.

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

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

**Risk Management**

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

At June 30, 2017, the Agency participated in the self-insurance programs of the Authority as follows:

Property Loss - Insured up to \$150,000,000 per occurrence (total insurable value of \$28,005,434) 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 \$5 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 \$5 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 \$5 million and excess insurance coverage has been purchased.

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

The Agency pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Agency's insurance expense was \$117,396 for the year ended June 30, 2017. There were no instances in the past three years where a settlement exceeded the Agency's coverage.

**Pensions**

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	June 30, 2015 to June 30, 2016

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Significant Accounting Policies (Continued)**

**Fair Value Measurements (Continued)**

The Agency's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided LAIF.

**Cash and Cash Equivalents**

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

**Subsequent Events**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through March 22, 2018, the date the financial statements are available and concluded that there were no events or transactions that needed to be disclosed.

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

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

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

Cash and cash equivalents held by the Agency were comprised of the following at June 30, 2017:

	<u>Maturity in Years</u>		
	<u>1 Year or Less</u>	<u>1-5 Years</u>	<u>Total</u>
California Local Agency Investment Fund (LAIF)	\$ 900,949	\$ -	\$ 900,949
Deposits with financial institutions	696,895	-	696,895
Total Cash and Investments	<u>\$ 1,597,844</u>	<u>\$ -</u>	<u>\$ 1,597,844</u>

Financial Statement Classification:

Current:	
Cash and cash equivalents	\$ 790,827
Restricted:	
Cash and cash equivalents	807,017
	<u>\$ 1,597,844</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Disclosures Relating to Interest Rate Risk**

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

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the Agency's investments by maturity at June 30, 2017.

**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.

**Rating as of Year End**

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, 2017.

**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, 2017**

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

**Custodial Credit Risk (Continued)**

At June 30, 2017, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. None of the Agency's investments were held by the same broker-dealer (counter party) that was used by the Agency to buy the securities.

**Investment in State Investment Pool**

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

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30, 2017:

California Local Agency Investment Fund (LAIF)	\$ 900,949
Deposits with financial institutions	696,895
Total	<u>\$ 1,597,844</u>

**Note 3 - Restricted Assets:**

Restricted assets were provided by, and are to be used for, the following at June 30, 2017:

<u>Funding Source</u>	<u>Use</u>	
Participation fees and interest earned	Capital improvement and replacement	\$ 502,765
Taxes, assessments and interest earned	Capital improvement and replacement	19,893
Taxes, assessments and interest earned	Debt service	203,602
Taxes, assessments and interest earned	Debt service	74,654
Taxes, assessments and interest earned	Debt service	6,103
		<u>\$ 807,017</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, 2017**

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

The Agency and the City of Plymouth (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 were to 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. During the year ended June 30, 2017, the two loans from the United States Department of Agriculture were refinanced with proceeds from the Amador Water Agency Revenue Refunding Bonds, Series 2016. According to the 2016 revenue bond debt service, the City of Plymouth's share was determined to be \$2,864,650.

Changes in the due from the City of Plymouth consisted of the following at June 30, 2017:

	<u>Balances at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 2,815,890	\$ 48,760	\$ (42,665)	\$ 2,821,985	\$ 83,570

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30, 2017:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 3,810,339	\$ -	\$ -	\$ 3,810,339
Construction in progress	2,697,542	2,382,206	(2,444,293)	2,635,455
Total Capital Assets Not Being Depreciated	<u>6,507,881</u>	<u>2,382,206</u>	<u>(2,444,293)</u>	<u>6,445,794</u>
<b>Capital Assets Being Depreciated:</b>				
Utility plant	10,783,477	-	-	10,783,477
Source of supply	2,801,063	-	-	2,801,063
Pumping plant	679,137	-	-	679,137
Treatment plant	23,302,793	168,859	-	23,471,652
Transmission and distribution	92,622,166	2,208,150	-	94,830,316
General plant	11,132,466	126,958	-	11,259,424
Total Capital Assets Being Depreciated	<u>141,321,102</u>	<u>2,503,967</u>	<u>-</u>	<u>143,825,069</u>

(Continued)

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
<b>Less Accumulated Depreciation For:</b>				
Utility plant	\$ (6,789,261)	\$ (229,149)	\$ -	\$ (7,018,410)
Source of supply	(671,008)	(85,072)	-	(756,080)
Pumping plant	(275,775)	(15,663)	-	(291,438)
Treatment plant	(9,766,102)	(587,146)	-	(10,353,248)
Transmission and distribution	(25,715,957)	(2,266,124)	-	(27,982,081)
General plant	(7,528,944)	(237,732)	-	(7,766,676)
Total Accumulated Depreciation	<u>(50,747,047)</u>	<u>(3,420,886)</u>	<u>-</u>	<u>(54,167,933)</u>
Net Capital Assets Being Depreciated	<u>90,574,055</u>	<u>(916,919)</u>	<u>-</u>	<u>89,657,136</u>
<b>Net Capital Assets</b>	<u>\$ 97,081,936</u>	<u>\$ 1,465,287</u>	<u>\$ (2,444,293)</u>	<u>\$ 96,102,930</u>

**Note 6 - Noncurrent Liabilities:**

Noncurrent liabilities consist of long-term debt and other noncurrent liabilities. Long-term debt consists of notes payable and certificates of participation. The following is detail at June 30, 2017:

**Notes Payable**

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Current Portion
U.S. Department of Agriculture	\$ 8,130,000	\$ -	\$ (105,000)	\$ 8,025,000	\$ 110,000
U.S. Department of Agriculture	4,245,000	-	(4,245,000)	-	-
U.S. Department of Agriculture	2,760,000	-	(2,760,000)	-	-
U.S. Department of Agriculture	1,860,000	-	(1,860,000)	-	-
County of Amador	1,450,000	14,097	(33,991)	1,430,106	72,500
Department of Water Resources	1,203,860	-	(84,636)	1,119,224	87,143
U.S. Department of Agriculture	725,000	-	(725,000)	-	-
County of Amador	428,142	-	(97,498)	330,644	99,470
County of Amador	-	239,711	-	239,711	22,040
City of Sutter Creek	212,223	-	(84,889)	127,334	84,889
U.S. Department of Agriculture	185,831	-	(185,831)	-	-
American River Bank	147,364	11,395	(44,209)	114,550	45,675
State Water Resource Control Board	84,662	-	(16,010)	68,652	16,459
American River Bank	51,000	500	(9,200)	42,300	9,525
Department of Water Resources	15,719	-	(2,422)	13,297	2,502
	<u>\$ 21,498,801</u>	<u>\$ 265,703</u>	<u>\$ (10,253,686)</u>	<u>\$ 11,510,818</u>	<u>\$ 550,203</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Notes Payable (Continued)**

Notes payable consist of the following at June 30, 2017:

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 \$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, 2017.	\$ 8,025,000
County of Amador, secured by all revenues and all amounts on deposit at Amador Water Agency. Quarterly payments of \$4,375 principal plus interest at 0.75% for the first 5 years and a variable rate thereafter, as defined by the note, not to exceed 2.5%. Original amount of \$1,450,000.	1,430,106
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.	1,119,224
County of Amador, secured by all revenues and all amounts on deposit at Amador Water Agency. Quarterly payments of \$26,333 each January, May, July and October including interest at 2.00%. Original amount of \$500,000. Matures July 2020.	330,644
County of Amador, secured by all revenues and all amounts on deposit at Amador Water Agency. Quarterly payments including interest at 1.84%. Original amount up to \$300,000. Matures December 2026.	239,711

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Notes Payable (Continued)**

City of Sutter Creek, unsecured, quarterly payments of \$21,222 including interest based on the average monthly yield as published by LAIF (0.55% at June 30, 2017). Original amount of \$594,226. Matures September 2018.	\$ 127,334
American River Bank, secured by the assets of the Agency. Quarterly payments of \$12,427 each March, June, September and December including interest at 3.9%. Original amount up to \$224,330. Matures December 2019.	114,550
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.	68,652
American River Bank, secured by the assets of the Agency. Quarterly payments of \$2,993 each March, June, September and December including interest at 5.823%. Original amount of \$51,000. Matures June 2021.	42,300
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.	13,297
Total Notes Payable	<u>\$ 11,510,818</u>

**Certificates of Participation**

Certificates of participation consist of the following at June 30, 2017:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>	<u>Current Portion</u>
Amador Water System Revenue Certificates of Participation, 2006 Series A	\$ 19,270,000	\$ -	\$ (19,270,000)	\$ -	\$ -
Amador Water Agency Revenue Refunding Bonds, 2016	-	28,475,000	(1,025,000)	27,450,000	845,000
	19,270,000	28,475,000	(20,295,000)	27,450,000	\$ 845,000
Unamortized Discount/(Premium)	323,127	1,443,519	(349,036)	1,417,610	
	<u>\$ 19,593,127</u>	<u>\$ 29,918,519</u>	<u>\$ (20,644,036)</u>	<u>\$ 28,867,610</u>	

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 6 - Noncurrent Liabilities: (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. At June 30, 2017, the 1996 Series AA Certificates of Participation were paid in full. The principal amount outstanding on the 2006 Series A Certificates of Participation at June 30, 2017 totaled \$-0-.

In November 2016, the Amador Water Agency issued \$28,475,000 Amador Water Agency Water Revenue Refunding Bonds Series 2016 A, (2016 Bonds). The 2016 Bonds were issued to (i) refund the Amador Water System Revenue Certificates of Participation 2006 Series A, (ii) to prepay the outstanding installment payments due under the 2003 Installment Purchase Agreement and the 2004 Supplemental Installment Purchase Agreement, (iii) to prepay the outstanding installment payments due under the 2008 Installment Purchase Agreement, (iv) to prepay the outstanding amount of the 2006 USDA Loan, (v) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on certain maturities of the 2016 Bonds, (vi) to purchase a municipal bond debt service reserve insurance policy for deposit in the reserve fund, and (vii) to pay costs of issuance of the 2016 Bonds. The 2016 Bonds are payable in semiannual installments including interest ranging from 2% to 5% and mature in June 2049. The principal amount outstanding on the 2016 Bonds at June 30, 2017 totaled \$27,450,000.

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

Years Ended June 30	Notes Payable		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 550,203	\$ 281,841	\$ 845,000	\$ 1,008,456	\$ 1,395,203	\$ 1,290,297
2019	520,698	270,122	870,000	991,556	1,390,698	1,261,678
2020	463,504	258,199	905,000	956,756	1,368,504	1,214,955
2021	375,060	267,917	925,000	929,606	1,300,060	1,197,523
2022	327,321	257,938	970,000	892,606	1,297,321	1,150,544
2023 - 2027	1,751,196	1,151,118	5,380,000	3,902,532	7,131,196	5,053,650
2028 - 2032	1,330,230	930,316	6,765,000	2,528,481	8,095,230	3,458,797
2033 - 2037	1,367,606	753,957	6,640,000	1,312,444	8,007,606	2,066,401
2038 - 2042	1,190,000	583,415	2,070,000	581,769	3,260,000	1,165,184
2043 - 2047	1,375,000	407,208	1,620,000	225,050	2,995,000	632,258
2048 - 2052	1,570,000	204,875	460,000	24,150	2,030,000	229,025
2053 - 2057	690,000	19,114	-	-	690,000	19,114
	<u>\$ 11,510,818</u>	<u>\$ 5,386,020</u>	<u>\$ 27,450,000</u>	<u>\$ 13,353,406</u>	<u>\$ 38,960,818</u>	<u>\$ 18,739,426</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Other Noncurrent Liabilities**

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Compensated absences	\$ 217,589	\$ 210,377	\$ (217,589)	\$ 210,377
Net OPEB obligation (Note 8)	3,467,155	1,000,675	(194,111)	4,273,719
Net pension liability (Note 9)	3,143,683	1,327,648	(398,264)	4,073,067
Total Other Noncurrent Liabilities	<u>\$ 6,828,427</u>	<u>\$ 2,538,700</u>	<u>\$ (809,964)</u>	<u>\$ 8,557,163</u>

**Note 7 - Restricted Net Position:**

Restricted net position consist of the following at June 30, 2017:

<u>Funding Source</u>	<u>Use</u>	
Participation fees and interest earned	Capital improvement and replacement	\$ 3,380,151
Participation fees and interest earned	Capital improvement and replacement	517,765
Taxes, assessments and interest earned	Capital improvement and replacement	19,893
Taxes, assessments and interest earned	Debt service	930,436
Taxes, assessments and interest earned	Debt service	203,602
74,654 Taxes, assessments and interest earned	Debt service	74,654
Taxes, assessments and interest earned	Debt service	6,103
Total Restricted Net Position		<u>5,132,604</u>
Less: Interfund receivables, eliminated		<u>(4,325,587)</u>
Total Restricted Assets		<u>\$ 807,017</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, 2017**

**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, 2017**

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

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

Annual required contribution	\$ 940,000
Interest on net OPEB obligation	60,675
Annual OPEB cost (expense)	1,000,675
Contributions (including benefits paid)	(194,111)
Increase in net OPEB obligation	806,564
Net OPEB obligation - beginning of year	3,467,155
Net OPEB obligation - end of year	\$ 4,273,719

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the three preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 564,238	25.0%	\$ 1,466,887
June 30, 2014	708,796	19.8%	2,035,193
June 30, 2015	784,716	19.2%	2,669,221
June 30, 2016	984,646	18.9%	3,467,155
June 30, 2017	1,000,675	19.4%	4,273,719

**Funding Status and Funding Progress**

As of June 30, 2016, the most recent actuarial valuation date, the plan was not yet funded. The Agency's actuarial accrued liability for benefits at June 30, 2016 was \$11,058,000, and the covered payroll (annual payroll of active employees covered by plan) was \$2,666,000 with a ratio of the UAAL to the covered payroll of 414.78%. The normal cost payments made of \$194,111 at June 30, 2017 funded 20.7% of the Annual Required Contribution (ARC), leaving an unfunded actuarial liability (UAAL) of \$11,058,000 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%
June 30, 2016	-	11,058,000	11,058,000	0.0%	2,666,000	414.78%

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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 4.0% 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 3.80% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 27 years. It is assumed the Agency's payroll will increase 3.25% per year.

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

**General Information About the Pension Plans**

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

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	On or After Second Tier	January 1, 2013 PEPRA
Benefit formula	2.0% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	8.003%	0.00%	6.237%

**Contribution Description** - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial process. The Plans actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (measurement date), the active employee contribution rate for employees hired prior to January 1, 2013 is 8.0% of annual payroll and the employer's contribution rate is 8.003% of annual payroll. The active employee contribution rate for those employees hired on or after January 1, 2013 is 6.50% of annual pay, and the employer contribution rate is 6.237% of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any employer paid member contributions or situations where members are paying a portion of the employer contribution.

The Agency's contribution to the Plan for the year ended June 30, 2017 were as follows:

Contributions - Employer	\$ 456,825
Contributions - Employee (Paid by Employer)	\$ -

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change of Assumptions**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed that the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Discount Rate (Continued)**

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

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

The table below reflects long-term expected real rate of return by asset class.

<u>Asset Class</u>	<u>Current Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Growth	61.0%	5.4%	7.2%
Income	20.0	7.1	7.2
Real assets	12.0	(0.1)	7.3
Liquidity	1.0	1.7	3.0
Inflation	6.0	N/A	N/A
	<u>100.0%</u>		

**Allocation of Net Pension Liability and Pension Expense to Individual Employers**

The following table shows the Agency's proportionate share of the net pension liability over the measurement period.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Pension</u> (b)	<u>Net Pension Liability</u> (c) = (a) - (b)
Balance at June 30, 2015	\$ 15,494,885	\$ 12,351,202	\$ 3,143,683
Balance at June 20, 2016	16,916,890	12,843,823	4,073,067
Net Changes During 2015 - 2016	<u>\$ 1,422,005</u>	<u>\$ 492,621</u>	<u>\$ 929,384</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Allocation of Net Pension Liability and Pension Expense to Individual Employers (Continued)**

The net pension liability of the plan is measured as of June 30, 2016, and the total pension liability for the plan used to calculate the net pension liabilities was determined by an actuarial valuation of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the plan as of June 30, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.045800%
Proportion - June 30, 2016	0.047071%
Change - Increase (Decrease)	0.001271%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability	\$ 6,350,608	\$ 4,073,067	\$ 2,190,793

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

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investment	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected remaining service lifetime (EARSLS) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)**

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan. The EARSL for the Plan for the June 30, 2016 measurement date is 3.7 years, which was obtained by dividing the total service years by the total number of participants (active, inactive, and retired) in the Plan. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the Agency recognized a pension expense of \$389,070 for the Plan. As of June 30, 2017, the Agency reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 456,825	\$ -
Differences between actual contributions made and proportionate share of contributions	-	103,695
Differences between expected and actual experience	11,260	-
Changes of assumptions	-	138,192
Net difference between projected and actual earnings on pension plan investments	719,242	-
Adjustment due to difference in proportions	-	1,309
Total	<u>\$ 1,187,327</u>	<u>\$ 243,196</u>

**AMADOR WATER AGENCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$456,825 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ (20,888)
2019	1,962
2020	319,939
2021	186,293
Total	\$ 487,306

**Note 10 - Litigation:**

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

**Note 11 - New Governmental Accounting Standards:**

**GASB No. 73**

In June 2015, The Governmental Accounting Standards Board issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." The requirements of this statement addressing accounting and financial reporting for employers that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016. All other provisions are effective for periods beginning after June 15, 2015. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 74**

In June 2015, the Governmental Accounting Standards Board issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans." This pronouncement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**GASB No. 75**

In June 2015, the Government Accounting Standards Board issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension”. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The Agency has not yet determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 77**

In August 2015, the Governmental Accounting Standards Board issued Statement No. 77, “Tax Abatement Disclosures”. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 78**

In December 2015, the Governmental Accounting Standards Board issued Statement No. 78, “Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plan”. The requirements of this Pronouncement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 80**

In January 2016, the Government Accounting Standards Board issued Statement No. 80, “Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14”. The requirements of this pronouncement are effective for reporting period beginning after June 15, 2016. Earlier application is encouraged. This pronouncement did not have a material effect on the financial statements of the Agency in the year of implementation.

**GASB No. 81**

In March 2016, the Governmental Accounting Standards Board issued Statement No. 81, “Irrevocable Split-Interest Agreements”. The requirements of this Pronouncement are effective for financial statements for period beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The Agency has not yet determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**AMADOR WATER AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**GASB No. 82**

In March 2016, the Governmental Accounting Standards Board issued Statement No. 82, “Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73”. The requirements of this Pronouncement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The Agency has not yet determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 83**

In November 2016, the Governmental Accounting Standards Board issued Statement No. 83 “ Certain Asset Retirement Obligations”. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier Application is encouraged. The Agency has not determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 84**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 “Fiduciary Activities”. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The Agency has not determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 85**

In March 2017, the Governmental Accounting Standards Board issued Statement No. 85 “Omnibus 2017”. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Agency has not determined the effects of this pronouncement on the financial statements of the Agency in the year of implementation.

**GASB No. 86**

In May 2017, the Governmental Accounting Standards Board issued Statement No. 86 “Certain Debt Extinguishment Issues”. The requirements of this Statement are effective for reporting periods beginning after December 15, 2017. Earlier Application is encouraged. 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, 2017**

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

**GASB No. 87**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 “Leases”. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Passed Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>				
<b>Pass-Through Program From:</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:	14.228			
County of Amador			\$ -	\$ 1,420,000
Total Community Development Block Grants/State Program and Non-Entitlement Grants in Hawaii			-	1,420,000
Total U.S. Department of Housing and Urban Development			-	1,420,000
<b>U.S. Department of Homeland Security:</b>				
<b>Pass-Through Program From:</b>				
Fire Management Assistance Grant:	97.046			
State of California		FEMA -5111-FM-CA	-	37,620
Total Fire Management Assistance Grant			-	37,620
Total U.S. Department of Homeland Security			-	37,620
Total Expenditures of Federal Awards			\$ -	\$ 1,457,620

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Amador Water Agency under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Amador Water Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Amador Water Agency.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Amador Water Agency has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.



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

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

To the Board of Directors  
Amador Water Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amador Water Agency, which comprise the statement of net position as of June 30, 2017, 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 March 22, 2018.

**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 the 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 the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California  
March 22, 2018



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

**Independent Auditor's Report on Compliance  
for the Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

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 Compliance Supplement* that could have a direct and material effect on Amador Water Agency's major federal program for the year ended June 30, 2017. Amador Water Agency's major federal programs 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

**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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California  
March 22, 2018

**AMADOR WATER AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes X No

**Federal Awards**

Type of auditor's report issued on compliance for the major program: Unmodified

Internal control over major program:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

Any audit findings disclosed that are required to be Reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes X No

Identification of the major program:

<u>C DFA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings:**

None

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

None

**AMADOR WATER AGENCY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN YEARS \***

	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2014</u>
Proportion of the Collective Net Pension Liability	.047071%	0.045800%	0.049308%
Proportionate Share of the Collective Net Pension Liability	4,073,067	3,143,683	3,068,160
Covered-Employee Payroll	2,738,454	2,520,123	2,040,605
Proportionate Share of the Collective Net Pension Liability as Percentage of Covered-Employee Payroll	148.74%	124.74%	150.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%	78.40%	79.82%

**Notes to Schedule:**

**Benefit Changes** - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).

**Changes in Assumptions** - The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

\*Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

**AMADOR WATER AGENCY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULES OF PLAN CONTRIBUTIONS  
LAST TEN YEARS \***

	Fiscal Year <u>2016 - 2017</u>	Fiscal Year <u>2015 - 2016</u>	Fiscal Year <u>2014 - 2015</u>
Actuarial Determined Contribution	\$ 456,825	\$ 398,264	\$ 340,922
Contributions in Relation to the Actuarially Determined Contribution	<u>456,825</u>	<u>398,264</u>	<u>340,922</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 <u>\$ 2,891,092</u>	 <u>\$ 2,738,454</u>	 <u>\$ 2,,520,123</u>
 Contributions as a Percentage of Covered-Employee Payroll	 15.80%	 14.54%	 13.53%

**Notes to Schedule:**

Fiscal Year End	June 30, 2017	June 30, 2016	June 30, 2015
Valuation Date	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

	Entry Age Level Percent of Payroll Market Value	Entry Age Level Percent of Payroll Market Value	Entry Age Level Percent of Payroll Market Value
Actuarial Cost Method	7.65%	3.30% to 14.20% depending on Age, Service, and type of employment	7.50%
Amortization Method		2.75%	3.30% to 14.20% depending on Age, Service, and type of employment
Asset Valuation Method		3.00%	3.00%
Discount Rate		A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%
Projected Salary Increase		inflation growth of 0.25%	inflation growth of 0.25%
Inflation	2.75%		
Payroll Growth	3.00%		
Individual Salary Growth			

\*Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

**AMADOR WATER AGENCY**  
**SCHEDULE OF NET POSITION BY FUND**  
**JUNE 30, 2017**

	Agency General	Agency Water	Waste Water	Eliminations	Total
<b><u>ASSETS</u></b>					
<b><u>Current Assets:</u></b>					
Cash and cash equivalents	\$ 62,472	\$ 9,866	\$ 718,489	\$ -	\$ 790,827
Accounts receivable, net:					
Current services	-	817,735	280,376	-	1,098,111
Other	13,775	2,077	-	-	15,852
Taxes	10,924			-	10,924
Grants	-	1,551,314	41,849	-	1,593,163
Accrued interest receivable	-	2,184	1,431	-	3,615
Current portion due from the					
City of Plymouth	-	83,570	-	-	83,570
Inventory	1,971	272,441	-	-	274,412
Prepaid expenses	56,393	44,857	4,025	-	105,275
Total Current Assets	<u>145,535</u>	<u>2,784,044</u>	<u>1,046,170</u>	<u>-</u>	<u>3,975,749</u>
<b><u>NonCurrent Assets:</u></b>					
<b><u>Restricted Assets:</u></b>					
Cash and cash equivalents	-	391,304	415,713	-	807,017
Interfund receivables	-	3,277,358	1,048,229	(4,325,587)	-
Total Restricted Assets	<u>-</u>	<u>3,668,662</u>	<u>1,463,942</u>	<u>(4,325,587)</u>	<u>807,017</u>
<b><u>Capital Assets:</u></b>					
Nondepreciable	-	6,416,429	29,365	-	6,445,794
Depreciable, net of accumulated depreciation	591,418	80,699,599	8,366,119	-	89,657,136
Total Capital Assets, Net	<u>591,418</u>	<u>87,116,028</u>	<u>8,395,484</u>	<u>-</u>	<u>96,102,930</u>
<b><u>Other Assets:</u></b>					
Interfund receivables	309,017	1,311,094	-	(1,620,111)	-
Due from the City of Plymouth, less current portion above	-	2,738,415	-	-	2,738,415
Bond issuance costs	-	109,877	-	-	109,877
Total Other Assets	<u>309,017</u>	<u>4,159,386</u>	<u>-</u>	<u>(1,620,111)</u>	<u>2,848,292</u>
Total Noncurrent Assets	<u>900,435</u>	<u>94,944,076</u>	<u>9,859,426</u>	<u>(5,945,698)</u>	<u>99,758,239</u>
<b>TOTAL ASSETS</b>	<u>1,045,970</u>	<u>97,728,120</u>	<u>10,905,596</u>	<u>(5,945,698)</u>	<u>103,733,988</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>					
Deferred outflows related to contributions	\$ -	\$ 365,460	\$ 91,365	\$ -	\$ 456,825
Deferred outflows related to pensions	-	584,402	146,100	-	730,502
Total Deferred Outflows of Resources	<u>-</u>	<u>949,862</u>	<u>237,465</u>	<u>-</u>	<u>1,187,327</u>

(Continued)

**AMADOR WATER AGENCY**  
**SCHEDULE OF NET POSITION BY FUND (CONTINUED)**  
**JUNE 30, 2017**

	Agency General	Agency Water	Waste Water	Eliminations	Total
<b><u>LIABILITIES</u></b>					
<b><u>Current Liabilities:</u></b>					
Accounts payable	\$ 112,903	\$ 772,381	\$ 112,699	\$ -	\$ 997,983
Deposits	-	100,042	262,001	-	362,043
Accrued interest payable	210	169,991	1,649	-	171,850
Other payables	11,423	56,812	1,000	-	69,235
Current Portion of long-term debt	55,200	1,238,655	101,348	-	1,395,203
Interfund payables	-	3,684,850	2,260,848	(5,945,698)	-
Total Current Liabilities	<u>179,736</u>	<u>6,022,731</u>	<u>2,739,545</u>	<u>(5,945,698)</u>	<u>2,996,314</u>
<b><u>Noncurrent Liabilities:</u></b>					
<b><u>Long Term Debt:</u></b>					
Notes payable, net of current portion	101,651	10,764,326	94,638	-	10,960,615
Certificates of participation, net of current portion	-	28,022,610	-	-	28,022,610
Total Long Term Debt	<u>101,651</u>	<u>38,786,936</u>	<u>94,638</u>	<u>-</u>	<u>38,983,225</u>
<b><u>Other Noncurrent Liabilities:</u></b>					
Compensated absences	-	168,674	41,703	-	210,377
Net OPEB obligation	-	3,555,832	717,887	-	4,273,719
Net pension liability	-	3,258,454	814,613	-	4,073,067
Total Other Noncurrent Liabilities	<u>-</u>	<u>6,982,960</u>	<u>1,574,203</u>	<u>-</u>	<u>8,557,163</u>
Total Noncurrent Liabilities	<u>101,651</u>	<u>45,769,896</u>	<u>1,668,841</u>	<u>-</u>	<u>47,540,388</u>
<b>TOTAL LIABILITIES</b>	<u>281,387</u>	<u>51,792,627</u>	<u>4,408,386</u>	<u>(5,945,698)</u>	<u>50,536,702</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows related to pensions	-	194,557	48,639	-	243,196
Deferred amount on refunding	-	221,270	-	-	221,270
Total Deferred Inflows of Resources	<u>-</u>	<u>415,827</u>	<u>48,639</u>	<u>-</u>	<u>464,466</u>
<b><u>NET POSITION:</u></b>					
Net investment in capital assets	434,567	47,090,437	8,199,498	-	55,724,502
Restricted	-	3,668,662	1,463,942	-	5,132,604
Unrestricted	330,016	(4,289,571)	(2,977,404)	-	(6,936,959)
Total Net Position	<u>\$ 764,583</u>	<u>\$ 46,469,528</u>	<u>\$ 6,686,036</u>	<u>\$ -</u>	<u>\$ 53,920,147</u>

**AMADOR WATER AGENCY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY RATE AREA**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Agency General	Agency Water	Waste Water	Eliminations	Total
<b><u>Operating Revenues:</u></b>					
Current services	\$ -	\$ 6,706,705	\$ 1,523,242	\$ -	\$ 8,229,947
Other revenues	180,142	511,168	29,968	-	721,278
Total Operating Revenues	<u>180,142</u>	<u>7,217,873</u>	<u>1,553,210</u>	<u>-</u>	<u>8,951,225</u>
<b><u>Operating Expenses:</u></b>					
General and administrative	57,895	4,122,040	1,254,212	-	5,434,147
Depreciation	58,277	2,974,743	387,866	-	3,420,886
Transmission and distribution	-	1,648,562	410,338	-	2,058,900
Maintenance	3,679	619,977	407,871	-	1,031,527
Water treatment	-	332,537	52,224	-	384,761
Total Operating Expenses	<u>119,851</u>	<u>9,697,859</u>	<u>2,512,511</u>	<u>-</u>	<u>12,330,221</u>
Operating Loss	<u>60,291</u>	<u>(2,479,986)</u>	<u>(959,301)</u>	<u>-</u>	<u>(3,378,996)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Grant revenues	-	2,327,190	179,828	-	2,507,018
Taxes and assessments	263,416	414,245	43,219	-	720,880
Participation fees	-	286,617	9,380	-	295,997
Investment income	3,916	378,320	15,857	(282,385)	115,708
Other nonoperating revenue	69,762	-	-	(69,762)	-
Other nonoperating expense	-	(62,786)	(6,976)	69,762	-
Interest expense	(253,105)	(1,717,777)	(20,486)	282,385	(1,708,983)
Total Nonoperating Revenues (Expenses)	<u>83,989</u>	<u>1,625,809</u>	<u>220,822</u>	<u>-</u>	<u>1,930,620</u>
Change in Net Position Before Transfers	144,280	(854,177)	(738,479)	-	(1,448,376)
Transfers	<u>(521,287)</u>	<u>464,210</u>	<u>57,077</u>	<u>-</u>	<u>-</u>
Change in Net Position	(377,007)	(389,967)	(681,402)	-	(1,448,376)
Net Position at Beginning of Year	<u>1,141,590</u>	<u>46,859,495</u>	<u>7,367,438</u>	<u>-</u>	<u>55,368,523</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 764,583</u>	<u>\$ 46,469,528</u>	<u>\$ 6,686,036</u>	<u>\$ -</u>	<u>\$ 53,920,147</u>