

AMADOR WATER AGENCY
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS
June 30, 2022 and 2021

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AMADOR WATER AGENCY
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Amador Water Agency
Sutter Creek, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Amador Water Agency (the Agency), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Amador Water Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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.

To the Board of Directors
Amador Water Agency

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency basic financial statements. The accompanying combining fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Richardson & Company, LLP

January 5, 2023

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**Amador Water Agency
Management Discussion & Analysis
Year Ended June 30, 2022**

The following Management's Discussion and Analysis (MD&A) of financial performance of Amador Water Agency (the "Agency") provides an overview of the Agency's financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by \$1,747,755 to \$59,528,618 for the year ended June 30, 2022.
- Total revenues decreased from \$20,577,388 to \$16,842,652 from the year ended June 30, 2021 to the year ended June 30, 2022 primarily due to a decrease in grant revenues offset by an increase in operating revenues.
- Total expenses increased from \$14,854,110 to \$15,094,897 from the year ended June 30, 2021 to the year ended June 30, 2022 primarily due to rising costs for transmission and distribution, water treatment, maintenance and depreciation.

FINANCIAL STATEMENT OVERVIEW

This section 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 Agency assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net difference reported as net position. Net position is 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 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

**Amador Water Agency
Management Discussion & Analysis
Year Ended June 30, 2022**

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

Lastly, 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.

FINANCIAL ANALYSIS

One of the most important questions asked about the Agency’s finances is, “Is the Agency better off or worse off as a result of this year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar, to accounting methods used by most private sector companies. All current year revenues and expenses are recognized regardless of when the cash is received or paid. Together, these two statements report the Agency’s net position and the associated change during the reporting year. The Agency’s net position – the difference between assets and liabilities – is a useful way to measure the Agency’s financial health, or financial position. Over time, increases or decreases in the Agency’s net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors should also be considered such as changes in economic conditions, population, zoning, natural disasters, and government legislation, such as changes in Federal and State water quality standards.

STATEMENT OF NET POSITION (CONDENSED)

The following presents a condensed Statement of Net Position for the Agency as of June 30th:

	<u>2022</u>	<u>2021 Restated</u>	<u>Change</u>
Assets			
Current Assets	\$ 4,561,592	\$ 3,852,731	\$ 708,861
Noncurrent Assets:			
Restricted assets	3,491,626	2,965,630	525,996
Due from the City of Plymouth	2,514,187	2,569,042	(54,855)
Capital assets, net	106,197,331	106,740,338	(543,007)
Total assets	<u>116,764,736</u>	<u>116,127,741</u>	<u>636,995</u>
Deferred outflows of resources	<u>2,568,638</u>	<u>2,405,204</u>	<u>163,434</u>
Liabilities			
Current liabilities	3,354,045	4,186,028	(831,983)
Long-term liabilities	48,335,073	52,065,972	(3,730,899)
Total liabilities	<u>51,689,118</u>	<u>56,252,000</u>	<u>(4,562,882)</u>
Deferred inflows of resources	<u>8,115,638</u>	<u>4,500,082</u>	<u>3,615,556</u>
Net Position			
Net Investment in capital assets	67,903,066	69,143,166	(1,240,100)
Restricted	5,148,423	4,721,167	427,256
Unrestricted	(13,522,871)	(16,083,470)	2,560,599
Total net position	<u>\$ 59,528,618</u>	<u>\$ 57,780,863</u>	<u>\$ 1,747,755</u>

Net position increased by \$1,747,755, from fiscal year 2021 to 2022 primarily due to principal payments made on outstanding debt and a reduction in the net pension and OPEB liability valuations. Net investment in capital assets decreased from \$69,143,166 to \$67,903,066. Restricted net position increased by \$427,256

**Amador Water Agency
Management Discussion & Analysis
Year Ended June 30, 2022**

primarily due to an increase in cash from capacity fee receipts, special assessment receipts and debt reserves restricted for future use on capital infrastructure and debt service requirements. Unrestricted net position increased by \$2,560,599 primarily due reductions in non-current liabilities, pension and OPEB liabilities and principal payments on long-term debt.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(CONDENSED)**

The following presents a condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30th, 2022 and 2021:

	<u>2022</u>	<u>2021 Restated</u>	<u>Change</u>
Revenues			
Operating Revenues	\$ 14,698,823	\$ 12,252,335	\$ 2,446,488
Non-Operating Revenues	1,011,529	790,219	221,310
Total revenues	<u>15,710,352</u>	<u>13,042,554</u>	<u>2,667,798</u>
Expenses			
Operating Expenses	9,604,579	9,806,112	(201,533)
Depreciation	4,136,392	3,798,601	337,791
Non-Operating Expenses	1,353,926	1,249,397	104,529
Total expenses	<u>15,094,897</u>	<u>14,854,110</u>	<u>240,787</u>
Change in net position before capital contributions	<u>615,455</u>	<u>(1,811,556)</u>	<u>2,427,011</u>
Grant revenue	3,210	5,410,911	(5,407,701)
Capacity fees and other capital revenues	1,129,090	2,123,923	(994,833)
Change in net position	<u>1,747,755</u>	<u>5,723,278</u>	<u>(3,975,523)</u>
Net position			
Beginning of year	<u>57,780,863</u>	<u>52,057,585</u>	<u>5,723,278</u>
End of year	<u>59,528,618</u>	<u>57,780,863</u>	<u>1,747,755</u>

The Agency's operating revenues increased by \$2,446,488 in fiscal year 2022 primarily due to substantial water rate increases implemented throughout fiscal year 2021 and 2022. The \$221,310 increase in non-operating revenues is primarily due to increased outside services revenue and inspection fees. Grant revenue decreased \$(5,407,701) due to the absence of grant funded projects in fiscal year 2022 that occurred in the prior year. Capacity fees and other capital revenues decreased \$(994,833) primarily due to decreased capacity fees from new or altered connections to the Agency system during 2022.

Operating expenses decreased \$(201,533) in fiscal year 2022 primarily due to a reduction in OPEB expense for GASB 75 reporting requirements. Depreciation expense increased with the addition of major infrastructure assets that were placed in service during the fiscal year. Non-operating expenses increased \$104,529 due to loss on disposal of retired assets.

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Management Discussion & Analysis
Year Ended June 30, 2022**

CAPITAL ASSETS

The following presents the capital assets of the Agency as of June 30th, 2022, and 2021:

	<u>2022</u>	<u>2021 Restated</u>	<u>Change</u>
Capital assets not being depreciated			
Land	\$ 3,908,540	\$ 3,910,763	\$ (2,223)
Construction in progress	4,210,155	1,231,584	2,978,571
Total capital assets, not being depreciated	8,118,695	5,142,347	2,976,348
Capital assets being depreciated			
Utility plant	10,777,189	10,782,725	(5,536)
Source of supply	2,790,102	2,796,510	(6,408)
Pumping plant	696,234	679,137	17,097
Treatment plant	24,961,366	24,982,522	(21,156)
Transmission and distribution	109,934,454	109,563,006	371,448
General plant	19,537,899	19,834,464	(296,565)
Leased equipment	455,991	455,991	-
Total Capital assets being depreciated	169,153,235	169,094,355	58,880
Less accumulated depreciation			
Utility plant	(8,130,507)	(7,919,395)	(211,112)
Source of supply	(1,116,129)	(1,047,645)	(68,484)
Pumping plant	(367,658)	(351,184)	(16,474)
Treatment plant	(13,292,592)	(12,667,139)	(625,453)
Transmission and distribution	(39,560,476)	(37,130,176)	(2,430,300)
General plant	(8,357,476)	(8,257,127)	(100,349)
Leased equipment	(249,761)	(123,698)	(126,063)
Total Capital assets being depreciated	(71,074,599)	(67,496,364)	(3,578,235)
Total Capital assets being depreciated, net	98,078,636	101,597,991	(3,519,355)
Net capital assets	\$ 106,197,331	\$ 106,740,338	\$ (543,007)

Capital assets, net of accumulated depreciation decreased \$(543,007) for the year ended June 30, 2022, due to annual depreciation of \$4,136,392 offset by construction for the Pioneer water rehabilitation project.

LONG-TERM LIABILITIES

The following presents a summary of long-term liabilities of the Agency as of June 30th, 2022, and 2021:

	<u>2022</u>	<u>2021 Restated</u>	<u>Change</u>
Bonds payable	\$ 22,935,000	\$ 23,905,000	\$ (970,000)
Unamortized premium	1,196,109	1,240,409	(44,300)
Notes payable	13,873,108	11,989,424	1,883,684
Net OPEB liability	9,019,446	10,747,423	(1,727,977)
Net pension liability	2,631,573	5,354,854	(2,723,281)
Compensated absences	337,068	307,679	29,389
Lease liability	182,808	327,095	(144,287)
Total liabilities	50,175,112	53,871,884	(3,696,772)
Less: current portion	(1,840,038)	(1,805,912)	(34,126)
Total long-term debt	\$ 48,335,074	\$ 52,065,972	\$ (3,730,898)

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Management Discussion & Analysis
Year Ended June 30, 2022**

Long-term liabilities decreased \$(3,730,898) primarily due to reductions in the net OPEB liability and net pension liability valuations combined with annual principal payments on outstanding bonds and notes.

ECONOMIC FACTORS AND BUDGET

The Agency's Board of Directors and management consider various factors when setting the fiscal budget. The Agency has adopted its Fiscal Year 2022/2023 Budget with total revenue of \$14,161,900 and total expense and transfers out of \$13,912,600. The Agency has implemented increased user charges for both Water and Wastewater customers during fiscal year 2022 and 2021 to build reserves and maintain the various utility systems in proper operating condition. The Agency is working to address the issues of building cash reserves and addressing an aging infrastructure in an inflationary economy.

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, please contact the Amador Water Agency at (209) 223-3018.

AMADOR WATER AGENCY
STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	2022	Restated 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,725,145	425,300
Accounts receivable		
Current services	1,825,124	1,456,286
Grants	404,431	1,447,437
Taxes	30,026	34,186
Other	68,963	52,488
Accrued interest receivable	3,140	877
Due from City of Plymouth, current portion	54,855	54,855
Inventory	275,064	310,600
Prepaid expenses	174,844	70,702
Total Current Assets	4,561,592	3,852,731
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	3,491,626	2,965,630
Total Restricted Assets	3,491,626	2,965,630
Capital Assets:		
Nondepreciable	8,118,695	5,142,347
Depreciable, net of accumulated depreciation	98,078,636	101,597,991
Total Capital Assets, Net	106,197,331	106,740,338
Other Assets:		
Due from City of Plymouth, noncurrent portion	2,514,187	2,569,042
Total Other Assets	2,514,187	2,569,042
Total Noncurrent Assets	112,203,144	112,275,010
TOTAL ASSETS	116,764,736	116,127,741
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	1,220,162	1,299,568
Other post employment benefits	1,348,476	1,105,636
TOTAL DEFERRED OUTFLOWS	2,568,638	2,405,204

(Continued)

AMADOR WATER AGENCY

STATEMENTS OF NET POSITION (Continued)

June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 828,735	\$ 1,549,241
Accrued expenses and other liabilities	118,472	141,967
Accrued interest payable	225,476	160,738
Deposits	341,324	528,170
Current portion of noncurrent liabilities	1,840,038	1,805,912
Total Current Liabilities	<u>3,354,045</u>	<u>4,186,028</u>
Noncurrent Liabilities:		
Notes payable, net of current portion	13,322,969	11,501,761
Bonds payable, net of current portion	23,141,109	24,175,409
Compensated absences	168,532	103,716
Net pension liability	2,631,573	5,354,854
Other postemployment benefits (OPEB) liability	9,019,446	10,747,423
Lease liability	51,444	182,809
Total Noncurrent Liabilities	<u>48,335,073</u>	<u>52,065,972</u>
TOTAL LIABILITIES	<u>51,689,118</u>	<u>56,252,000</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	107,240	130,046
Pensions	2,493,426	213,236
OPEB	5,514,972	4,156,800
TOTAL DEFERRED INFLOWS	<u>8,115,638</u>	<u>4,500,082</u>
NET POSITION		
Net investment in capital assets	67,903,066	69,143,166
Restricted	5,148,423	4,721,167
Unrestricted	<u>(13,522,871)</u>	<u>(16,083,470)</u>
TOTAL NET POSITION	<u>\$ 59,528,618</u>	<u>\$ 57,780,863</u>

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

AMADOR WATER AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
OPERATING REVENUES		
Current services	\$ 13,744,141	\$ 11,377,442
Other operating revenues	954,682	874,893
TOTAL OPERATING REVENUES	<u>14,698,823</u>	<u>12,252,335</u>
OPERATING EXPENSES		
General and administrative	4,596,035	5,263,745
Transmission and distribution	2,827,105	2,697,242
Maintenance	1,698,352	1,481,134
Water treatment	483,087	363,991
Depreciation	4,136,392	3,798,601
TOTAL OPERATING EXPENSES	<u>13,740,971</u>	<u>13,604,713</u>
NET INCOME (LOSS) FROM OPERATIONS	957,852	(1,352,378)
NON-OPERATING (EXPENSES) REVENUES		
Taxes and assessments	630,980	632,904
Interest income	145,314	148,572
Loss on disposal of capital assets	(88,630)	
Other non-operating revenue	235,235	8,743
Interest expense	(1,265,296)	(1,249,397)
TOTAL NON-OPERATING (EXPENSES) REVENUES	<u>(342,397)</u>	<u>(459,178)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	615,455	(1,811,556)
CAPITAL CONTRIBUTIONS		
Grant revenue	3,210	5,410,911
Capacity fees and other capital revenues	1,129,090	2,123,923
TOTAL CAPITAL CONTRIBUTIONS	<u>1,132,300</u>	<u>7,534,834</u>
CHANGE IN NET POSITION	1,747,755	5,723,278
Net position, beginning of year	<u>57,780,863</u>	<u>52,057,585</u>
NET POSITION, END OF YEAR	<u>\$ 59,528,618</u>	<u>\$ 57,780,863</u>

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

AMADOR WATER AGENCY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 14,329,985	\$ 12,021,926
Cash payments to suppliers for goods and services	(9,104,289)	(6,169,663)
Cash payments to employees for services	(3,335,617)	(3,195,099)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,890,079</u>	<u>2,657,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from taxes, assessments and other nonoperating revenues	<u>853,900</u>	<u>671,240</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	853,900	671,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions and construction of capital assets	(2,388,689)	(7,025,477)
Draws on line of credit		1,593,752
Payments on line of credit		(1,593,752)
Principal paid on long-term debt	(1,677,182)	(1,566,762)
Proceeds from long-term debt	2,431,528	522,687
Interest paid on long-term debt	(1,200,558)	(1,251,626)
Payments received from City of Plymouth	54,855	51,808
Capacity fees collected	657,590	1,604,653
Capital grants received	<u>1,046,216</u>	<u>4,774,245</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,076,240)	(2,890,472)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>143,051</u>	<u>154,965</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>143,051</u>	<u>154,965</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,810,790	592,897
Cash and cash equivalents at beginning of year	<u>3,390,930</u>	<u>2,798,033</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,201,720</u>	<u>\$ 3,390,930</u>
Cash and cash equivalents - financial statement classification		
Cash and cash equivalents	\$ 1,725,145	\$ 425,300
Restricted cash and cash equivalents	<u>3,491,626</u>	<u>2,965,630</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 5,216,771</u>	<u>\$ 3,390,930</u>

(Continued)

AMADOR WATER AGENCY

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net loss from operation	\$ 957,852	\$ (1,352,378)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,136,392	3,798,601
Amortization	(67,106)	(67,106)
Construction in progress expensed	6,909	386,528
(Increase) Decrease in:		
Accounts receivable, current services	(368,838)	(230,409)
Inventory	35,536	52,406
Prepaid expense	(104,142)	24,981
Deferred outflows	(163,434)	(216,257)
Increase (Decrease) in:		
Accounts payable	(1,396,600)	(327,415)
Accrued expenses and other liabilities	(176,136)	31,142
Deposits	(186,846)	125,062
Compensated absences	29,388	53,207
Net OPEB obligation	(1,727,977)	(689,902)
Net pension obligation	(2,723,281)	403,511
Deferred inflows	3,638,362	665,193
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,890,079</u>	<u>\$ 2,657,164</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Amortization of bond premium and deferred amount on refunding	\$ 67,106	\$ 67,106
Change in accounts payable and accrued expenses related to capital asset additions	828,735	711,642
Contributed assets	471,500	519,270

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

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Amador Water Agency (the Agency) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

Reporting Entity: 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 provides water and wastewater services to approximately 10,000 customers in Amador County. The Agency is governed by a Board of Directors consisting of five directors elected by residents of the Agency. The accompanying basic financial statements present the Agency and its component unit. The component unit discussed below is included in the Agency's reporting entity because of the significance of its operational and financial relationship with the Agency.

The Agency has created the Amador Water Agency Financing Corporation (the Corporation) to provide assistance to the Agency in the issuance of debt. Although legally separate from the Agency, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the Agency and its sole purpose is to provide financing to the County under the debt issuance documents of the Agency. Debt issued by the Corporation is reflected as debt of the Agency in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The Agency's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Agency uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received, they are recorded as unearned revenues until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the Agency, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the Agency and the estimated costs are capitalized as transmission and distribution.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Agency. Operating revenues consist primarily of charges for water and wastewater services and other fees. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Agency's pension and OPEB plan as described in Notes H and I, and for deferred amounts related to bond refundings.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the Agency's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants. The Agency also had unspent impact fees classified as restricted cash and cash equivalents.

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 \$93,229 at June 30, 2022 and \$2,017 at June 30, 2021.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

Property Taxes: The Agency receives property taxes from the County of Amador. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of March 1 of the preceding fiscal year. They become a lien on January 1. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

The Agency elected to receive the property taxes from the County under the Teeter Bill. Under this program the Agency receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Utility plant	40-50 years
Source of supply	3-40 years
Pumping plant	40 years
Treatment plant	5-40 years
Transmission and distribution	5-85 years
General plant	3-40 years

Maintenance and repairs are charged to operations when incurred. It is the Agency’s policy to capitalize all capital assets with a cost of \$5,000 and an estimated useful life of more than one year. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Depreciation expense aggregated \$4,136,392 and \$3,798,601 for the years ended June 30, 2022 and 2021.

Bond Premiums, Bond Discounts and Bond Issuance Costs: Bond premiums and discounts are deferred and amortized over the lives of the bonds. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Compensated Absences: The Agency’s policy allows employees to accumulate earned but unused vacation which will be paid to employees upon separation from the Agency’s service. The cost of vacation is recognized in the period earned.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Reclassifications: Certain reclassifications were made to 2021 amounts to conform to the presentation for 2022.

New Pronouncements: In April 2022, the GASB issued Statement No. 99, Omnibus 2022. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of Statement 87, Leases, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis for State and Local Governments, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Agency is currently analyzing the impact of the required implementation of the new statements.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,725,145	\$ 425,300
Restricted assets:		
Cash and cash equivalents	<u>3,491,626</u>	<u>2,965,630</u>
Total cash and investments	<u>\$ 5,216,771</u>	<u>\$ 3,390,930</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents as of June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 700	\$ 700
Deposits with financial institutions	<u>3,539,116</u>	<u>2,617,367</u>
Total cash	<u>3,539,816</u>	<u>2,618,067</u>
Investments in Local Agency Investment Fund (LAIF)	<u>1,676,955</u>	<u>772,863</u>
Total investments	<u>1,676,955</u>	<u>772,863</u>
Total cash and investments	<u>\$ 5,216,771</u>	<u>\$ 3,390,930</u>

Investment policy: California statutes authorize agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

During the year ended June 30, 2022 and 2021, the Agency's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	100%	None
Federal Agencies and Government Sponsored	5 years	100%	None
Municipal Obligations	5 years	100%	None
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
Repurchase Agreements	1 year	50%	None
Medium Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Government Investment Pools	N/A	100%	None
Supranationals	5 Years	30%	10%
Mortgage Backed and Asset Backed Obligation	5 years	20%	5%
Local Agency Investment Fund	N/A	None	None
Time Deposits	1 year	50%	None

*Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Investments Authorized to Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

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 average maturity of the investment in LAIF is 304 days.

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. The Agency's investment in LAIF is not rated.

Concentration of Credit Risk: 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. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 counterparty (e.g., broker-dealer) to a transaction, a government 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, 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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the Agency's deposits were \$3,539,116 and the balances in financial institutions were \$4,193,142. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$3,943,142 was covered by the pledging financial institution with assets held in a common pool for the Agency and other governmental agencies, but not in the name of the Agency. At June 30, 2021, the carrying amount of the Agency's deposits were \$2,617,367 and the balances in financial institutions were \$2,775,304. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,525,304 was covered by the pledging financial institution with assets held in a common pool for the Agency and other governmental agencies, but not in the name of the Agency.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$231,867,874,452 managed by the State Treasurer. Of that amount, 1.88% is invested in structured notes and asset-backed securities. No amounts

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. 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.

NOTE C – DUE FROM 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 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 amount due from the City of Plymouth consisted of the following at June 30:

	<u>Balances at June 30, 2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balances at June 30, 2022</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 2,623,897		\$ (54,855)	\$ 2,569,042	\$ 54,855
	<u>Balances at June 30, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balances at June 30, 2021</u>	<u>Current Portion</u>
Due from the City of Plymouth	\$ 2,675,705		\$ (51,808)	\$ 2,623,897	\$ 54,855

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 and 2021 is as follows:

	Restated Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 3,910,763		\$ (2,223)		\$ 3,908,540
Construction in progress	1,231,584	\$ 3,055,927	(6,909)	\$ (70,447)	4,210,155
Total capital assets, not being depreciated	<u>5,142,347</u>	<u>3,055,927</u>	<u>(9,132)</u>	<u>(70,447)</u>	<u>8,118,695</u>
Capital assets being depreciated:					
Utility plant	10,782,725		(5,536)		10,777,189
Source of supply	2,796,510		(6,408)		2,790,102
Pumping plant	679,137	19,524	(2,427)		696,234
Treatment plant	24,982,522		(21,156)		24,961,366
Transmission and distribution	109,563,006	491,752	(120,304)		109,934,454
General plant	19,834,464	121,721	(488,733)	70,447	19,537,899
Leased equipment	455,991				455,991
Total capital assets, being depreciated	<u>169,094,355</u>	<u>632,997</u>	<u>(644,564)</u>	<u>70,447</u>	<u>169,153,235</u>
Less accumulated depreciation:					
Utility plant	(7,919,395)	(215,445)	4,333		(8,130,507)
Source of supply	(1,047,645)	(71,965)	3,481		(1,116,129)
Pumping plant	(351,184)	(18,538)	2,064		(367,658)
Treatment plant	(12,667,139)	(636,397)	10,944		(13,292,592)
Transmission and distribution	(37,130,176)	(2,482,663)	52,363		(39,560,476)
General plant	(8,257,127)	(585,321)	484,972		(8,357,476)
Leased equipment	(123,698)	(126,063)			(249,761)
Total accumulated depreciation	<u>(67,496,364)</u>	<u>(4,136,392)</u>	<u>558,157</u>	<u>-</u>	<u>(71,074,599)</u>
Total capital assets being depreciated, net	<u>101,597,991</u>	<u>(3,503,395)</u>	<u>(86,407)</u>	<u>70,447</u>	<u>98,078,636</u>
Net capital assets	<u>\$ 106,740,338</u>	<u>\$ (447,468)</u>	<u>\$ (95,539)</u>	<u>\$ -</u>	<u>\$ 106,197,331</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE D – CAPITAL ASSETS (Continued)

	Restated Balance July 1, 2020	Additions	Deletions	Transfers	Restated Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 3,910,763				\$ 3,910,763
Construction in progress	5,697,208	\$ 7,737,119	\$ (386,528)	\$ (11,816,215)	1,231,584
Total capital assets, not being depreciated	<u>9,607,971</u>	<u>7,737,119</u>	<u>(386,528)</u>	<u>(11,816,215)</u>	<u>5,142,347</u>
Capital assets being depreciated:					
Utility plant	10,782,725				10,782,725
Source of supply	2,801,063		(4,553)		2,796,510
Pumping Plant	679,137				679,137
Treatment plant	23,471,652		(3,620)	1,514,490	24,982,522
Transmission and distribution	102,111,779	519,270	(32,727)	6,964,684	109,563,006
General plant	16,597,925		(100,502)	3,337,041	19,834,464
Leased equipment	455,991				455,991
Total capital assets, being depreciated	<u>156,900,272</u>	<u>519,270</u>	<u>(141,402)</u>	<u>11,816,215</u>	<u>169,094,355</u>
Less accumulated depreciation:					
Utility plant	(7,705,102)	(218,846)	4,553		(7,919,395)
Source of supply	(980,181)	(67,464)			(1,047,645)
Pumping plant	(338,427)	(12,757)			(351,184)
Treatment plant	(12,117,523)	(553,236)	3,620		(12,667,139)
Transmission and distribution	(34,852,984)	(2,309,919)	32,727		(37,130,176)
General plant	(7,844,948)	(512,681)	100,502		(8,257,127)
Leased equipment		(123,698)			(123,698)
Total accumulated depreciation	<u>(63,839,165)</u>	<u>(3,798,601)</u>	<u>141,402</u>		<u>(67,496,364)</u>
Net capital assets being depreciated, net	<u>93,061,107</u>	<u>(3,279,331)</u>		<u>11,816,215</u>	<u>101,597,991</u>
Net capital assets	<u>\$ 102,669,078</u>	<u>\$ 4,457,788</u>	<u>\$ (386,528)</u>	<u>\$ -</u>	<u>\$ 106,740,338</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – LONG-TERM LIABILITIES

The activity of the Agency’s long-term liabilities during the years ended June 30 was as follows:

	Restated Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022	Due Within One Year
Notes payable					
U.S. Department of Agriculture	\$ 7,555,000		\$ (130,000)	\$ 7,425,000	\$ 135,000
County of Amador	1,152,164		(71,130)	1,081,034	76,222
California Energy Commission	1,782,354		(145,372)	1,636,982	146,828
Department of Water Resources	754,358		(98,288)	656,070	101,290
County of Amador	190,045		(30,238)	159,807	30,799
American River Bank	29,974		(29,974)	-	
Department of Water Resources	2,842		(2,842)	-	
U.S. Department of Agriculture	522,687	\$ 2,431,528	(40,000)	2,914,215	60,000
	<u>11,989,424</u>	<u>2,431,528</u>	<u>(547,844)</u>	<u>13,873,108</u>	<u>550,139</u>
2016 Revenue Refunding bonds	23,905,000		(970,000)	22,935,000	990,000
Plus: Unamortized premium	1,240,409		(44,300)	1,196,109	
	<u>25,145,409</u>		<u>(1,014,300)</u>	<u>24,131,109</u>	<u>990,000</u>
Lease liability	327,095		(144,287)	182,808	131,364
Compensated absences	307,679	309,458	(280,069)	337,068	168,535
Net pension liability	5,354,854		(2,723,281)	2,631,573	
Net OPEB liability	10,747,423		(1,727,977)	9,019,446	
	<u>\$ 53,871,884</u>	<u>\$ 2,740,986</u>	<u>\$ (6,437,758)</u>	<u>\$ 50,175,112</u>	<u>\$ 1,840,038</u>
	Restated Balance July 1, 2020	Additions	(Reductions)	Restated Balance June 30, 2021	Restated Due Within One Year
Notes payable					
U.S. Department of Agriculture	\$ 7,680,000		\$ (125,000)	\$ 7,555,000	\$ 130,000
County of Amador	1,223,458		(71,294)	1,152,164	70,447
California Energy Commission	1,905,520		(123,166)	1,782,354	145,371
Department of Water Resources	849,783		(95,425)	754,358	98,288
County of Amador	219,734		(29,689)	190,045	30,238
County of Amador	26,202		(26,202)	-	
American River Bank	39,987		(10,013)	29,974	10,477
State Water Resource Control Board	17,880		(17,880)	-	
American River Bank	11,458		(11,458)	-	
Department of Water Resources	5,581		(2,739)	2,842	2,842
U.S. Department of Agriculture		\$ 522,687		522,687	
	<u>11,979,603</u>	<u>522,687</u>	<u>(512,866)</u>	<u>11,989,424</u>	<u>487,663</u>
2016 Revenue Refunding bonds	24,830,000		(925,000)	23,905,000	970,000
Plus: Unamortized premium	1,284,709		(44,300)	1,240,409	
	<u>26,114,709</u>		<u>(969,300)</u>	<u>25,145,409</u>	<u>970,000</u>
Lease liability	455,991		(128,896)	327,095	144,286
Compensated absences	254,472	257,170	(203,963)	307,679	203,963
Net pension liability	4,951,343	403,511		5,354,854	
Net OPEB liability	11,437,325		(689,902)	10,747,423	
	<u>\$ 55,193,443</u>	<u>\$ 1,183,368</u>	<u>\$ (2,504,927)</u>	<u>\$ 53,871,884</u>	<u>\$ 1,805,912</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – LONG-TERM LIABILITIES

Notes payable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
United States Department of Agriculture - Direct Borrowing; Rural Utilities Service, secured by the Gravity Supply Line Project. Original amount of \$8,330,000. Semi-annual payments of interest only at 2.75% each March and interest plus varying principal amounts each September. Annual principal and interest payments range from \$331,081 to \$359,100. 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. In the event of default, the interest rate increases to 5%.	\$ 7,425,000	\$ 7,555,000
County of Amador - Direct Borrowing; secured by all revenues and all amounts on deposit at Amador Water Agency. Original amount of \$1,450,000 for the Tanner Hydro facility. Quarterly payments of \$4,375 principal plus interest at 0.75% for the first 5 years (until October 2021) and a variable rate thereafter, as defined by the note, not to exceed 2.5%. Loan matures October 1, 2036.	1,081,034	1,152,164
California Energy Resources Conservation and Development Commission - Direct Borrowing; secured by the assets of the Agency. Original amount up to \$1,472,000 for the Ione Hydro project. Semi-annual payments of \$63,083 including interest of 1% per annum on unpaid principal. Matures December 2031.	1,636,982	1,782,354
State of California Department of Water Resources - Direct Borrowing; secured by the Ridge System Project. Original amount of \$2,359,032. Semi-annual payments of \$60,210 including interest at 3.0315% due each April and October. Matures April 2028. Requires that semi-annual payments to a reserve fund be accumulated during the first ten-year period, then maintained at such level thereafter.	656,070	754,357
County of Amador - Direct Borrowing; secured by all revenues and all amounts on deposit at Amador Water Agency. Original amount up to \$300,000. Quarterly payments of \$8,382 including interest at 1.84%. Matures April 2027.	159,807	190,045

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – LONG-TERM LIABILITIES (Continued)

	<u>2022</u>	<u>2021</u>
American River Bank - Direct Borrowing; secured by assets of the Agency. Original amount of \$52,142 for an excavator. Quarterly payments of \$2,917 each March, June, September and December including interest at 4.5% Matures April 2024. In the event of default, the interest rate increases by 5%.		\$ 29,974
State of California Department of Water Resources - Direct Borrowing; secured by the Hillside System Project. Original amount of \$50,358. Semi-annual payments of \$1,444 including interest at 3.015% due each April and October. Matured April 2022.		2,842
United States Department of Agriculture - Direct Borrowing; Rural Utilities Service, secured by a revenue bond fully registered in the name of the United States. Upon completion of construction, estimated annual payments of \$117,577 will be required over 40 years. Actual payments and interest rate will be determined at loan closing once construction is completed. Debt service reserve and short-lived asset reserve will be required to be maintained.	\$ 2,914,215	<u>522,687</u>
Total Notes Payable	<u>\$ 13,873,108</u>	<u>\$ 11,989,423</u>

The Agency's bonds consist of the following:

2016 Water Revenue Refunding Bonds: In November 2016, the Amador Water Agency issued \$28,475,000 Amador 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. Interest payments range from \$4,025 to \$478,378 semi-annually. Principal payments range from \$220,000 to \$1,635,000 annually.

The refunding resulted in deferred amount on refunding of \$228,064, which is being amortized over the remaining life of the refunded debt. Amortization expense totaled \$22,806 and \$22,806 for the years ended June 30, 2022 and 2021, and is included in interest expense. The deferred amount on refunding was \$107,240 and \$130,046 at June 30, 2022 and 2021.

The Agency's lease liabilities consist of the following:

Lease Liability: The Agency leases vehicles through Enterprise that have terms expiring through 2024. For purposes of discounting future payments on the leases, the Agency uses the discount rate in the contract which ranges from 8.73% to 13.18%. The Agency also leases office equipment with terms expiring through 2026. The rate used to discount future payments on these leases is 3%.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE E – LONG-TERM LIABILITIES (Continued)

The following is a schedule of maturities for the notes, bonds and leases payable:

	Notes Payable		Bonds Payable		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
For the Year						
Ended June 30:						
2023	\$ 550,139	\$ 290,692	\$ 990,000	\$ 863,506	\$ 131,365	\$ 10,704
2024	562,301	280,024	1,020,000	838,756	47,881	1,738
2025	574,805	268,695	1,070,000	787,756	2,500	73
2026	587,246	396,659	1,120,000	734,256	1,064	8
2027	599,856	245,611	1,180,000	678,256		
2028-2032	2,506,255	1,076,196	6,765,000	2,528,480		
2033-2037	1,743,291	866,172	6,640,000	1,312,444		
2038-2042	1,565,000	682,038	2,070,000	581,770		
2043-2047	1,771,000	479,160	1,620,000	225,050		
2048-2052	1,992,000	248,666	460,000	24,150		
2053-2057	1,140,000	47,664				
2058-2062	281,215	9,629				
	<u>\$ 13,873,108</u>	<u>\$ 4,891,206</u>	<u>\$ 22,935,000</u>	<u>\$ 8,574,424</u>	<u>\$ 182,810</u>	<u>\$ 12,523</u>

Pledged Revenue: The Agency pledged future water system revenues, net of specified expenses, to repay the 2016 Bonds in the original amount of \$28,475,000. The Bonds are payable solely from water customer net revenues and are payable through June 2049. Total principal and interest remaining to be paid on the Bond was \$31,509,426 and \$33,372,030 at June 30, 2022 and 2021. Total principal and interest paid was \$2,640,337 and the total water system net revenues were \$3,148,259 for the year ended June 30, 2022. Total principal and interest paid was \$1,854,606 and the total water system net revenues were \$3,176,523 for the year ended June 30, 2021. At June 30, 2022, the Agency's net revenues were 129% of debt service payments. At June 30, 2021, the Agency's net revenues were 122% of debt service payments.

NOTE F – ARBITRAGE REBATE LIABILITY

Section 148 (f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2022 and 2021.

NOTE G – NET POSITION

Restrictions: Restricted net position consists of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE G – NET POSITION (Continued)

	<u>2022</u>	<u>2021</u>
Capacity fees restricted for capital improvement and replacement	\$ 4,138,672	\$ 3,606,529
Taxes and assessments restricted for capital improvement and replacement	337,106	173,646
Taxes and assessments restricted for debt service	322,305	716,201
Debt service reserve required by debt agreement	<u>350,340</u>	<u>224,788</u>
Total Restricted Net Position	5,148,423	4,721,164
Less: Interfund loans	<u>1,656,797</u>	<u>1,755,534</u>
Total Restricted Cash	<u>\$ 3,491,626</u>	<u>\$ 2,965,630</u>

The Agency's restricted cash and net position are reduced by loans made to various funds to cover project costs.

NOTE H – PENSION PLANS

Plan Descriptions: All qualified employees are eligible to participate in the Agency's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). PERS acts as a common investment and administrative agent for participating public employers within the State of California. The Agency participates in the Miscellaneous and PEPRA Miscellaneous rate plans.

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

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. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees' Retirement Law.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE H – PENSION PLANS (Continued)

The Plans’ provisions and benefits in effect at June 30 are summarized as follows:

	Classic Miscellaneous Plan (Prior to January 1, 2013)		PEPRA Miscellaneous Plan (On or after January 1, 2013)
	Tier 1	Tier 2	
	Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 60
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	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates - 2021/22	7.000%	7.000%	6.750%
Required employer contribution rates - 2021/22	10.340%	8.650%	7.590%
Required employee contribution rates - 2020/21	-	7.000%	6.250%
Required employer contribution rates - 2020/21	10.484%	8.794%	6.985%

In addition to the contribution rates above, the Agency was also required to make payments of \$502,448 and \$432,167 toward its unfunded actuarial liability during the years ended June 30, 2022 and 2021.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

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

The contributions to the Plans were \$791,098 and \$725,027 for the years ended June 30, 2022 and 2021.

Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2022 and 2021, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,631,573 and \$5,354,854.

The Agency’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2022 is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The net pension liability as of June 30, 2021 is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2020 using standard update procedures. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency’s proportionate share of the net pension liability for the Plan as of June 30 was as follows:

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE H – PENSION PLANS (Continued)

Proportion - June 30, 2020	0.04832%
Proportion - June 30, 2021	<u>0.04922%</u>
Change - Increase	0.00090%
Proportion - June 30, 2021	0.04922%
Proportion - June 30, 2022	<u>0.04866%</u>
Change - Increase	-0.00056%

For the years ended June 30, 2022 and 2021, the Agency had pension expense of \$427,488 and \$1,042,591, respectively. The Agency reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 791,089		\$ 725,027	
Differences between actual and expected experience	295,103		275,951	
Changes in assumptions				\$ (38,193)
Change in employer's proportion	133,970		139,516	
Differences between the employer's contribution and the employer's proportionate share of contributions		\$ (196,202)		(175,043)
Net differences between projected and actual earnings on plan investments		<u>(2,297,224)</u>	<u>159,074</u>	
Total	<u>\$ 1,220,162</u>	<u>\$ (2,493,426)</u>	<u>\$ 1,299,568</u>	<u>\$ (213,236)</u>

The \$791,089 and \$725,027 at June 30, 2022 and 2021, respectively, 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 subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows for the year ended June 30, 2022:

Fiscal Year Ended	
June 30	
2023	\$ (441,774)
2024	(467,121)
2025	(520,625)
2026	<u>(634,833)</u>
	<u>\$ (2,064,353)</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE H – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15% (b)	7.15% (b)
Inflation	2.5%	2.5%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Mortality (b)	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

- (a) Net of pension plan investment expenses, including inflation.
- (b) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% at both June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE H – PENSION PLANS (Continued)

Asset Class	2022			2021		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Sensitive		0.77%	1.81%		0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%		(0.92)%	1.0%		(0.92)%
Total	<u>100.0%</u>			<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Agency’s proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Agency’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2022	2021
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 5,913,586	\$ 8,460,872
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 2,631,573	\$ 5,354,854
1% Increase	8.15%	8.15%
Net Pension Liability	\$ (81,621)	\$ 2,788,449

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

NOTE I – OTHER POST-RETIREMENT BENEFITS

Plan Description: The Agency’s defined benefit OPEB plan provides OPEB benefit for all permanent full-time employees of the Agency. Benefits are set by the Memoranda of Understandings with the applicable employee bargaining units and may be amended by agreement between the Agency and the bargaining units. The Plan is a single employer defined benefit OPEB plan administered by the Agency. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. No prefunding contributions are being made to the Plan.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I – OTHER POST-RETIREMENT BENEFITS

Benefits Provided: The Agency provides post-employment health care benefits established by Agency resolution to all qualifying employees. Eligibility for retiree health benefits is as follows:

For 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, subject to a vesting schedule.

For 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 ten (10) 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 contribute to the plan at a gradually decreasing rate with ten to twenty years of service.

For employees hired between July 24, 2014 and March 2018, eligible employees will receive medical insurance upon retirement up to the employee’s eligibility for Medicare. Coverage will terminate upon employee Medicare eligibility for the employee and dependents. Retired employees contribute to the plan at a gradually decreasing rate with ten to twenty years of service.

For employees hired on or after March 1, 2018, the Agency will contribute \$100 per month to a retiree medical savings account, with an additional matching contribution of the participating employee’s contributions up to \$100 per month. This plan is in lieu of participating in the Agency’s retiree medical plan upon retirement. All current employees have an option to enroll in this plan, but then they are no longer eligible for the retiree medical benefits discussed in the prior paragraphs.

Employees Covered by Benefit Terms: As of the June 30 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

	<u>2022</u>	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefit payments	20	19
Active employees	<u>26</u>	<u>31</u>
Total	<u><u>46</u></u>	<u><u>50</u></u>

Total OPEB Liability: The Agency's total OPEB liability for the years ending June 30, 2022 and 2021 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of June 30, 2021 and 2020, respectively.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2021 and 2020 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2022	2021
Measurement date	June 30, 2021	June 30, 2020
Valuation date	June 30, 2021	June 30, 2020
Actuarial assumptions:		
Inflation	2.50%	2.75%
Payroll growth	2.80%	3.00%
Discount rate	2.10%	2.45%
Mortality rate	CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.	Post-retirement mortality projected fully generational with Scale MP-2020.
Healthcare trend rate	Non-medicare 5.75% for 2022, decreasing to an ultimate rate of 4.04% in 2075 Medicare 5.40% for 2022, decreasing to an ultimate rate of 4.04% in 2075	Non-medicare 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Kaiser) 5.0% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Participation rate	100.00%	100.00%

The discount rate used to measure the total OPEB liability was decreased from 2.45% for June 30, 2021 to 2.10% for June 30, 2022. The discount rate was based on the average of S&P Municipal Bond 20 Year High Grade Rate Index (2.19% on June 30, 2021 and 2.66% on June 30, 2020), Bond Buyer 20-Bond GO Index (Not used in current year and 2.21% on June 30, 2020), and Fidelity GO AA 20 Year Bond Index (1.92% on June 30, 2021 and 2.45% on June 30, 2020), rounded to the nearest 5 basis point at June 30, 2020 and 2019.

Retirement mortality information was derived from data during 1997 to 2015 CalPERS experience study dated December 2017. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes in Assumptions: Changes in assumptions in the June 30, 2021 valuation include changes to the payroll growth, mortality termination, disability and retirement rates updated to the 2017 CalPERS experience study. Changes of assumptions in 2021 include the changes in the discount rate discussed previously. As of the June 30, 2020 measurement date, the medical trend was revised from 5% to 7.25% in 2021, decreasing to an ultimate rate of 4% by 2076 to the Getzen 2021 table of 5.40% to 5.75% in 2022, decreasing to an ultimate rate of 4.04% in 2076.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

Changes in the Total OPEB Liability: The changes in the total OPEB liability for the plan are as follows:

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at July 1, 2020	\$ 11,437,325
Changes in the year:	
Service cost	411,091
Interest	368,820
Differences between expected and actual experience	(1,624,289)
Assumption changes	434,173
Benefit payments	<u>(279,697)</u>
Net changes	<u>(689,902)</u>
Balance at June 30, 2021 (June 30, 2019 measurement date)	10,747,423
Changes in the year:	
Service cost	390,000
Interest	270,041
Differences between expected and actual experience	(2,613,644)
Assumption changes	457,703
Benefit payments	<u>(232,077)</u>
Net changes	<u>(1,727,977)</u>
Balance at June 30, 2022 (June 30, 2020 measurement date)	<u>\$ 9,019,446</u>

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2022		
	Current		
	1% Decrease 1.10%	Discount Rate 2.10%	1% Increase 3.10%
Total OPEB liability	\$ 10,676,808	\$ 9,019,446	\$ 7,699,595

	2021		
	Current		
	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Total OPEB liability	\$ 12,714,066	\$ 10,747,423	\$ 9,179,027

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2022		
	Current Healthcare Cost		
	1% Decrease (4.4% Medical decreasing to 3.04%)	Trend Rates (5.4% Medical decreasing to 4.04%)	1% Increase (6.4% Medical decreasing to 5.04%)
Total OPEB liability	\$ 7,476,931	\$ 9,019,446	\$ 11,032,642

	2021		
	Current Healthcare Cost		
	1% Decrease (6.25% Medical decreasing to 3%)	Trend Rates (7.25% Medical decreasing to 4%)	1% Increase (8.25% Medical decreasing to 5%)
Total OPEB liability	\$ 8,940,762	\$ 10,747,423	\$ 13,096,983

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2022 and 2021, the Agency recognized OPEB expense of \$(383,653) and \$95,540, respectively.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

At June 30, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>		<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 247,473		\$ 250,558	
Differences between actual and expected experience		\$ (4,936,255)		\$ (3,352,762)
Changes in assumptions	<u>1,101,003</u>	<u>(578,717)</u>	<u>855,078</u>	<u>(804,038)</u>
Total	<u>\$ 1,348,476</u>	<u>\$ (5,514,972)</u>	<u>\$ 1,105,636</u>	<u>\$ (4,156,800)</u>

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>June 30</u>	
2022	\$ (1,043,694)
2023	(1,043,694)
2024	(908,694)
2025	(852,694)
2026	(479,072)
Thereafter	<u>(86,121)</u>
	<u>\$ (4,413,969)</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between expected and actual experience and changes of assumptions are recognized over the expected average remaining service lifetime (EARS), which was six years at the June 30, 2021 valuation date.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE J – LINE OF CREDIT

On September 1, 2020, the Agency obtained a \$2 million line of credit, secured by inventory, chattel paper, accounts receivable and equipment at an interest rate of the lender’s base lending rate plus 1.50%. The rate at June 30, 2021 was 4.75%. The line of credit matured September 11, 2021 and was extended to December 10, 2021 and again to March 10, 2023.

NOTE K – COMMITMENTS AND CONTINGENCIES

In July 2020, the Agency entered into a contract with a general contractor on the Pioneer Phase 3 project for \$5,354,570, of which \$2,482,744 remains unspent at June 30, 2022. The project is funded by a combination of USDA loans and grants.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Agency’s operational and financial performance will depend on certain developments including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

NOTE L – INSURANCE

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official’s liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The Agency pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The Agency’s deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property Damage	100,000	500,000,000	\$ 1,000 to 100,000
Crime		100,000	1,000
Cyber Liability		5,000,000	\$ 75,000 to 100,000
Workers Compensation liability	2,000,000	Statutory	None
Excess Crime		1,000,000	100,000

The Agency continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the Agency is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

AMADOR WATER AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE M – CHANGES IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2022 the Agency adopted GASB Statement No. 87, *Leases*, retroactive to July 1, 2020. This Statement required the Agency to recognize in its financial statements a right of use asset and a lease liability for the Agency's leases with a term greater than twelve months. Due to implementation of this Statement, the balances previously reported as of July 1, 2020 and June 30, 2021 changed as follows:

	<u>July 1, 2020</u>	<u>June 30, 2021</u>
Assets	\$ 455,691	\$ 332,293
Liabilities	455,691	327,095
Net position		5,198
Change in net position		5,198

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REQUIRED SUPPLEMENTARY INFORMATION

AMADOR WATER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
Last 10 Years**

	<u>June 30,2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.04866%	0.04922%	0.04832%	0.04730%	0.04761%	0.04707%	0.04580%	0.04931%
Proportionate share of the net pension liability	\$ 2,631,573	\$ 5,354,854	\$ 4,951,343	\$ 4,558,042	\$ 4,721,415	\$ 4,073,067	\$ 3,143,683	\$ 3,068,160
Covered payroll - measurement period	\$ 3,241,637	\$ 3,458,365	\$ 3,286,241	\$ 2,975,301	\$ 2,891,092	\$ 2,738,454	\$ 2,520,123	\$ 2,040,605
Proportionate share of the net pension liability as a percentage of covered payroll	81.18%	154.84%	150.67%	153.20%	163.31%	148.74%	124.74%	150.36%
Plan fiduciary net position as a percentage of the total pension liability	123.18%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%
Discount rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.50%
Notes to Schedule:								
Reporting valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years**

	<u>June 30,2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 791,089	\$ 725,027	\$ 672,055	\$ 580,886	\$ 494,480	\$ 456,825	\$ 398,264	\$ 340,922
Contributions in relation to the actuarially determined contributions	(791,089)	(725,027)	(672,055)	(580,886)	(494,480)	(456,825)	(398,264)	(340,922)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	2,162,628	\$ 3,241,637	\$ 3,458,365	\$ 3,286,241	\$ 2,975,301	\$ 2,891,092	\$ 2,738,454	\$ 2,520,123
Contributions as a percentage of covered payroll	36.58%	22.37%	19.43%	17.68%	16.62%	15.80%	14.54%	13.53%
Notes to Schedule:								
Contribution valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Actuarial cost method					Entry age normal			
Amortized method					Level percentage of payroll, closed			
Remaining amortization period					Varies, not more than 30 years			
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases					Varies by Entry Age and Service			
Payroll growth	2.75%	2.75%	2.50%	2.875%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age		50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.						
Mortality		Most recent CalPERS Experience Study.						

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

AMADOR WATER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2022

	2022	2021	2020	2019	2018
Service cost	\$ 390,000	\$ 411,091	\$ 379,301	\$ 495,583	\$ 609,000
Interest	270,041	368,820	370,096	455,484	403,000
Changes in benefit terms				(26,861)	
Differences between expected and actual experience	(2,613,644)	(1,624,289)		(3,084,661)	
Assumption changes	457,703	434,173	634,765	(278,001)	(1,393,000)
Benefit payments	(232,077)	(279,697)	(283,381)	(252,000)	(237,000)
Net change in total OPEB liability	(1,727,977)	(689,902)	1,100,781	(2,690,456)	(618,000)
Total OPEB liability - beginning	10,747,423	11,437,325	10,336,544	13,027,000	13,645,000
Total OPEB liability - ending	<u>\$ 9,019,446</u>	<u>\$ 10,747,423</u>	<u>\$ 11,437,325</u>	<u>\$ 10,336,544</u>	<u>\$ 13,027,000</u>
Covered-employee payroll - measurement period	<u>\$ 2,162,628</u>	<u>\$ 2,573,150</u>	<u>\$ 2,564,017</u>	<u>\$ 2,939,386</u>	<u>\$ 2,891,092</u>
Total OPEB liability as percentage of covered-employee payroll	<u>417.06%</u>	<u>417.68%</u>	<u>446.07%</u>	<u>351.66%</u>	<u>450.59%</u>
Notes to schedule:					
Valuation date	June 30, 2021	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Discount Rate	2.10%	2.45%	3.15%	3.5%	3.4%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Medical trend	7.25% to 4.00%	6.50% to 4.25%	6.50% to 4.25%	6.25% to 4.25%	6.25% to 3.50%
Salary increases	3.00%	3.80% to 9.40% based on years of service			
Retirement age	50-75 years. Probabilities of retirement are based on the most recent CalPERS experience study.				

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes: None since June 30, 2018.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

AMADOR WATER AGENCY
SCHEDULE OF NET POSITION BY FUND

June 30, 2022

	General Fund	Water Fund	Waste Water	Eliminations	Total
ASSETS					
Current Assets:					
Cash and cash equivalents		\$ 1,442,767	\$ 282,378		\$ 1,725,145
Accounts receivable					
Current services		1,551,756	273,368		1,825,124
Grants		404,431			404,431
Taxes		28,026	2,000		30,026
Other		68,963			68,963
Accrued interest receivable		2,675	465		3,140
Due from City of Plymouth, current portion		54,855			54,855
Inventory		275,064			275,064
Prepaid expenses		158,431	16,413		174,844
TOTAL CURRENT ASSETS		3,986,968	574,624		4,561,592
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents		2,486,824	1,004,802		3,491,626
Interfund loans receivable		830,836	-	\$ (830,836)	
TOTAL NONCURRENT ASSETS		3,317,660	1,004,802	(830,836)	3,491,626
Capital Assets:					
Nondepreciable		7,948,098	170,597		8,118,695
Depreciable, net of accumulated depreciation		91,099,254	6,979,382		98,078,636
TOTAL CAPITAL ASSETS, NET		99,047,352	7,149,979		106,197,331
Other Assets:					
Due from City of Plymouth, noncurrent portion		2,514,187			2,514,187
TOTAL OTHER ASSETS		2,514,187			2,514,187
TOTAL ASSETS		108,866,167	8,729,405	(830,836)	116,764,736
DEFERRED OUTFLOWS OF RESOURCES					
Pensions		1,013,955	206,207		1,220,162
Other post employment benefits		1,132,720	215,756		1,348,476
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,146,675	421,963		2,568,638
LIABILITIES					
Current Liabilities:					
Accounts payable		749,564	79,171		828,735
Accrued expenses and other liabilities		109,784	8,688		118,472
Accrued interest payable		225,476			225,476
Deposits		312,622	28,702		341,324
Current portion of noncurrent liabilities		1,799,740	40,298		1,840,038
TOTAL CURRENT LIABILITIES		3,197,186	156,859		3,354,045
Noncurrent Liabilities:					
Notes payable, net of current portion		13,322,969			13,322,969
Bonds payable, net of current portion		23,141,109			23,141,109
Interfund loans payable			830,836	(830,836)	
Compensated absences		135,222	33,310		168,532
Net pension obligation		2,186,837	444,736		2,631,573
Net other postemployment benefits (OPEB) obligation		7,576,334	1,443,112		9,019,446
Lease liability		47,399	4,045		51,444
TOTAL NONCURRENT LIABILITIES		46,409,870	2,756,039	(830,836)	48,335,073
TOTAL LIABILITIES		49,607,056	2,912,898	(830,836)	51,689,118
DEFERRED INFLOWS OF RESOURCES					
Deferred amount on refunding		107,240			107,240
Pensions		2,072,037	421,389		2,493,426
OPEB		4,632,576	882,396		5,514,972
TOTAL DEFERRED INFLOWS		6,811,853	1,303,785		8,115,638
NET POSITION					
Net investment in capital assets		60,764,118	7,138,948		67,903,066
Restricted		3,317,661	1,830,762		5,148,423
Unrestricted		(9,487,847)	(4,035,024)		(13,522,871)
TOTAL NET POSITION	\$ -	\$ 54,593,932	\$ 4,934,686	\$ -	\$ 59,528,618

AMADOR WATER AGENCY

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION BY FUND

For the year ended June 30, 2022

	General Fund	Water Fund	Waste Water	Eliminations	Total
OPERATING REVENUES					
Current services		\$11,564,800	\$ 2,179,341		\$ 13,744,141
Other operating revenue		859,915	94,767		954,682
TOTAL OPERATING REVENUE		12,424,715	2,274,108		14,698,823
OPERATING EXPENSES					
General and administrative	\$ 6,175	4,097,475	492,385		4,596,035
Transmission and distribution		2,338,730	488,375		2,827,105
Maintenance		1,117,361	580,991		1,698,352
Water treatment		424,346	58,741		483,087
Depreciation		3,733,529	402,863		4,136,392
TOTAL OPERATING EXPENSES	6,175	11,711,441	2,023,355		13,740,971
NET INCOME (LOSS) FROM OPERATIONS	(6,175)	713,274	250,753		957,852
NON-OPERATING REVENUES (EXPENSES)					
Taxes and assessments		598,272	32,708		630,980
Investment income		144,299	1,015		145,314
Loss on sale and disposition of capital assets		(79,469)	(9,161)		(88,630)
Other non-operating revenue		7,954	227,281		235,235
Interest expense		(1,264,029)	(1,267)		(1,265,296)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	(592,973)	250,576		(342,397)
CAPITAL CONTRIBUTIONS					
Grant revenue		3,210			3,210
Capacity fees and other capital revenues		1,114,396	14,694		1,129,090
TOTAL CAPITAL CONTRIBUTIONS		1,117,606	14,694		1,132,300
INCOME (LOSS) BEFORE TRANSFERS	(6,175)	1,237,907	516,023		1,747,755
TRANSFERS					
Transfers in	424,621	1,062,439	109,365	\$ (1,596,425)	
Transfers out	(1,137,068)	(397,056)	(62,301)	1,596,425	
TOTAL TRANSFERS	(712,447)	665,383	47,064		
CHANGE IN NET POSITION	(718,622)	1,903,290	563,087		1,747,755
Net position, beginning of year	718,622	52,690,642	4,371,599		57,780,863
NET POSITION AT END OF YEAR	\$ -	\$ 54,593,932	\$ 4,934,686	\$ -	\$ 59,528,618

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OTHER REPORTS

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
Sutter Creek, California

We have audited, 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, the financial statements of the Amador Water Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 5, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing 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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

To the Board of Directors
Amador Water Agency

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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.

Richardson & Company, LLP

January 5, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM, INTERNAL CONTROL OVER
COMPLIANCE AND SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Amador Water Agency
Sutter Creek, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Amador Water Agency's (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB the *OMB Compliance Supplement* that could have a direct material effect on each of the Agency's major federal programs for the year ended June 30, 2022. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

To the Board of Directors
Amador Water Agency

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Richardson & Company, LLP

January 5, 2023

AMADOR WATER AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered considered to be material weaknesses? | None noted |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section | No |

4. Identification of major programs:

Federal Assistance Listing (AL) Number

10.760

Name of Federal Program

Water and Waste Disposal Systems
for Rural Communities

- | | |
|---|-----------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR, Section 200.516(a)? | No |

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

COMPLIANCE

None

INTERNAL CONTROL OVER COMPLIANCE

None

AMADOR WATER AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2022

D. PRIOR YEAR FINDINGS- FINANCIAL STATEMENT AUDIT

None

E. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

COMPLIANCE

Finding 2021-001: See this finding described under the INTERNAL CONTROL OVER COMPLIANCE section below.

INTERNAL CONTROL OVER COMPLIANCE

Finding 2021-001: Significant Deficiency – Schedule of Expenditures of Federal Awards (SEFA).

AL No.: 10.760, 14.228, and 97.039

Federal Grantor: U.S. Department of Agriculture (10.760), U.S. Department of Housing and Urban Development (14.228), and U.S. Department of Homeland Security (97.039)

Passed-through: Direct Award (10.760), Amador County (14.228), and California Governor’s Office of Emergency Services (97.039)

Award No.: 17-CDBG-11991 CAWP (14.228)

Compliance Requirement: Reporting

Condition: The final balance of federal grant and loan expenses reported on the Schedule of Expenditures of Federal Awards (SEFA) excluded accruals for qualified expense incurred up through year-end.

Recommendation: We recommend a grant tracking spreadsheet, and that the Agency reconciles the SEFA to the GL to ensure the expenses reported on the SEFA are complete and accurate when the single audit begins.

Current Status: Issue is resolved for the year ended June 30, 2022. Agency properly reconciled federal program expenditures to the SEFA prior to the audit.

AMADOR WATER AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal Assistance Listing (AL) Number</u>	<u>Pass-Through Grantors' Number</u>	<u>Expenditures</u>
MAJOR FEDERAL AWARDS:			
<u>U.S. Department of Agriculture</u>			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 2,717,638</u>
TOTAL MAJOR FEDERAL AWARDS			<u><u>\$ 2,717,638</u></u>

AMADOR WATER AGENCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022 and 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Amador Water Agency (the Agency) under programs of the federal government for the year ended June 30, 2022. 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 Agency's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Agency.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Agency's portion, may be more than shown.

NOTE D – INDIRECT COST ALLOCATION PLAN

The Agency did not charge indirect costs to federal programs during the year ended June 30, 2022.

NOTE E – CLUSTERS OF PROGRAMS

There were no clusters of the Agency's federal programs during the year ended June 30, 2022.

NOTE F – SUBRECIPIENTS

There were no subrecipients of the Agency's federal programs during the year ended June 30, 2022.

NOTE G – LOAN PROGRAMS

Loan programs with outstanding loan balances at June 30, 2022 included the Water and Waste Disposal Systems for Rural Communities Program AL number 10.760, which had an outstanding balance of \$2,914,215.