



Alameda County Water District  
Fremont, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended ~ June 30, 2015 and June 30, 2014

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**ALAMEDA COUNTY WATER DISTRICT**

**FOR THE YEARS ENDED**

**JUNE 30, 2015 and JUNE 30, 2014**

**P.O. Box 5110  
43885 South Grimmer Boulevard  
Fremont, California 94537**

**PREPARED BY THE FINANCE DEPARTMENT**

**Alameda County Water District  
 Comprehensive Annual Financial Report  
 For the years ended June 30, 2015 and 2014**

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# INTRODUCTORY SECTION

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October 19, 2015

To the Board of Directors and Our Customers:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Alameda County Water District (District) for the years ended June 30, 2015 and 2014.

We believe the report presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position, the changes in financial position and the cash flows of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Additionally, the financial section of the report includes a detailed discussion and analysis by management of the District's financial performance for fiscal years ended June 30, 2015 and 2014. Responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the District.

The CAFR follows the financial reporting guidelines recommended by the Government Finance Officers Association of the United States and Canada.

**THE REPORTING ENTITY**

The District was established as a special district in 1913 by a vote of the people to ensure a continuous supply of quality water for agricultural and urban purposes. The District was the first agency formed under the State of California's County Water District Act. Since its founding, the District has been a water conservation agency. It is responsible for maintaining the groundwater supply in the Niles Cone Groundwater Basin, which underlies southern Alameda County, including the cities of Fremont, Newark and Union City.

Since 1930, the District has also been a water distribution agency. From the purchase of a small water distribution system in Alvarado (now part of Union City), the District has expanded to serve almost all of the area covered by its conservation activities. The District produces, stores, treats and distributes water for a population of approximately 344,000 people in southern Alameda County. The District covers approximately 105 square miles and, as of June 2015, provided water service through over 82,000 connections.

The District's current water production is approximately 38,500 acre-feet per year. Water is typically provided to the District from four sources: 1) groundwater from the Niles Cone Groundwater Basin (including fresh groundwater from two wellfields and desalination of brackish groundwater); 2) surface water from the Del Valle Reservoir; 3) water imported from the State of California's State Water Project; and 4) water imported from the San Francisco Regional Water System. Additionally, in the fiscal year ended June 30, 2015, the District received water from the Contra Costa Water District (CCWD) as part of a Cooperative Agreement for one-time storage and exchange. The amount of water available from each of these sources is highly variable in any given year due to hydrologic conditions and other factors. Assuming



wet local conditions and full delivery of imported water supplies, these four typical sources may provide up to a maximum of approximately 90,000 acre-feet per year.

The District is governed by a five-member Board of Directors elected at-large from within the District's service area. The Board of Directors appoints the General Manager who is responsible for the administration of the District through its five departments - Office of the General Manager, Engineering & Technology Services, Finance, Operations & Maintenance, and Water Resources. The General Manager's Office organizes and directs District activities in accordance with the Board's policies. The District has an authorized staff of 230 full-time employees.

The Alameda County Water District Public Facilities Financing Corporation (PFFC), a component unit of the District, was established in 1992 to issue debt for the benefit of the District. The debt has been refunded with the issuance of the 2012 Water System Revenue bonds. As such, the District is in process of dissolving the PFFC and expects the PFFC to be dissolved by the end of the year. In addition, the Alameda County Water District Financing Authority, a joint powers authority with Union Sanitary District, was formed in 2011 to enable the issuance of the 2012 and 2015 Water System Revenue Bonds.

### **Alameda County Water District Mission Statement**

It is the mission of the District to provide a reliable supply of high quality water at a reasonable price to our customers. To fulfill this mission, the District will:

- Provide prompt, courteous and responsive customer service.
- Ensure that sound, responsible financial management practices are observed in the conduct of District business.
- Plan, design and operate facilities efficiently, effectively and safely, bearing in mind the District's responsibility to be a good neighbor and a good steward of the environment.
- Promote ethical behavior in the conduct of District affairs, and facilitate the public's involvement in the planning and development of District policy.
- Recruit and retain a qualified, productive workforce and maintain a workplace environment where diversity and excellence are valued and where creativity, teamwork, and open communication are actively encouraged.

### **SIGNIFICANT EVENTS AND ACCOMPLISHMENTS**

#### ***Continuing to Navigate Through the Ongoing Statewide Drought***

As a result of four successive years of low rainfall, the State is currently experiencing a severe drought, and the District continues to address its impacts through various water management strategies. Due to the record-dry conditions, Governor Edmund G. Brown proclaimed a drought emergency on January 17, 2014, ordering, amongst other actions, State agencies to execute a statewide conservation campaign to reduce water usage by 20%. On March 13, 2014, the District's Board of Directors adopted Ordinance No. 2014-01, declaring a water shortage emergency and adopting water use regulations, restrictions and guidelines for the water shortage emergency, designed to achieve a 20% service area-wide reduction in water use by prohibiting wasteful uses of water and limiting landscape irrigation. On July 29, 2014, the State Water Resources Control Board adopted statewide emergency conservation regulations that largely mirrored the District's Ordinance prohibitions.

As the drought entered its fourth year, the State passed additional emergency conservation regulations on March 27, 2015, which extended and expanded the regulations adopted in 2014. These regulations were finalized and adopted on May 5, 2015. During the intervening month, the Governor issued another Executive Order on April 1, 2015, which included, for the first time ever, a mandate to reduce statewide

water use, specifically by 25% from 2013 levels. In response, the State Water Resources Control Board replaced the statewide target established in July of 2014, with agency-specific goals based on each agency's average residential gallons per capita per day as reported to the State for July 2014 - September 2014; the District's target reduction is 16% from its baseline use between June 2013 and December 2013, and in January and February 2013. The State Board also expanded water agency reporting requirements and added additional end-user prohibitions including, prohibiting irrigation with potable water of ornamental turf on public medians, and called for new standards for irrigation of landscaping in new developments. These standards are addressed under an emergency regulation adopted by the Building Standards Commission in June 2014 and through a revised Model Water Efficient Landscape Ordinance (MWELo) that all cities will be required to adopt. The revised MWELo includes much stricter efficiency standards for irrigation systems and greatly limits the installation of non-functional turf for new developments and for renovated landscapes at existing developments.

The District's Ordinance is consistent with the revised State conservation standard of a 16% reduction and therefore has not been changed and remained in effect throughout fiscal year ended June 30, 2015. Water demand for the fiscal year ended June 30, 2015, was 38,500 acre feet, or roughly 20% less than the pre-drought demand. However, data after June 30, 2015 seems to indicate that the District's customers are currently reducing water demand beyond 20%.

All residents and businesses in the Tri-City area were notified of the District's Ordinance in the fiscal year ended June 30, 2014, through a mailer and electronically. The notifications via postcards, social media updates, presentations to civic groups and governmental entities, and press releases continued into the fiscal year ended June 30, 2015. Several temporary staff people, hired in the previous fiscal year, were kept on to handle a fivefold increase in customer inquiries related to the Ordinance and the District's water conservation programs. The Turf Replacement Program saw a five-fold increase in participation from 2013 to 2015. All other conservation programs have experienced a significant increase in activity compared to the previous fiscal year, and especially when compared to the calendar year 2013. Additional staff also assisted with responding to water waste reports and Ordinance violation reports from the public. To date, over 1,600 notices have been sent to customers regarding possible violations of the Ordinance. The customers complied with the Ordinance and some were coached on best conservation practices.

While Water Conservation and Public Outreach staff endeavored to change water use behavior, Water Resources and Operations & Maintenance staff endeavored to ensure an adequate water supply.

The State Department of Water Resources' allocation (DWR final calendar year 2014 Table A allocation for the State Water Project) was 5%, with deliveries only available after September 1, 2014. However, the District was able to mitigate this historically low and constrained Table A allocation by returning 15,050 acre feet of the District's stored water from the Semitropic Water Bank, and by successful implementation of a Cooperative Agreement for one-time storage and exchange with CCWD for 5,000 acre feet.

In the fiscal year ended June 30, 2015, the District re-operated its Semitropic Water Bank program to increase the annual yield of the program and improve water supply reliability as well as make planning adjustments for fiscal year ending June 30, 2016. During periods when Semitropic return capacity exceeded the District's service area demand, the District stored excess returned Semitropic supplies in San Luis Reservoir. This re-operation allowed the District to maximize the Semitropic water available for return and ensured that almost 10,000 acre feet of water was available to the District for carry-over of State Department of Water Resources water supply into 2015. This large carryover volume would not have been possible by using only Table A supplies, which were limited to a 5% allocation (2,100 acre feet) in 2014.

In January 2014, a pilot water exchange involving the purchase of 1,000 acre feet of CCWD's Los Vaqueros Reservoir water was expanded to 5,000 acre feet just before Governor Brown proclaimed a Drought State of

Emergency. This 5,000 acre feet of purchased water was delivered to the District in July, August, and early September 2014 and helped maintain adequate water treatment production and enabled groundwater recharge in the late summer. At the end of the fiscal year ended June 30, 2015, the District was developing an additional exchange with CCWD and Zone 7 Water Agency (Zone 7). The District and Zone 7 will transfer up to 5,000 acre feet recovered from their Semitropic water bank accounts to CCWD in exchange for a transfer of up to 5,000 acre feet of Central Valley Project water stored in Los Vaqueros Reservoir. Currently, there is no conveyance method to deliver Los Vaqueros water to the two agencies directly. The main purpose of the proposed transfer is to exemplify regional cooperation and the benefits of delivering significant amounts of water to the agencies from an existing south-of-the-Delta storage reservoir. It will also demonstrate how future transfers would benefit by a direct conveyance method for future transfers, including during drought.

The District has undertaken actions to re-operate its Semitropic accounts and recover all Semitropic banked supply that is available for return in 2015 into local storage via the proposed exchange with Zone 7 and CCWD. These actions increase the certainty that adequate water supply will be available for District use in the remainder of 2015, and 2016 should the drought emergency conditions continue.

Managing demands and ensuring an adequate water supply form only one side of the drought challenge. The other side is determining the financial impacts of increased water supply costs and significantly reduced demands, and then determining the best financial path to follow. The District's Board members, staff, and outside consultants worked diligently over almost half a year, starting in February 2014, analyzing and evaluating the financial ramifications of the drought and ways to mitigate its negative impact on District cash flow. The Board held two workshops, a public hearing, and met a number of times in committee regarding these matters. These meetings were open to the public and a number of people from the service area participated in them. The District utilized the nationally recognized consulting firm, Raftelis Financial Consultants (RFC) to help research, model, and review numerous scenarios, options, and alternatives.

After careful deliberation and discussion, the Board adopted a drought surcharge in July of 2014. This new rate structure includes a drought surcharge in a three-tier inclining block format for all single-family residential customers and a uniform surcharge for all other distribution customer classes. To help offset the negative cash flow effects of the drought, the District made budget cuts, including eliminating or holding open positions; deferred construction of relatively lower priority capital projects over the next several years; and will utilize an existing \$10 million Emergency/Rate Stabilization Fund, as necessary. A new bond issue, Water System Revenue Bonds, Series 2015, was sold in March 2015. Tax-exempt borrowing rates are continuing to be at historically low levels and the 2015 issue has an average true interest cost of 3.42%. This issue resulted in \$30 million in net proceeds which will fund high priority capital projects

Overall, District staff and the Board faced the challenge of this unprecedented drought head-on, and is mitigating, as much as possible, its effects on the customers of the District, while still operating in a responsible and prudent manner.

### ***Improved Customer Service***

The District's website features interactive elements and enables customers to access District information and links to the Customer Information System with self-service options such as enrolling for paperless billing and viewing bills on-line. The District maintains Facebook and Twitter accounts and monitors several local blogs, using this technology to regularly disseminate information and communicate with customers.

A program offering exterior pipeline insurance coverage to residential customers through Home Emergency Insurance Solutions (HEIS) continued in the fiscal year ended June 30, 2015. HEIS is responsible

for all aspects of the program: marketing, billing, claims, and conflict resolutions. The District has received \$197,400 of non-commodity revenue from the program since its inception three years ago. A part of this non-commodity revenue is used to help fund the Water Savings Assistance Program for low-income customers. Through June of 2015, 8,700 customers had signed up for the program and 379 repairs/replacements had been completed, with a customer overall satisfaction rating of 98%.

### ***Maintained High Water Quality***

Local groundwater, on average, accounts for approximately 40% of the District's water supply. To ensure the quality of this important source of supply, the District maintains one of the most comprehensive groundwater protection programs in the State.

During the fiscal year ended June 30, 2015, the District accomplished the following groundwater quality initiatives:

- Closed 15 cases in the Groundwater Protection Program as part of its effort to protect the quality of the District's groundwater resources.
- Conducted 846 inspections of drilling operations to ensure compliance with the District's Ordinance "to Regulate Wells, Exploratory Holes, and Other Excavations within the Cities of Fremont, Newark, and Union City."
- Completed the monitoring well installations and development phases that were approved as part of the California Department of Water Resources Local Groundwater Management Assistance Grant awarded to the District for \$225,000. The project will provide a better understanding of the hydrogeology in the southwestern and western portion of the Niles Cone Groundwater Basin (Niles Cone Saltwater Intrusion and Aquifer Characterization Project).
- Designated as a Groundwater Guardian Affiliate by the Groundwater Foundation for the 17<sup>th</sup> year in a row.

Over the past twenty years, the District has made significant capital investments to its production facilities and distribution system. These improvements now allow the District to serve all of its customers with water that, on average, does not exceed hardness levels of 150 ppm. In addition, the District assured the quality of the Tri-City area water by conducting approximately 43,000 water quality analyses and by complying with all state and federal water quality monitoring regulations. In December 2014, the District's Water Quality Laboratory completed its 12-month monitoring program for the Unregulated Contaminant Monitoring Rule Phase 3 (UCMR3).

### ***Ensured Water Supply, Production, and Distribution Reliability***

During the fiscal year ended June 30, 2015, the District produced 38,500 acre feet of water for use by the residents and businesses in Fremont, Newark, and Union City.

Much of the District's water infrastructure is aging and susceptible to damage as a result of ground shaking and ground failure due to earthquakes. Accordingly, in 2013 the District embarked on a Main Replacement and Seismic Upgrade Program (MRSUP) which 1) improves the overall seismic reliability of the District's distribution system by strategically making improvements in areas of potential seismic induced-earth movement, 2) improves fire flows in the older portions of the service area that are currently served by mains that do not meet current standards, and 3) improves the seismic reliability of its distribution storage and production facilities. As part of the MRSUP, the District, over the past year, has completed the seismic retrofit of 7 of 15 large diameter pipelines planned for seismic strengthening along 8.5 miles of the Hayward Fault. The final large diameter pipeline in this project is currently undergoing seismic strengthening and is scheduled for completion in 2015. Another element of the MRSUP program included the replacement and seismic strengthening of two District water mains within Mission Boulevard: a 30-inch transmission main and a 12-inch distribution main serving the southern portion of the District's service area. The District has

also begun the seismic upgrade of its Appian water storage tank and pipeline to increase service reliability after an earthquake.

The District improved the reliability of the Water Treatment Plant No 2 (WTP2) production capability by upgrading the existing power facility turbines with newer units. The power generated by the turbines is utilized at WTP2 and, on average, the District saves \$500,000 each year when compared to purchasing power from Pacific Gas & Electric.

The District responded quickly when an existing pair of 78-inch diameter water diversion pipelines, key components of the District's groundwater recharge facilities, were damaged due to erosion. The pipelines were reconstructed and the District's groundwater recharge operation was restored to normal operation.

### ***Improved Agency Productivity and Efficiency***

During the fiscal year ended June 30, 2015, the Advanced Metering Infrastructure (AMI) pilot, consisting of almost 400 meter transmitter units (MTU), was set up to start transmitting data to the Customer Information System. The pilot is still in the testing phase. The original AMI capital project to install approximately 6,800 MTUs on commercial and industrial meters has been deferred for up to four years by the Board of Directors as part of the capital project deferral portion of the Drought Response Plan.

The District began implementation of SharePoint as the District's new content management and collaboration platform. Through the development of new intranet sites, electronic workflows, document classification and enhanced search capabilities, this system will help improve the dissemination and sharing of information between various work units across the District and help in the move towards paperless workflow processes.

Through the "Future of ACWD" program, employee-generated ideas are being used to develop new revenue streams, increase productivity, and reduce costs, as keys to a more sustainable agency future. More than 300 ideas have been processed, and business plans have been executed on 24 of these ideas. Financial results have been encouraging with approximately \$1.3 million in new revenue and savings realized so far with employee award monies totaling \$6,900. Over a 10-year period, the combined new revenue and savings from just these ideas alone are estimated to exceed \$8 million dollars.

Additionally, in the fiscal year ended June 30, 2015, the District received the Certificate of Achievement of Excellence in Financial Reporting for the 16<sup>th</sup> consecutive year.

### ***Promoted Conservation and Improved Public Awareness of Water Issues***

Water Conservation extends water supplies, benefits the environment, helps keep water rates down, and allows the District to "bank" water for dry years. To encourage customers to save water, the District continued the following ongoing water conservation programs during the fiscal year ended June 30, 2015:

- Water savings assistance was offered to low income single-family residential homeowner customers through a no-cost water survey and water-efficient fixture and toilet installation program.
  - The District won an award in 2015 for this program from the Silicon Valley Water Conservation Awards Coalition. This organization chooses one winner in several categories each year, and the District won under the Water Utility category.
- On-site indoor and outdoor water use efficiency surveys were offered to residential, business, and industrial customers.
- Rebates for the installation of rain barrels were offered to residential and commercial customers.
- Rebates for replacing turf grass with water efficient landscaping were offered to residential and commercial customers.

- Rebates for the purchase of weather-based irrigation controllers were offered to commercial customers.
- Water conserving devices and measures (showerheads, faucet aerators, flappers and leak detection tablets) were distributed to residential and commercial customers in the District's service area.
- Water saving tips and other conservation-related information were distributed to customers through the District's customer newsletter, the ACWD *Aqueduct*, the website and through the new, redesigned customer water bill.
- Water conservation literature was distributed to all customers as requested.
- Additional information about a customer's water usage, as compared to the average in their lot size grouping, was provided on the water bill.
- Rebates for the purchase of High Efficiency Toilets (HETs) and Urinals (HEUs) were offered to residential and commercial customers.
- Through the Designated Landscape Program, which provides landscape water use reports and on-site landscape surveys, District staff worked with large landscape accounts to improve irrigation efficiency. Awards were offered to participants that demonstrated water use efficiency.
- Water efficient landscape planning and conversion workshops and classes were held in partnership with other agencies.
- Renovations to the District's Drought Tolerant Demonstration Garden continued, but planting was put on hold due to the drought, and the employee composting program continued. These activities were promoted to customers to encourage water efficient landscaping.
- Leak detection through meter reader alerts was performed.
- Press releases were distributed to promote conservation and the conservation programs available to District customers.
- Conservation staff presented conservation and drought related information to the public through community group meetings and events.
- Drought related activities continued throughout the fiscal year. The District's Ordinance remained in effect with water use restrictions geared toward wasteful and non-essential use including limitations on landscape irrigation. Targeted mailings were sent to landscape contractors and large landscape sites.
- A Home Water Use reporting program through WaterSmart Software was launched in the late summer of 2014.

### ***School Education Program***

The District's School Education Program provides local school classrooms with educational resources that stress the various facets of water science and water management, with the objective of producing citizens capable of making informed decisions regarding state and local water resources. During the fiscal year ended June 30, 2015, the District continued its educational outreach within its service area by:

- Presenting water education programs to over 3,800 students in 133 classrooms.
- Promoting Groundwater Awareness Week by giving a presentation to five Advanced Placement Environmental Science classes at three local high schools.
- Distributing more than 50,000 pieces of printed educational material to teachers and students.
- Sponsoring 58 performances of ZunZun's latest water conservation theater program which was viewed by over 15,000 students at 27 schools.
- Sponsoring its annual Water Conservation Poster and Slogan Contest in which over 1,500 students vied for the opportunity to have their creations included in the 2015-2016 ACWD Water Conservation Calendar.

### ***Public Information***

- The District amended its contract with WaterSmart Software for an additional year to distribute home water reports to the top 20% of single family residential high water users up to 14,400 plus over 5,000 customers who are registered with the District's online web portal.

- Nineteen press releases were written and distributed to Bay Area media outlets. These resulted in 44 newspaper articles/letters to the editor/columns, 19 television reports, and 7 radio reports.
- Drought-related public information efforts included:
  - Production and distribution of two drought postcards reminding customers of the mandatory water use restrictions and irrigation limits.
  - Developed drought yard signs.
  - Twenty community presentations and outreach meetings.
- The District reestablished its Main Cleaning Program with extensive public outreach, including postcard mailers, signage and a press release.
- The District continued its annual publication of the Water Quality Report and three issues of The Aqueduct, the District's newsletter.

### *Environmental Stewardship*

The District recognizes that water agencies must balance the needs of people and the environment in order to be sustainable. To ensure the reliability of the water supply from Alameda Creek and restore steelhead trout, a federally listed species, the District and a number of Bay Area agencies, including the Alameda County Flood Control District, have worked for more than a decade to make the creek a more fish-friendly waterway. To date, several facilities have been constructed or are being designed towards this goal: the removal of one rubber dam; construction of fish ladders at two rubber dams; and the installation of fish screens at off-stream diversions. The District anticipates that this work will be completed in 2020.

## **FINANCIAL INFORMATION**

### *Local Economy*

The local economy of the District service area has been a reflection of the nearby Silicon Valley and of the greater Bay Area. Economic activity has recovered from the downturn of a few years ago. For example, San Francisco Bay Area technology-related businesses have been increasing their level of hiring, and the East Bay region, that encompasses the District, has a low unemployment rate of 4.9% that is being projected to be even lower next year. Median prices for existing homes in the East Bay region have seen major increases in the last few years (over 20% average year-over-year since 2012), but is forecasted to slow to the 5% to 10% range in the next two years. Overall, the Tri-City area is experiencing an increase in development activity on both large and small scale projects.

Fremont is growing, both with new developments and in existing commercial and industrial areas. Tesla Motors is increasing production, and Thermo Fisher Scientific completed its new 275,000 square foot facility on 22 acres, adjacent to the Tesla Motors site. There is currently a study related to the strategic development of 850 acres around the South Fremont/Warm Springs area that is adjacent to a new BART station, currently scheduled to open in 2015. It is projected that development of this area could create approximately 12,300 jobs and 3,900 residential units. Lennar Corporation recently completed an agreement to purchase 111 acres of land in this area and develop a mix of 2,200 apartments and houses, as well as research-and-development space and offices. Another major initiative has been the development of a Fremont downtown area with approximately 5.2 million square feet of new mixed-use buildings. In addition, the Pacific Commons area continues to be active and growing with new shops and restaurants.

In Union City, there are plans to develop a 200 acre Intermodal Station District which would include high-density housing, retail shopping, commercial business, open space, and a major transportation station.

Similarly, in Newark, a new \$40 million remodel of the NewPark Mall is under construction that will include a new 12-screen movie complex with an IMAX screen and a new expansive glass-walled restaurant pavilion. Additionally, Newark is planning a transit-oriented development consisting of up to 2,500 new

residential units, a new train station, and other amenities to serve both the greater region as well as neighboring residents.

### *Technology Improvement Initiative*

The District completed the major upgrade/re-implementation of its Enterprise Resource Planning (ERP) system, JD Edwards (JDE) in July 2014. The improvements made as part of the JDE Upgrade Implementation Project included a redesigned chart of accounts, redesigned and more efficient business processes, use of electronic timesheets, redesigned expense management and purchase requisition workflows, implementation of the Human Resource module, several improvements to the Enterprise Asset Management module for plant and facilities, and implementation of a new end-user ad-hoc reporting tool. Subsequent to the “go-live” of the new system in July 2014, the District initiated and completed a refresher training project which included reinforcement of new business processes and the development of Standard Operating Procedures to ensure that efficiencies gained from this major upgrade remain in place. The District also initiated the implementation of new budget software that integrates with the upgraded JDE system.

The District completed Phase 1 and Phase 2 of a Customer Information System (CIS) Improvement initiative that involved assessment of business processes and the use of Cayenta Utilities, the District’s CIS software. As part of this initiative, several Customer Service business process improvements were identified, prioritized and implemented, Cayenta software was re-configured for efficient system utilization, and Customer Service staff was re-trained on the re-configured system and the new Standard Operating Procedures resulting from the process improvements. As a result of this initiative, the District was able to eliminate the need for four (4) temporary full-time staff in Customer Service and one (1) temporary part-time Meter Reader.

The District completed major design and configuration tasks for Cityworks, the new Geographical Information System (GIS) based Enterprise Asset Management System for managing horizontal assets (i.e., pipelines, valves and other water distribution system facilities). Integration and system testing work continues on the Cityworks system and the system is expected to “go-live” during the last quarter of calendar year 2015. When implemented, the system will enable the move towards paperless work orders and mapping and mobile dispatching of field resources to help enhance response to customer calls and water leaks.

As mentioned previously, the implementation of a SharePoint collaboration and content management system was initiated and several discovery and envisioning sessions were held with all the business groups in the District to gather requirements for new SharePoint based departmental and divisional intranet sites, classification and retrieval of electronic documents, and development of electronic workflows. SharePoint 2013 was installed and major design and development work was completed for test sites and content classification, search and migration. This project will continue into the next fiscal year.

Improvements to the District’s IT and Telecommunications infrastructure continued during the fiscal year ended June 30, 2015, with completion of the new high-speed Microwave communication link between the District’s Headquarters building and Water Treatment Plants 1 and 2, implementation of a new security appliance for enhanced cyber-security, and upgrades to the network at several remote facilities including the setup of the network for a new access control and video-surveillance system. Several improvements and additions were also made to the District’s storage and server infrastructure to accommodate software upgrades and the needs of planned and currently underway IT projects. The District evaluated Virtual Desktop Infrastructure (VDI) solutions and started a small-scale VDI implementation for hands-on computer training needs. The District also completed the development of an initial IT Disaster Recovery plan as part of its overall Business Continuity Project.

### ***Rates and Charges***

Water rates and charges are reviewed annually and reflect the District's overall cost-of-service requirements. The District's water rates are in the lower half of the 30 Bay Area retail water purveyors surveyed each year. Additionally, because of the on-going state-wide and local drought and corresponding water supply emergency, the Board, staff, and consultants developed a drought surcharge structure to help mitigate the negative cash effects of both decreased consumption revenue from conservation efforts and increased cost for water supplies and conservation administrative costs. This was adopted by the Board and became effective in July 2014 and continues to be in place.

### ***Internal Control***

The District's financial reporting system and business processes have been designed with an emphasis on the importance of strong internal financial controls, including the proper recording of revenues and expenditures and maintenance of budgetary control for the allocation of available resources. Existing internal controls are monitored and changes are implemented as needed. These controls are designed to provide reasonable, but not absolute, assurance that (1) assets are safeguarded against waste, fraud and inefficient use and (2) the District's financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal controls should not exceed benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### ***Budgetary Control***

The District has a two-year budget cycle which is a detailed operating plan that identifies estimated costs in relation to estimated revenues over the span of two fiscal years. The budget includes the projects, services and activities to be carried out during the two fiscal years and the estimated revenue available to finance these operating and capital costs. The District's operating and capital budgets are approved by the Board of Directors. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained by monitoring budget activity on a monthly basis and adjusting activities, if needed, to ensure that the annual budgeted amounts are not exceeded. The District has also implemented a new budget software system from Hubble Software (formerly InsightSoftware.com) that will enable better end-user reporting capabilities.

### ***Long-Term Financial Planning***

The District utilizes three main comprehensive long range integrated planning models: the Integrated Resources Plan (IRP), Capital Improvement Program (CIP) and the Financial Planning Model (FPM). The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long range water supply strategy necessary to meet projected demands. The CIP includes project schedules and projected costs for production facilities and other projects identified in the IRP needed to support and maintain water supply and system reliability, public health and water quality, and environmental compliance over a 25-year planning horizon. The FPM includes short and long range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next number of years. The District has implemented a financial planning cycle that typically includes:

- Overall review of the operating and capital plan in the first quarter of the calendar year;
- Budget development during late spring;
- Adoption of the budget in June;
- Rate design and processing through the fall; and
- Rate adoption, if necessary, usually in the first quarter of the next calendar year.

## OTHER INFORMATION

### *Independent Audit*

An independent audit by certified public accountants is important in determining the reliability of the District's financial statements. The importance of such verification has been recognized by the federal and state governments, the District's bond holders and the general public. The District contracted with the accounting firm of Macias Gini and O'Connell LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

### *Award*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 16<sup>th</sup> consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Transparency Award*

The Special District Leadership Foundation awarded a District Transparency Certificate of Excellence to the District in recognition of its outstanding efforts to promote transparency in its operations and governance to the public and other stakeholders. In order to receive this award, a special district must demonstrate the completion of eight essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner.

The District also fulfilled fifteen website requirements, including providing readily available information to the public, such as board agendas, past minutes, current district budget, and the most recent financial audit. The District must demonstrate outreach to its constituents and engage the public in its governance, through a regular District newsletter and annual information public budget hearing.

A District Transparency Certificate of Excellence is valid for a period of two years.

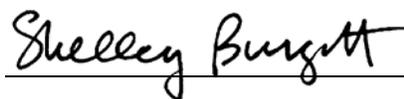
### *Acknowledgments*

The preparation of this report has been accomplished due to the dedicated and professional efforts of the staff of the Finance Department along with the cooperation of staff from the District's other departments, and guidance from the accounting firm of Macias Gini and O'Connell LLP. We would also like to thank the Board of Directors for their continued support in planning and conducting the District's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Robert Shaver  
General Manager



Shelley Burgett  
Manager of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Alameda County Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

*Alameda County Water District*

*Board of Directors*

*Martin L. Koller*  
President

*Judy C. Huang*  
Vice President

*James G. Gunther*  
Director

*Paul Sethy*  
Director

*John H. Weed*  
Director

*Principal Management Personnel*

*Robert Shaver*  
General Manager

*Edward Stevenson*  
Manager of Engineering & Technology Services

*Steven Peterson*  
Manager of Operations & Maintenance

*Shelley Burgett*  
Manager of Finance

*Steven Inn*  
Manager of Water Resources

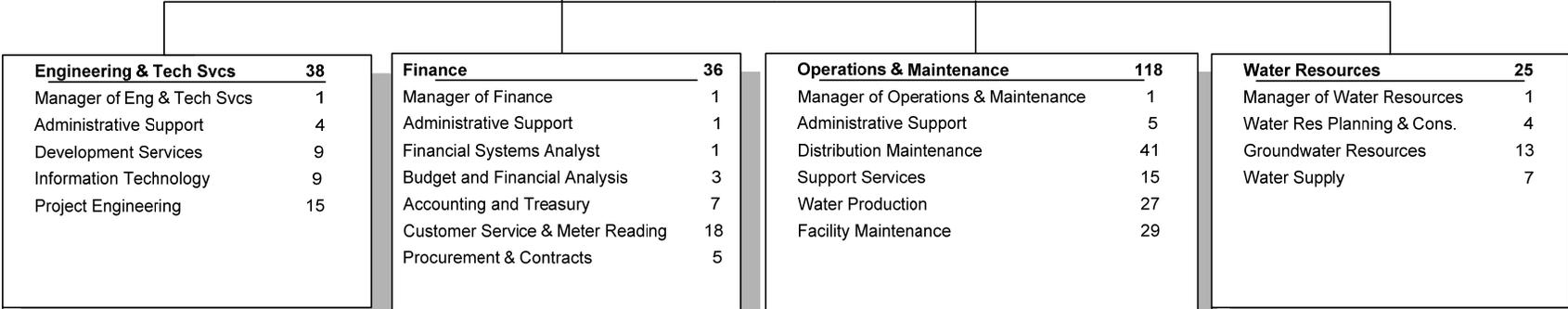
**ALAMEDA COUNTY WATER DISTRICT  
FUNCTIONAL ORGANIZATIONAL CHART  
FY 15/16**

**BOARD OF DIRECTORS**

**Office of the General Manager 13**

General Manager	1
Special Assistant to GM	1
Administrative Support	2
Human Resources	7
Public Outreach	2

**Total = 230**



# FINANCIAL SECTION

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## Independent Auditor's Report

The Board of Directors of the  
Alameda County Water District  
Fremont, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Water District (District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015 and 2014, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

*Change in Accounting Principles*

As discussed in Note 2(N) to the financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of employer pension contributions, the schedule of pension funding progress, and the schedules of funding progress and contributions – other postemployment benefits identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of 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 basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
October 19, 2015

# **Alameda County Water District**

## **Management's Discussion and Analysis (Unaudited)**

### **For the Years Ended June 30, 2015 and 2014**

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This section of the Alameda County Water District's (District) comprehensive annual financial report presents an analysis of the District's financial performance during the years ended June 30, 2015 and 2014. This information is presented in conjunction with the audited basic financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015**

- The District's net position decreased by \$65.3 million or 15.4 percent from \$424.9 million to \$359.6 million mainly due to the effect of the implementation of GASB Statement No. 68 and recognizing the District's net pension liability in the amount of \$64.6 million at June 30, 2015.
- Operating revenues decreased by \$3.9 million or 4.5 percent from \$86.7 million to \$82.8 million due to the reduction in demand for water in response to the severe drought conditions.
- Operating expenses increased by \$1.2 million or 1.4 percent from \$87.5 million to \$88.7 million mainly due to increased depreciation expense as a result of the completion of significant capital improvement projects.
- Capital contributions to the District increased by \$0.2 million or 7.1 percent from \$2.8 million to \$3.0 million.
- The District implemented an overall 8% revenue increase effective May 1, 2015 which consisted of a 30% percent increase to the service charge only and no increase to the commodity rate.
- The District implemented a tiered drought surcharge effective July 1, 2014 to recover approximately \$6 million of a projected \$16 million reduction in revenue due to reduced demands. The balance of the reduction is being offset by cash in the District's cash reserves.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The financial statements include notes which explain in detail some of the information included in the financial statements.

#### **REQUIRED BASIC FINANCIAL STATEMENTS**

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal years ended June 30, 2015 and 2014. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalents balance for each of the last two fiscal years.

## FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position (pages 10-11) and the Statements of Revenues, Expenses and Changes in Net Position (page 12) provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved during the last fiscal year. The District's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition.

A summary of the District's Statements of Net Position is presented below.

Table 1  
Condensed Statements of Net Position  
(In millions of dollars)

	2015	2014	2015 vs. 2014		2013	2014 vs. 2013	
			\$ Change	% Change		\$ Change	% Change
Current and other assets	\$ 139.9	\$ 115.5	\$ 24.4	21.1%	\$ 136.8	\$ (21.3)	-15.6%
Capital assets	396.8	386.3	10.5	2.7%	358.8	27.5	7.7%
<b>Total assets</b>	<b>536.7</b>	<b>501.8</b>	<b>34.9</b>	<b>7.0%</b>	<b>495.6</b>	<b>6.2</b>	<b>1.3%</b>
<b>Deferred outflows of resources</b>	<b>8.6</b>	<b>2.7</b>	<b>5.9</b>	<b>218.5%</b>	<b>3.0</b>	<b>(0.3)</b>	<b>-10.0%</b>
Long-term debt	91.2	63.5	27.7	43.6%	66.3	(2.8)	-4.2%
Net pension liability	64.6	-	64.6	n/a	-	-	n/a
Other liabilities	19.4	16.1	3.3	20.5%	16.7	(0.6)	-3.6%
<b>Total liabilities</b>	<b>175.2</b>	<b>79.6</b>	<b>95.6</b>	<b>120.1%</b>	<b>83.0</b>	<b>(3.4)</b>	<b>-4.1%</b>
<b>Deferred inflows of resources</b>	<b>10.5</b>	<b>-</b>	<b>10.5</b>	<b>n/a</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
Net investment in capital assets	329.1	325.5	3.6	1.1%	310.8	14.7	4.7%
Restricted for debt service	2.6	2.7	(0.1)	-3.7%	2.6	0.1	3.8%
Unrestricted	27.9	96.7	(68.8)	-71.1%	102.2	(5.5)	-5.4%
<b>Total net position</b>	<b>\$ 359.6</b>	<b>\$ 424.9</b>	<b>\$ (65.3)</b>	<b>-15.4%</b>	<b>\$ 415.6</b>	<b>\$ 9.3</b>	<b>2.2%</b>

As the above table indicates, total assets increased by \$34.9 million from \$501.8 million to \$536.7 million during the fiscal year ended June 30, 2015. This increase has several components. There was an increase of \$21.0 million in unspent restricted investments from the proceeds from the 2015 Water System Revenue Bonds issued in March of 2015. There was also a \$10.5 million increase in capital assets due to capital construction activity to upgrade and seismically harden aging District facilities funded primarily from the bond proceeds. A smaller part of the overall increase is a \$1.4 million increase in accounts receivable mainly due to repair of District facilities damaged by third parties and engineering fees for new construction and developments. For the fiscal year ended June 30, 2014, total assets increased by \$6.2 million from \$495.6 million to \$501.8 million. This is comprised of an increase of \$27.5 million in capital assets offset by a decrease in of \$21.3 million in current and other assets. The change in capital assets and current and other assets is primarily due to the District's acceleration of high priority construction projects that were mainly being funded with the proceeds of the 2012 Water System Revenue Bonds. The decrease in current and other assets was due to the utilization of bond proceeds and cash from operations to fund the capital projects.

## FINANCIAL ANALYSIS OF THE DISTRICT, Continued

Deferred outflows of resources is the amount of the unamortized deferred loss on refunding and the effect of the GASB Statement No. 68 that defers CalPERS pension contributions after the measurement date until the next fiscal year as a subsequent offset to the net pension liability. The deferred outflow of resources due to unamortized loss on refunding at June 30, 2015 and 2014 were \$2.4 million and \$2.7 million, respectively. The deferred pension contributions at June 30, 2015 is \$6.2 million

For fiscal year ended June 30, 2015, total liabilities reflect an increase of \$95.6 million due to several factors including the GASB Statement No. 68 net pension liability recognition of \$64.6 million, an increase of \$27.7 million in long term debt because of the issuance of 2015 Water Revenue Bonds, and a \$2.1 million increase in contractor and customer deposits because of increased construction activity in the service area. For fiscal year ended June 30, 2014, total liabilities reflect a decrease of \$3.4 million due mainly to scheduled long-term debt principal payments during the year, and a decrease in contractor and customer deposits.

Deferred inflows of resources is the result of GASB Statement No. 68 and is deferred difference between expected and actual investment returns in the CalPERS pension fund which will be amortized as a component of pension expense over the remaining 4 years.

Total net position decreased by \$65.3 million from \$424.9 million to \$359.6 million, mainly due to the recognition of the net pension liability pursuant to GASB Statement No. 68 at June 30, 2015. Total net position increased by \$9.3 million from \$415.6 million to \$424.9 million for fiscal year ended June 30, 2014. This increase consists of an increase of \$14.7 million in net investment in capital assets, an increase of \$0.1 million in restricted for debt service, and a decrease of \$5.5 million in unrestricted net position.

Table 2  
Condensed Statements of Revenues, Expenses  
and Changes in Net Position  
(In millions of dollars)

	2015	2014	2015 vs. 2014		2013	2014 vs. 2013	
			\$ Change	% Change		\$ Change	% Change
Operating revenues							
Water sales	\$ 80.1	\$ 81.1	\$ (1.0)	-1.2%	\$ 76.9	\$ 4.2	5.5%
Other operating revenues	2.7	5.6	(2.9)	-51.8%	3.9	1.7	43.6%
<b>Total operating revenues</b>	<b>82.8</b>	<b>86.7</b>	<b>(3.9)</b>	<b>-4.5%</b>	<b>80.8</b>	<b>5.9</b>	<b>7.3%</b>
Nonoperating revenues							
Property taxes	9.5	7.7	1.8	23.4%	7.9	(0.2)	-2.5%
Other nonoperating revenues	1.1	1.3	(0.2)	-15.4%	-	1.3	n/a
<b>Total nonoperating revenues</b>	<b>10.6</b>	<b>9.0</b>	<b>1.6</b>	<b>17.8%</b>	<b>7.9</b>	<b>1.1</b>	<b>13.9%</b>
<b>TOTAL REVENUES</b>	<b>93.4</b>	<b>95.7</b>	<b>(2.3)</b>	<b>-2.4%</b>	<b>88.7</b>	<b>7.0</b>	<b>7.9%</b>
Depreciation and amortization expense	13.4	12.6	0.8	6.3%	12.8	(0.2)	-1.6%
Other operating expenses	75.3	74.9	0.4	0.5%	70.0	4.9	7.0%
Nonoperating expenses	2.6	1.7	0.9	52.9%	2.2	(0.5)	-22.7%
<b>TOTAL EXPENSES</b>	<b>91.3</b>	<b>89.2</b>	<b>2.1</b>	<b>2.4%</b>	<b>85.0</b>	<b>4.2</b>	<b>4.9%</b>
<b>Income before capital contributions</b>	<b>2.1</b>	<b>6.5</b>	<b>(4.4)</b>	<b>-67.7%</b>	<b>3.7</b>	<b>2.8</b>	<b>75.7%</b>
Capital contributions	3.0	2.8	0.2	7.1%	5.5	(2.7)	-49.1%
<b>Changes in net position</b>	<b>5.1</b>	<b>9.3</b>	<b>(4.2)</b>	<b>-45.2%</b>	<b>9.2</b>	<b>0.1</b>	<b>1.1%</b>
Beginning net position, as restated	354.5	415.6	(61.1)	-14.7%	406.4	9.2	2.3%
<b>Ending net position</b>	<b>\$ 359.6</b>	<b>\$ 424.9</b>	<b>\$ (65.3)</b>	<b>-15.4%</b>	<b>\$ 415.6</b>	<b>\$ 9.3</b>	<b>2.2%</b>

## FINANCIAL ANALYSIS OF THE DISTRICT, Continued

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. As the information in Table 2 indicates, income before capital contributions of \$2.1 million and capital contributions of \$3.0 million resulted in an overall increase of \$5.1 million in net position for the end of the fiscal year ended June 30, 2015.

In fiscal year ended June 30, 2014, income before capital contributions of \$6.5 million and capital contributions of \$2.8 million resulted in an overall increase of \$9.3 million in net position.

For fiscal year ended June 30, 2015, Table 2 indicates that the District's total revenues decreased by \$2.3 million or 2.4 percent to \$93.4 million from \$95.7 million in the prior year. Operating revenues decreased by \$3.9 million or 4.5 percent to \$82.8 million from \$86.7 million. This was due to the combination of several factors. There was a reduction in water demand of 20%, because of conservation efforts due to the severe drought conditions, which was offset by an overall water revenue rate increase of 8%, plus a drought surcharge was adopted that resulted in about \$6.0 million in revenue. Also there was a reduction in facilities connection charges collected this year. Construction by developers did increase but deposit monies remain in payables until the job is completed and at that point they are recognized as revenue. Many of the developer jobs are still in progress as of the end of the year. Other operating revenues decreased due to reclassifications of internal overhead credits to more appropriate accounts. Non-operating revenues increased by \$1.6 million or 17.8 percent which was mainly due to an increase in override property tax revenue which helped pay for the groundwater portion of State water purchases.

Total expenses increased by \$2.1 million or 2.4 percent partially due to an increase in depreciation and amortization expense of \$0.8 million because of a significant completion of capital improvement projects, funded by a bond issue, that contributed to seismically hardening and upgrading aging District infrastructure. Purchased water increased only slightly, \$0.2 million, because of the District's ability to minimize the purchases of higher priced water from SFPUC by utilizing lower cost water from other sources. Employee cost increases contributed to the remaining \$1.0 million increase in total expense. With the completion of the financial software application upgrade project during 2015, the District adopted a new chart of accounts and made improvements in its operating expense line item classifications. For example, the District moved laboratory expenses from Source of Supply - Other to Water Treatment expense, directly charged electric expenses to Pumping Costs from other expense categories, and directly charged certain costs for Transmission and Distribution in lieu of General Administration expenses.

For fiscal year ended June 30, 2014, Table 2 indicates that the District's total revenues increased by \$7.0 million or 7.9 percent to \$95.7 million from \$88.7 million in the prior year. Operating revenues increased by \$5.9 million or 7.3 percent to \$86.7 million from \$80.8 million due to a rate increase on the commodity rate and service charges and also an increase in the facilities connection charges. There was also an increase in the number of facilities connection charges collected and there were a few more of the larger volume meters installed as development has increased over the past year. Non-operating revenues increased by \$1.1 million or 13.9 percent which was mainly due to an increase in investment income as a result of higher interest rates and better market conditions resulting in gains on investment buy/sell transactions.

Total expenses increased by \$4.2 million or 4.9 percent primarily due to an increase in purchased water unit costs plus the effects of increased water purchases from higher priced sources due to the impacts of the drought and the unavailability of the lower priced sources. In addition, administration and general expenses increased for the year ended June 30, 2014 mainly due to an increase in annual OPEB contributions and increases in pension and medical costs.

## CAPITAL ASSETS

As of June 30, 2015, the District's investment in capital assets totaled \$396.8 million, which is an increase of \$10.5 million or 2.7 percent over the capital asset balance of \$386.3 million at June 30, 2014. The increase in capital assets was primarily the result of the completion of several capital projects during the year.

As of June 30, 2014, the District's investment in capital assets totaled \$386.3 million, which is an increase of \$27.5 million or 7.7 percent over the capital asset balance of \$358.8 million at June 30, 2013. The increase in capital assets was primarily the result of the completion of several capital projects during the year plus many projects in construction work in progress funded by the 2012 Water System Revenue Bonds. A comparison of the District's capital assets over the past three fiscal years is presented in Table 3.

Table 3  
Capital Assets  
(In millions of dollars)

	2015	2014	2015 vs. 2014		2013	2014 vs. 2013	
			\$ Change	% Change		\$ Change	% Change
Land	\$ 9.6	\$ 9.6	\$ -	0.0%	\$ 9.7	\$ (0.1)	-1.0%
Construction in progress	18.9	31.9	(13.0)	-40.8%	21.6	10.3	47.7%
Source of supply	64.2	57.8	6.4	11.1%	51.1	6.7	13.1%
Pumping plant	24.2	24.2	-	0.0%	21.5	2.7	12.6%
Water treatment	160.2	157.3	2.9	1.8%	152.3	5.0	3.3%
Transmission and distribution	300.8	275.0	25.8	9.4%	263.0	12.0	4.6%
General	49.7	48.2	1.5	3.1%	48.1	0.1	0.2%
Supplemental water supply storage	20.9	20.9	-	0.0%	20.9	-	0.0%
Subtotal	648.5	624.9	23.6	3.8%	588.2	36.7	6.2%
Less accumulated depreciation/amortization	(251.7)	(238.6)	(13.1)	5.5%	(229.4)	(9.2)	4.0%
Capital assets, net	<u>\$ 396.8</u>	<u>\$ 386.3</u>	<u>\$ 10.5</u>	<u>2.7%</u>	<u>\$ 358.8</u>	<u>\$ 27.5</u>	<u>7.7%</u>

There were several capital projects completed during the fiscal year 2015. These include the Water Treatment Plant 2 Power Facility Turbine Upgrade, Main Relocation For SFPUC, Hayward Fault Crossing Seismic Project and Repair of Stevenson Pond - Lagos Los Osos and various other capital projects related to water main and meter replacements. In addition to these and other completed projects, there were also major capital projects that were under construction or in progress as of June 30, 2015. These projects included Rubber Dam Improvements, Vallecitos Channel Betterments, Appian Tank Seismic Upgrade, and various other capital projects related to water main and meter replacements.

There were several capital projects completed during the fiscal year 2014, including the J.D. Edwards Upgrade Project, Warren Avenue Pipeline Replacement, Kaiser Pond Fish Screen, Water Treatment Plant 2 Liquid Oxygen Conversion, Peralta Tyson Wellfield Generator, and various water main replacements, upgrades and relocations. In addition to these and other completed projects, there were also major capital projects that were under construction or in progress as of June 30, 2014. Those projects included Main Relocation for SFPUC Project, Hayward Fault Crossing Seismic Project, Rubber Dam Improvements, Mayhew Reservoir Roof, and various other capital projects related to water main and meter replacements.

Additional information on the District's capital assets and construction commitments is provided in Note 5 starting on page 29 of the financial statements.

## **LONG-TERM DEBT**

As of June 30, 2015, the District had \$91.2 million in outstanding debt compared to \$63.5 million on June 30, 2014 and \$66.3 million on June 30, 2013. The increase in 2015 was due to the issuance of the 2015 Water System Revenue Bonds.

Additional information on the District's long-term debt is provided in Note 7 starting on page 33 of the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors adopted the District's two-year budget on June 24, 2015. The approval of a two-year budget provides funding for the District's operating, capital and debt service costs for fiscal years 2016 and 2017. The District's water rates are reviewed by management and the Board of Directors on an annual basis. Rate increases over the past five years have resulted in the District's rates being just above the lower one-third of thirty other water agencies surveyed in the Bay Area.

In addition, the District is facing the challenge of the worst drought in 150 years which impacts water supply costs along with the costs of increased conservation programs and public information efforts. The District has responded with the implementation of drought surcharges, delaying capital projects, issuing bonds, reducing costs and utilizing cash reserves.

## **ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Alameda County Water District's Manager of Finance at 43885 South Grimmer Boulevard, Fremont, CA 94538.

## **BASIC FINANCIAL STATEMENTS**

Alameda County Water District  
 Statements of Net Position  
 Business-Type Activity - Enterprise Fund  
 June 30, 2015 and 2014  
 (In thousands)

	2015	2014
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments (Note 3)	\$ 96,494	\$ 94,698
Customer and other accounts receivable, net (Note 4)	7,296	5,917
Accrued unbilled revenue	7,452	7,635
Taxes receivable	105	94
Grants receivable	225	28
Interest receivable	325	218
Material and supplies	2,365	2,274
Prepaid items	5	8
Total unrestricted assets	114,267	110,872
Restricted investments (Note 3)	23,862	2,846
Total current assets	138,129	113,718
<b>Noncurrent assets:</b>		
Net other postemployment benefits asset (Note 11)	1,771	1,826
Capital assets: (Note 5)		
Nondepreciable	28,548	41,540
Depreciable, net	368,277	344,746
Total capital assets	396,825	386,286
Total noncurrent assets	398,596	388,112
<b>Total assets</b>	536,725	501,830
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding debt	2,408	2,714
Deferred pension contributions (Note 10)	6,213	-
<b>Total deferred outflows of resources</b>	8,621	2,714

See accompanying notes to basic financial statements.

Alameda County Water District  
 Statements of Net Position  
 Business-Type Activity - Enterprise Fund  
 June 30, 2015 and 2014  
 (In thousands)

	2015	2014
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Note 6)	8,234	7,330
Accrued payroll and related liabilities (Note 6)	3,193	3,011
Contractor and customer deposits	5,811	3,697
Interest payable	267	176
Unearned revenue	11	-
Long-term debt - due within one year (Note 7)	3,480	2,864
<b>Total current liabilities</b>	<b>20,996</b>	<b>17,078</b>
<b>Noncurrent liabilities:</b>		
Accrued payroll and related liabilities (Note 6)	162	116
Long-term debt - due in more than one year (Note 7)	87,680	60,639
Net pension liability (Note 10)	64,636	-
Other postemployment benefits - MCP program (Note 12)	1,753	1,802
<b>Total noncurrent liabilities</b>	<b>154,231</b>	<b>62,557</b>
<b>Total liabilities</b>	<b>175,227</b>	<b>79,635</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred changes in pension assumptions (Note 10)	10,505	-
<b>NET POSITION</b>		
Net investment in capital assets	329,084	325,497
Restricted for debt service	2,585	2,669
Unrestricted	27,945	96,743
<b>Total net position</b>	<b>\$ 359,614</b>	<b>\$ 424,909</b>

See accompanying notes to basic financial statements.

Alameda County Water District  
 Statements of Revenues, Expenses and Changes in Net Position  
 Business-Type Activity - Enterprise Fund  
 For the Years Ended June 30, 2015 and 2014  
 (In thousands)

	2015	2014
<b>OPERATING REVENUES:</b>		
Water sales	\$ 80,135	\$ 81,081
Facilities connection charges	1,920	3,494
Fees and rental	520	1,039
Other	229	1,070
<b>Total operating revenues</b>	<b>82,804</b>	<b>86,684</b>
<b>OPERATING EXPENSES:</b>		
Sources of supply:		
Water purchases	23,659	23,427
Pumping	1,876	2,763
Other	8,189	10,215
Total sources of supply	33,724	36,405
Water treatment	15,646	12,584
Transmission and distribution	13,552	10,934
Administration of customer accounts	1,793	1,832
Administration and general	10,551	13,090
Depreciation and amortization	13,417	12,624
<b>Total operating expenses</b>	<b>88,683</b>	<b>87,469</b>
<b>Operating loss</b>	<b>(5,879)</b>	<b>(785)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	1,098	1,217
Property taxes	9,547	7,654
Other nonoperating revenues	11	12
Other settlements	-	35
Gain (loss) on disposal of capital assets	(66)	85
Loss on abandonment of capital projects	-	(117)
Cost of issuance expense	(543)	-
Interest expense	(2,073)	(1,592)
Total nonoperating revenues (expenses)	7,974	7,294
Income before capital contributions	2,095	6,509
Capital contributions	3,023	2,767
Changes in net position	5,118	9,276
<b>NET POSITION</b>		
Beginning of year, as previously reported	424,909	415,633
Restatement of beginning net position (Notes 2 and 10)	(70,413)	-
Beginning of year, as restated	354,496	415,633
End of year	<b>\$ 359,614</b>	<b>\$ 424,909</b>

See accompanying notes to basic financial statements.

Alameda County Water District  
 Statements of Cash Flows  
 Business-Type Activity - Enterprise Fund  
 For the Years Ended June 30, 2015 and 2014  
 (In thousands)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 83,738	\$ 87,478
Cash receipts from others	11	47
Cash payments to suppliers for goods and services	(36,411)	(36,328)
Cash payments for employees pension benefits	(6,213)	(5,793)
Cash payments to employees for salaries and other benefits	(34,807)	(32,252)
<b>Net cash provided by operating activities</b>	<b>6,318</b>	<b>13,152</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes received	9,536	8,400
<b>Net cash provided by noncapital financing activities</b>	<b>9,536</b>	<b>8,400</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisitions of capital assets	(19,064)	(36,416)
Capital grants received restricted for capital purposes	39	972
Proceeds from sale of capital assets	-	134
Revenue bonds proceeds	30,000	-
Principal paid on debt	(2,650)	(2,586)
Interest paid on debt	(2,350)	(2,173)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>5,975</b>	<b>(40,069)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	52,408	54,949
Purchases of investments	(51,294)	(47,691)
Investment income received	1,089	1,409
<b>Net cash provided by investing activities</b>	<b>2,203</b>	<b>8,667</b>
<b>Net change in cash and cash equivalents</b>	<b>24,032</b>	<b>(9,850)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	16,904	26,754
End of year	\$ 40,936	\$ 16,904
<b>RECONCILIATION TO STATEMENTS OF NET POSITION:</b>		
Cash and investments	\$ 96,494	\$ 94,698
Restricted cash and investments	23,862	2,846
Less investments not meeting the definition of cash equivalents	(79,420)	(80,640)
<b>Total cash, restricted cash and investments</b>	<b>\$ 40,936</b>	<b>\$ 16,904</b>

See accompanying notes to basic financial statements.

Alameda County Water District  
 Statements of Cash Flows  
 Business-Type Activity - Enterprise Fund  
 For the Years Ended June 30, 2015 and 2014  
 (In thousands)

	2015	2014
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (5,879)	\$ (785)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	13,417	12,624
Other nonoperating revenues	11	47
Other items	16	-
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Customer and other accounts receivable	(1,379)	1,553
Accrued unbilled receivable	183	527
Materials and supplies	(91)	127
Prepaid items	3	21
Net other postemployment benefit asset	55	46
Accounts payable and accrued expenses	(826)	(34)
Accrued payroll and related liabilities	179	312
Contractor and customer deposits	2,114	(1,286)
Net pension liability and related pension deferred outflows and inflows of resources	(1,485)	-
Net cash provided by operating activities	<u>\$ 6,318</u>	<u>\$ 13,152</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Amortization of premiums and loss on debt refunding	\$ 62	\$ 91
Payment for bond issuance cost from bond proceeds	551	-
Capital contributions	2,798	2,739
Capital assets trade ins	-	8
Capitalized interest	430	669
Changes in capital related assets and liabilities:		
Grants receivable	197	984
Accounts payable and retention payable	1,730	488
Unearned revenues	(11)	(40)
<b>NONCASH INVESTING ACTIVITIES:</b>		
Change in fair value of investments	106	53

See accompanying notes to basic financial statements.

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**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**1. DESCRIPTION OF THE REPORTING ENTITY**

*A. Description of Operations*

The Alameda County Water District (the District) was organized under the California Water Act of 1913 and is governed by a five-person Board of Directors. Principal functions of the District include the importation, conservation, and distribution of water. District operations are conducted under the State Water Code of California.

*B. Reporting Entity*

The financial reporting entity consists of the District (the primary government) and its component unit, which is discussed below. A component unit is a legally separate organization for which the Board of Directors is financially accountable, or an organization whose nature and significant relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States (GAAP), these basic financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity is, in substance, part of the District's operations and data from this unit is combined with data of the District. The following entity is reported as a blended component unit:

- The Alameda County Water District Financing Authority (the Authority) is a joint powers authority with Union Sanitary District established in 2011 for the sole purpose of issuing debt for the benefit of the District. The 2012 and 2015 Water System Revenue Bonds were enabled by the formation of this entity.

Additional financial data for the Authority may be obtained from the District office at 43885 South Grimmer Boulevard, Fremont, California, 94538.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*A. Basis of Presentation and Measurement Focus*

The basic financial statements provide information about the District's enterprise fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from operating activities are recognized in the fiscal year that the operations were provided; revenues from property taxes are recognized in the fiscal year for which the taxes are levied and revenue from investments is recognized when earned, while expenses are recognized in the period in which the liability is incurred.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Basis of Presentation and Measurement Focus, Continued**

The accounts of the District are reported in a proprietary fund type, specifically, an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

**B. Cash and Investments**

The District's cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturity of three months or less from the date of acquisition.

The District considers highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Restricted investments, which consist of U.S. government securities designated for specific projects and required to be segregated pursuant to debt covenants, and restricted cash, which consists of money market accounts and CAMP funds, are presented as restricted cash and investments.

**C. Accrued Unbilled Revenue**

During the year, customer water meters are read and billed on monthly or bi-monthly periods. Because not every meter is read on the same date, revenue for water distributed but not yet billed is accrued at fiscal year-end to match revenues with related expenses.

**D. Materials and Supplies**

Materials and supplies inventory consisted principally of spare parts that are recorded when purchased and expensed when used and is recorded at weighted average cost.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Capital Assets*

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$5 and an estimated useful life of more than one year. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits and overhead. In 2015 and 2014, the District funded certain capital projects and interest in the amount of \$430 and \$669 was capitalized in 2015 and 2014, respectively, in relation to these tax-exempt bond funded capital expenditures. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction in progress primarily relates to upgrades of existing facilities.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Structures, reservoirs, pumps and other improvements	5-50 years
Office furniture, tools, shop furniture, lab furniture and equipment	10 years
Motor vehicles	5 years

*F. Customer Deposits*

Customer deposits for new customer installation jobs are retained by the District and are reported as a current liability. The customer deposit is applied to the cost of the job when the job is complete.

*G. Long-Term Debt and Related Costs*

Long-term debt is reported at face value, net of applicable premium and discounts. Costs related to the issuance of debt are reported as an expense. Losses occurring from advance refundings of debt are classified as a deferred outflow of resources and are amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

*H. Operating Revenues and Expenses*

Operating revenues and expenses consisted of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consisted primarily of charges for services. Nonoperating revenues and expenses consisted of those revenues and expenses that are related to financing and investing type of activities and resulted from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**I. Property Tax Revenue**

Assessed values are determined annually by the Alameda County Assessor (the County) as of January 1, and become a lien on real property as of the January 1. Taxes are due November 1, and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District receives two different types of property tax revenue from the County.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can only increase the property's assessed valuation by reappraisals of property due to new construction or change. The County can also increase the property's assessed valuation for cost of living increases up to a maximum of 2% per year. Property taxes collected by the taxing authority, but not remitted to the District at year-end, are accrued as revenue and included as taxes receivable. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. For the years ended June 30, 2015 and 2014, the District recognized \$4,678 and \$4,138 of this 1% property tax allocation levy.

The District also receives an override property tax amount that helps pay for the groundwater portion of both the fixed and variable costs of State water purchased by the District. The District projects such costs annually and request that the County collect that amount, approximately \$4 to \$5 million. The annual request to the County is adjusted for prior year over or under collections of tax revenue, and actual prior year's State water purchase cost. For the years ended June 30, 2015 and 2014, the District received \$4,869 and \$3,516 of this State water property tax allocated amount.

**J. Capital Contributions**

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs, which approximated fair value at the time of the District's acquisition, and recorded as capital contributions when received. Customers also provide funds for capital projects to install and repair service lines to their premises. In addition, the District, at various times, receives Federal and State grants and other funds from external sources for construction and/or rehabilitation of its facilities. These contributed assets and cash funds are reported as capital contributions on the statement of revenues, expenses and changes in net position.

**K. Net Position**

In the statements of net position, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted - This amount is all remaining amounts in net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**L. Pensions**

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

**M. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**N. New GASB Pronouncements Adopted**

During the year ended June 30, 2015, the District implemented the following accounting standards:

- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27* (GASB Statement No. 68), addresses the accounting and financial reporting requirements for pensions. The provisions of GASB Statement No. 68 separate accounting and financial reporting from how pensions are funded and require changes in the notes to the financial statements and required supplementary information. Significant changes include an actuarial calculation of the total pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and pension expense and related deferred outflows/inflows of resources disclosures (see Note 10). When the District implemented this statement in fiscal year 2015, the District also implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB Statement No. 71), which resolves transition issues in GASB Statement No. 68. The District did not restate the financial statements for the year ended June 30, 2014 because the actuarial information from CalPERS did not provide the required information for the prior year. As such, the District included the pension disclosures and required supplemental information on pension assumptions under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2014. As of July 1, 2014, the District restated the beginning net position in the amount of \$70,413 to record the beginning deferred pension contributions and net pension liability.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*N. New GASB Pronouncements Adopted, Continued*

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is intended to improve accounting and financial reporting for state and local governments' combinations and disposals of government operations. This Statement provides guidance determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. This statement did not have a significant impact to the District's financial statements.

*O. Implementation of New GASB Pronouncements*

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is intended to improve accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2016.
- In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB Statement No. 73), which establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, as well as for the assets accumulated for the purposes of providing those pensions. GASB Statement No. 73 amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes. GASB Statement No. 73 addresses the recognition of the total pension liability of such plans and the disclosures necessary for the plans that did not meet the definition of GASB Statement No. 68. GASB Statement No. 73 is effective for the District's fiscal year ending June 30, 2016.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. Implementation of New GASB Pronouncements, Continued*

- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB Statement No. 74), which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support to OPEB provided to the employees of other entities. GASB Statement No. 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. GASB Statement No. 74 is effective for the District's fiscal year ending June 30, 2017.
- In June 2014, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75), which establishes new accounting and financial reporting requirements for OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the District's fiscal year ending June 30, 2018.
- In June 2014, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB Statement No. 76), which clarifies the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two catalogues of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP. GASB Statement No. 76 is effective for the District's fiscal year ending June 30, 2016.
- In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB Statement No. 77), which requires governments that enter into tax abatement agreements to disclose additional information about the agreements including a brief descriptive information, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. GASB Statement No. 77 is effective for the District's fiscal year ending June 30, 2017.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**3. CASH AND INVESTMENTS**

The District maintains an internal cash and investment pool in a single enterprise fund. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as restricted investments. Restricted investments are the reserve funds required by the District's debt issuance holders in order to secure the District's obligation to pay the principal and interest due for one year and the unspent bond proceeds from the 2015 Water System Revenue Bonds restricted for capital projects (see Note 7).

*A. Summary of Cash and Investments*

	2015	2014
Unrestricted cash and bank deposits	\$ 5,834	\$ 5,706
Unrestricted investments	90,660	88,992
Unrestricted cash and investments	96,494	94,698
Restricted investments	23,862	2,846
Total	\$ 120,356	\$ 97,544

*B. Authorized Investments*

The District's investment policy is adopted by the District's Board, in accordance with California Government Code Section 53601. The latest investment policy was adopted in July 2013 and has the following objectives (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification by issuer and type and maturity of securities will be made to avoid or minimize loss on individual securities.
- **Liquidity:** The portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements, which might be reasonably anticipated.
- **Yield:** The portfolio shall be designed with the objective of providing a market rate of return while conforming to the safety and liquidity criteria above.

**Alameda County Water District**  
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**3. CASH AND INVESTMENTS, Continued**

***B. Authorized Investments, Continued***

Under provisions of the District's investment policy, the District may invest in the following types of investments:

- Certificates of deposit that are FDIC-insured or fully collateralized time certificates of deposit in a financial institution issued by federally chartered or state-chartered banks or associations.
- United States Treasury notes, bonds, bills or other obligations for which full faith and credit of the United States are pledged for payment of principal and interest.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Obligations issued by State of California or any agency within the State.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California.
- Bankers' acceptances with a term not to exceed 180 days.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation, on the date of purchase.
- Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or a federally licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated with one of the three highest ratings categories of a NRSRO.
- Medium-term notes issued by corporations organized and operating in the United States.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- The California Asset Management Program (CAMP).
- Shares of beneficial interest issued by diversified management companies that are money market fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

A five year maximum maturity for each investment is allowed. In addition, the investment policy requires that no more than 5% of the District's surplus funds may be deposited with or invested in securities issued by any one corporate, financial, or municipal issuer with the exception of the U.S. Treasury, federal agency institutions, and government sponsored enterprises.

In accordance with Section 53651 of the California Government Code, the District cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

***C. Deposits***

The carrying amount of the District's demand deposits balances were \$4,703 and \$3,575 and the bank balances were \$5,709 and \$6,725 at June 30, 2015 and 2014, respectively. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. The District's bank balances (demand deposits and non-negotiable certificates of deposit) were insured by the Federal Deposit Insurance Corporation (FDIC) and if over the FDIC limit collateralized by the pledging financial institutions as required by California Government Code at June 30, 2015.

**Alameda County Water District**  
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**3. CASH AND INVESTMENTS, Continued**

*C. Deposits, Continued*

The California Government Code requires California banks and savings and loans associations to secure the District's deposits not covered by federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the District's deposits or 150% of mortgage-backed collateral. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

*D. Investments*

The District's cash and investments are invested pursuant to investment policy guidelines established by the Board of Directors. The policy addresses the soundness of financial institutions in which the District deposits funds and the types of investments instruments as permitted by the California Government Code.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code and is under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF, which may be withdrawn at anytime, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. The District's investments with LAIF at June 30, 2015 and 2014 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- **Structured Notes** are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- **Asset-Backed Securities, the bulk of which are mortgage-backed securities**, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2015 and 2014, the District had unrestricted cash and investments of \$15,071 and \$13,211, respectively, invested in LAIF, which had invested 2.08% and 1.86% of the pooled investment funds in Structured Notes and Asset-Backed Securities. LAIF is part of the State's Pooled Money Investment Account (PMIA). PMIA has a total of \$69.6 billion and \$64.8 billion in its investment portfolio as of June 30, 2015 and 2014, respectively. As of June 30, 2015, the District had restricted cash and investments of \$21,011 invested in LAIF which related to the 2015 Water System Revenue Bonds issued in March 2015. The District had a total of \$36,082 and \$13,211 invested in LAIF as of June 30, 2015 and 2014, respectively. The District valued its investments in LAIF as of June 30, 2015 and 2014, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.000375979 and 1.00029875 as of June 30, 2015 and 2014, respectively.

**Alameda County Water District**  
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**3. CASH AND INVESTMENTS, Continued**

***D. Investments, Continued***

As of June 30, 2015 and 2014, the District had unrestricted cash and investments in the CAMP pool of \$10 and \$10, respectively. As of June 30, 2014, the District had restricted cash and investments of \$1 invested in the CAMP pool which related to the 2012 Water System Revenue Bonds issued in February 2012. The District had a total of \$10 and \$11 invested in the CAMP pool as of June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, the total amount invested by all public agencies in CAMP at that date was \$1,589,396 and \$1,764,433, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at anytime, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool.

***E. Investment Risks***

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. At June 30, 2015 and 2014, the District's investment pool had a weighted average maturity of 2.55 years and 2.39 years, respectively. At June 30, 2015, the District invested \$2,312 in callable bonds, which was comprised of corporate medium-term notes. At June 30, 2014, the District invested \$5,539 in callable bonds, which included \$2,930 in U.S. government agency securities and \$2,609 in corporate medium-term notes, which included \$590 in floating rate securities from corporate medium-term notes. These investments are highly sensitive to interest rate changes and are callable at par prior to maturity based on these rate changes.

*Credit Risk.* Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the District's investment policy, no more than 25% of the total portfolio may be invested in commercial paper, no more than 30% of the total portfolio may be invested in medium term corporate notes and no more than 40% of the total portfolio may be invested in bankers' acceptances other than the U.S. Government, its agencies and instrumentalities and LAIF. If a security is downgraded by either Moody's or S&P to a level below the minimum quality required by the District, the District will determine whether to retain or liquidate the security based upon criteria set forth in the District's Investment Policy.

*Concentration of Credit Risk.* The District's Investment Policy does not contain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. Government are not subject to single issuer limitation. As of June 30, 2015 and 2014, the District has investments in U.S. government agencies that represent 5% or more of the District's unrestricted and restricted investment portfolios as denoted on pages 27 and 28.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments, with the exception of the money market funds, LAIF and CAMP, are held by two third-party custodians in the District's name, which are Bank of the West and U.S. Bank.

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**3. CASH AND INVESTMENTS, Continued**

**F. Cash and Investments Composition**

As of June 30, 2015, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)				
			1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
<b>Enterprise Fund:</b>							
Unrestricted cash and investments:							
Non-negotiable certificates of deposit with:							
Bank of the West	n/a	\$ 141	\$ -	\$ 141	\$ -	\$ -	\$ -
Fremont Bank	n/a	990	990	-	-	-	-
Demand deposits	n/a	4,703	4,703	-	-	-	-
Total unrestricted cash and bank deposits		<u>5,834</u>	<u>5,693</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>
Negotiable certificates of deposit:							
Canadian Imperial Bank NY YCD	P-1 / A-1	1,522	-	1,522	-	-	-
Goldman Sachs Bank USA CD	P-1 / A-1	1,528	-	1,528	-	-	-
HSBC Bank USA NA CD	P-1 / A-1+	1,151	-	1,151	-	-	-
Nordea Bank Finland NY CD	Aa3 / AA-	1,521	-	1,521	-	-	-
Rabobank Nederland NV Cert Depos	P-1 / A-1	1,795	-	1,795	-	-	-
Toronto Dominion Bank NY YCD	Aa1 / AA-	1,550	-	1,550	-	-	-
Municipal Bonds:							
CA State Earthquake Authority Taxable Rev Bonds	A3 / NR	412	-	-	412	-	-
CA State DWR Taxable Rev Bonds	Aa1 / AAA	300	-	300	-	-	-
CA State Taxable Go Bonds	Aa3 / A+	1,887	411	-	1,476	-	-
CF State Taxable Go Bonds	Aa3 / AA	434	-	-	-	434	-
Orange County, CA Taxable Rev PO Bonds	NR / AA-	942	942	-	-	-	-
Univ of CA Taxable Rev Bonds	Aa2 / AA	1,203	-	-	1,203	-	-
U.S. Government agencies securities:							
Federal Home Loan Bank	Aaa / AA+	850	-	850	-	-	-
Fannie Mae Global Notes*	Aaa / AA+	11,887	-	3,356	6,365	2,166	-
Freddie Mac Global Notes*	Aaa / AA+	4,720	-	2,695	1,090	935	-
U.S. Treasury Securities	Aaa / AA+	21,701	-	5,025	2,063	8,739	5,874
Medium-term notes:							
Abbott Laboratories	A2 / A+	1,141	-	-	-	-	1,141
American Express Credit Corp Notes	A2 / A-	406	-	-	406	-	-
American Honda Finance Global	A1 / A+	1,535	-	-	-	-	1,535
Apple Inc. Corp.	Aa1 / AA+	1,138	-	351	787	-	-
Bank of New York Mellon	A1 / A+	1,524	-	-	1,524	-	-
Berkshire Hathaway Finance Corp.	Aa2 / AA	1,184	-	531	653	-	-
Caterpillar Financial SE	A2 / A	836	-	-	836	-	-
Chevron Corp Global	Aa1 / AA	1,585	-	-	1,585	-	-
Cisco Systems Inc. Global Notes	A1 / AA-	715	-	-	-	715	-
Exxon Mobil Corp. Notes	Aaa / AAA	1,524	-	-	1,524	-	-
General Electric Capital Corp.	A1 / AA+	2,045	-	-	-	-	2,045
HSBC Finance Corp Global	A2 / A	480	-	480	-	-	-
IBM Corp	Aa3 / AA-	609	-	-	609	-	-
John Deere Capital Corp.	A2 / A	1,126	-	1,126	-	-	-
JP Morgan Chase & Co.	A3 / A	951	-	951	-	-	-
PepsiCo Inc. Corp.	A1 / A	400	400	-	-	-	-
Procter & Gamble Co. Corp.	Aa3 / AA-	856	-	856	-	-	-
Toyota Motor Credit Corp.	Aa3 / AA-	475	-	-	-	-	475
U.S. Bancorp	A1 / A+	1,017	-	1,017	-	-	-
Wal-Mart Stores	Aa2 / AA	623	-	-	623	-	-
Wells Fargo & Co	A2 / A+	2,006	-	1,090	-	-	916
Local Agency Investment Funds	Unrated / Unrated	15,071	15,071	-	-	-	-
California Asset Management Program	Unrated / AAAm	10	10	-	-	-	-
Total unrestricted investments		<u>90,660</u>	<u>16,834</u>	<u>27,695</u>	<u>21,156</u>	<u>12,989</u>	<u>11,986</u>
Total unrestricted cash and investments		<u>\$ 96,494</u>	<u>\$ 22,527</u>	<u>\$ 27,836</u>	<u>\$ 21,156</u>	<u>\$ 12,989</u>	<u>\$ 11,986</u>
Restricted investments:							
First American Treasury Obligation Fund	Aaa / AAAm	\$ 141	\$ 141	\$ -	\$ -	\$ -	\$ -
U.S. Government Agencies securities:							
Federal Home Loan Bank	Aaa / AA+	2,710	2,710	-	-	-	-
Local Agency Investment Funds	Unrated / Unrated	21,011	21,011	-	-	-	-
Total restricted investments		<u>\$ 23,862</u>	<u>\$ 23,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Investments of a single issuer that exceeded 5% of the individual portfolio.

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**3. CASH AND INVESTMENTS, Continued**

**F. Cash and Investments Composition, Continued**

As of June 30, 2014, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)				
			1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Enterprise Fund:							
Unrestricted cash and investments:							
Non-negotiable certificates of deposit with:							
Bank of the West	n/a	\$ 141	\$ 141	\$ -	\$ -	\$ -	\$ -
Fremont Bank	n/a	990	990	-	-	-	-
JP Morgan Chase	n/a	1,000	1,000	-	-	-	-
Demand deposits	n/a	3,575	3,575	-	-	-	-
Total unrestricted cash and bank deposits		<u>5,706</u>	<u>5,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Negotiable certificates of deposit:							
Credit Suisse NY	P-1 / A-1	1,802	1,802	-	-	-	-
Rabobank Nederland NV NY	P-1 / A-1+	1,793	-	1,793	-	-	-
Skandinavisda Enskilda NY	P-1 / A-1	1,727	-	1,727	-	-	-
Municipal Bonds:							
CA State DWR Taxable Rev Bonds	Aa1 / AAA	300	-	-	300	-	-
CA State Taxable Go Bonds	A1 / AA-	413	-	413	-	-	-
CA State Taxable Go Bonds	Aa3 / A	1,487	-	-	-	1,487	-
Univ of CA Taxable Rev Bonds	Aa2 / AA	1,200	-	-	-	1,200	-
U.S. Government agencies securities:							
Federal Home Loan Bank*	Aaa / AA+	2,930	-	1,525	1,405	-	-
Fannie Mae Global Notes*	Aaa / AA+	14,193	-	3,667	3,367	5,951	1,208
Freddie Mac Global Notes*	Aaa / AA+	7,502	-	660	4,741	2,101	-
U.S. Treasury Securities	Aaa / AA+	21,479	-	8,437	10,499	1,502	1,041
Medium-term notes:							
American Honda Finance Global	A1 / A+	634	-	-	634	-	-
Apple Inc. Corp.	Aa1 / AA+	2,580	-	-	1,803	777	-
Bank of New York Mellon	A1 / A+	1,254	-	1,254	-	-	-
Berkshire Hathaway Finance Corp.	Aa2 / AA	1,185	-	-	533	652	-
Chevron Corp Global	Aa1 / AA	1,587	-	-	-	1,587	-
Walt Disney Co. Corp.	A2 / A	1,266	-	-	1,266	-	-
General Electric Capital Corp.	A1 / AA+	1,978	-	-	1,978	-	-
HSBC Finance Corp Global	A2 / A+	481	-	-	481	-	-
IBM Corp	Aa3 / AA-	607	-	-	-	607	-
John Deere Capital Corp.	A2 / A	1,679	-	552	1,127	-	-
JP Morgan Chase & Co.	A3 / A	1,455	-	502	953	-	-
Microsoft Corp.	Aaa / AAA	429	-	-	-	429	-
PepsiCo Inc. Corp.	A1 / A-	401	-	401	-	-	-
Procter & Gamble Co. Corp.	Aa3 / AA-	864	-	-	864	-	-
Texas Instruments Inc. Corp.	A1 / A+	1,034	-	1,034	-	-	-
Toyota Motor Credit Corp.	Aa3 / AA-	769	-	769	-	-	-
U.S. Bancorp	A1 / A+	1,031	-	-	1,031	-	-
Wal-Mart Stores	Aa2 / AA	617	-	-	-	617	-
Wells Fargo & Co	A2 / A+	1,094	-	-	1,094	-	-
Local Agency Investment Funds	Unrated / Unrated	13,211	13,211	-	-	-	-
California Asset Management Program	Unrated / AAAm	10	10	-	-	-	-
Total unrestricted investments		<u>88,992</u>	<u>15,023</u>	<u>22,734</u>	<u>32,076</u>	<u>16,910</u>	<u>2,249</u>
Total unrestricted cash and investments		<u>\$ 94,698</u>	<u>\$ 20,729</u>	<u>\$ 22,734</u>	<u>\$ 32,076</u>	<u>\$ 16,910</u>	<u>\$ 2,249</u>
Restricted investments:							
First American Treasury Obligation Fund	Aaa / AAAm	\$ 107	\$ 107	\$ -	\$ -	\$ -	\$ -
U.S. Government Agencies securities:							
Federal Home Loan Bank*	Aaa / AA+	2,738	2,738	-	-	-	-
California Asset Management Program	Unrated / AAAm	1	1	-	-	-	-
Total restricted investments		<u>\$ 2,846</u>	<u>\$ 2,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Investments of a single issuer that exceeded 5% of the individual portfolio.

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**4. CUSTOMER AND OTHER ACCOUNTS RECEIVABLE**

Customer and other accounts receivable were as follows:

	2015	2014
Utility service	\$ 4,634	\$ 5,029
Groundwater replenishment	7	-
Other	2,678	913
Allowance for doubtful accounts	(23)	(25)
Total customer and other accounts receivable, net	<u>\$ 7,296</u>	<u>\$ 5,917</u>

Other accounts receivable balance of \$2,678 and \$913 for June 30, 2015 and 2014, respectively, represents accrued receivables for customer installation jobs and other miscellaneous receivables.

**5. CAPITAL ASSETS**

*A. Summary of Capital Asset Activity*

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets, not being depreciated/amortized:					
Land	\$ 9,610	\$ -	\$ -	\$ -	\$ 9,610
Construction in progress	31,930	23,768	-	(36,760)	18,938
Capital assets, not being depreciated/amortized	<u>41,540</u>	<u>23,768</u>	<u>-</u>	<u>(36,760)</u>	<u>28,548</u>
Capital assets, being depreciated/amortized					
Source of supply	57,782	-	-	6,447	64,229
Pumping plant	24,152	-	-	65	24,217
Water treatment	157,393	-	-	2,845	160,238
Transmission and distribution	275,001	296	(197)	25,736	300,836
General	48,172	-	(155)	1,667	49,684
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated/amortized	<u>583,360</u>	<u>296</u>	<u>(352)</u>	<u>36,760</u>	<u>620,064</u>
Less accumulated depreciation/amortization					
Source of supply	(38,622)	(1,509)	-	-	(40,131)
Pumping plant	(15,181)	(726)	-	-	(15,907)
Water treatment	(46,811)	(3,132)	-	-	(49,943)
Transmission and distribution	(111,468)	(5,142)	115	-	(116,495)
General	(19,633)	(2,274)	129	-	(21,778)
Supplemental water supply storage	(6,899)	(634)	-	-	(7,533)
Less accumulated depreciation/amortization	<u>(238,614)</u>	<u>(13,417)</u>	<u>244</u>	<u>-</u>	<u>(251,787)</u>
Capital assets, being depreciated/amortized, net	<u>344,746</u>	<u>(13,121)</u>	<u>(108)</u>	<u>36,760</u>	<u>368,277</u>
Total capital assets, net	<u>\$ 386,286</u>	<u>\$ 10,647</u>	<u>\$ (108)</u>	<u>\$ -</u>	<u>\$ 396,825</u>

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
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**5. CAPITAL ASSETS, Continued**

*A. Summary of Capital Asset Activity, Continued*

The District had various active construction projects as of June 30, 2015 including the following:

Appian Tank Seismic Upgrade (Bond Job)	\$ 3,345
Blending Facility Telecomm Tow	349
CMMS Software Implementation	363
Customer Installation Jobs	521
Hayward Fault Crossing: Pro (Bond Job)	1,559
Headquarter Frontage & Demonstration	339
Niles Cone Saltwater Intrusion	364
Rubber Dam #1 Fish Ladder	2,903
Rubber Dam #1 Seismic Upgrade	252
Rubber Dam #1 Bag Replacement	1,046
Rubber Dam #3 Fish Ladder	1,492
Shinn Pond Fish Screen	934
Service Line Replacements	2,087
Vallecitos Channel Betterments	429
Various Other Active Projects (individually less than \$200)	<u>2,955</u>
 Total	 <u><u>\$ 18,938</u></u>

At June 30, 2015, the District had construction commitments for the acquisition and construction of capital assets in the amount of \$12,729.

**Alameda County Water District**  
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**5. CAPITAL ASETS, Continued**

**A. Summary of Capital Asset Activity, Continued**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Capital assets, not being depreciated/amortized:					
Land	\$ 9,727	\$ -	\$ (117)	\$ -	\$ 9,610
Construction in progress	21,612	38,567	-	(28,249)	31,930
Capital assets, not being depreciated/amortized	<u>31,339</u>	<u>38,567</u>	<u>(117)</u>	<u>(28,249)</u>	<u>41,540</u>
Capital assets, being depreciated/amortized					
Source of supply	51,092	7	-	6,683	57,782
Pumping plant	21,469	-	-	2,683	24,152
Water treatment	152,296	-	-	5,097	157,393
Transmission and distribution	262,957	1,443	(134)	10,735	275,001
General	48,114	303	(3,296)	3,051	48,172
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated/amortized	<u>556,788</u>	<u>1,753</u>	<u>(3,430)</u>	<u>28,249</u>	<u>583,360</u>
Less accumulated depreciation/amortization					
Source of supply	(37,401)	(1,221)	-	-	(38,622)
Pumping plant	(14,570)	(611)	-	-	(15,181)
Water treatment	(43,781)	(3,030)	-	-	(46,811)
Transmission and distribution	(106,573)	(4,981)	86	-	(111,468)
General	(20,773)	(2,147)	3,287	-	(19,633)
Supplemental water supply storage	(6,265)	(634)	-	-	(6,899)
Less accumulated depreciation/amortization	<u>(229,363)</u>	<u>(12,624)</u>	<u>3,373</u>	<u>-</u>	<u>(238,614)</u>
Capital assets, being depreciated/amortized, net	<u>327,425</u>	<u>(10,871)</u>	<u>(57)</u>	<u>28,249</u>	<u>344,746</u>
Total capital assets, net	<u>\$ 358,764</u>	<u>\$ 27,696</u>	<u>\$ (174)</u>	<u>\$ -</u>	<u>\$ 386,286</u>

Depreciation and amortization expense for capital assets for the years ended June 30, 2015 and 2014 were \$13,417 and \$12,624, respectively.

**B. Supplemental Water Supply Storage**

In 1996 and in 2001, the District entered into two agreements for a water banking and exchange program with Semitropic Water Storage District and its Improvement District (Semitropic). The entities are used for storage, withdrawal, and exchange rights for the District's State Water Project supplies. Under the 1996 agreement (for 5% of the Semitropic program capacity), the District pays the capital component when storing and recovering water. Under the 2001 agreement (for an additional 10% of the program capacity), the District has paid for the capital costs through fixed annual payments. Payments used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are capitalized and amortized over the life of the agreements.

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**5. CAPITAL ASETS, Continued**

*B. Supplemental Water Supply Storage, Continued*

The agreements terminate in November 2035. The historical costs of the District’s water storage in the amount of \$20,860 as of June 30, 2015 and 2014 are amortized over the remaining life of the agreement. The District recognized amortization expense in the amount of \$634 for the years ended June 30, 2015 and June 30, 2014.

The District had a storage allocation of 150,000 acre-feet and had approximately 118,568 and 138,397 acre feet of water at June 30, 2015 and 2014, respectively.

**6. ACCOUNTS PAYABLE AND ACCRUED PAYROLL**

Accounts payable and accrued expenses were as follows:

	<u>2015</u>	<u>2014</u>
Vendors	\$ 6,401	\$ 4,938
Retention payable	80	331
Installer's reimbursement	1,488	1,758
Other	<u>265</u>	<u>303</u>
Total	<u>\$ 8,234</u>	<u>\$ 7,330</u>

Prior to April 1, 2013, the District assessed and collected separate acreage and footage fees from developers which are included in accounts payable and accrued expenses as installers’ reimbursement. Effective April 1, 2013, the District replaced the separated fee structure and combined them into a single meter size based fee. Installers’ reimbursement funds are designated to reimburse certain developers for a portion of the cost as defined by the District, of oversized mains, main extensions, and storage tanks constructed or installed by them at the request of the District. The terms of the agreements provide that such costs are reimbursable over a period of up to ten years out of certain cash receipts collected from contractors subsequently connecting to those previously installed mains. Such receipts are deposited in a cash deposits account separately for transmittal to the developers. The amount of such receipts, which had not been remitted as of June 30, 2015 and 2014, were \$1,488 and \$1,758, respectively. In the event that the designated future cash receipts from contractors are not adequate to fully reimburse the developers for the eligible construction cost incurred by the end of the ten-year period, the District will have no future obligation to the developers.

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**6. ACCOUNTS PAYABLE AND ACCRUED PAYROLL, Continued**

Accrued payroll and related liabilities were as follows:

	<u>2015</u>	<u>2014</u>
Accrued payroll	\$ 714	\$ 610
Accrued vacation	2,025	2,016
Accrued leave and other	<u>616</u>	<u>501</u>
Total	3,355	3,127
Less current portion	<u>(3,193)</u>	<u>(3,011)</u>
Long-term portion	<u>\$ 162</u>	<u>\$ 116</u>

Accrued vacation activity is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 2,016	\$ 1,903
Additions	1,720	1,740
Reduction	<u>(1,711)</u>	<u>(1,627)</u>
Balance, end of year	<u>\$ 2,025</u>	<u>\$ 2,016</u>

Current portion of accrued vacation, leave and other is approximated by averaging the compensation balances paid out over the past three fiscal years.

**7. LONG-TERM DEBT**

Long-term debt activities for the year ended June 30, 2015 were as follows:

<u>Description</u>	<u>Beginning Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2015</u>	<u>Current</u>	<u>Noncurrent</u>
2009 Water System Refunding						
Revenue Bonds	\$ 15,445	\$ -	\$ (2,395)	\$ 13,050	\$ 2,455	\$ 10,595
Unamortized premium	709	-	(118)	591	118	473
2012 Water System Revenue Bonds	44,750	-	(255)	44,495	265	44,230
Unamortized premium	2,599	-	(96)	2,503	96	2,407
2015 Water System Revenue Bonds	-	27,810	-	27,810	455	27,355
Unamortized premium	-	2,741	(30)	<u>2,711</u>	<u>91</u>	<u>2,620</u>
Total	<u>\$ 63,503</u>	<u>\$ 30,551</u>	<u>\$ (2,894)</u>	<u>\$ 91,160</u>	<u>\$ 3,480</u>	<u>\$ 87,680</u>

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**7. LONG-TERM DEBT, Continued**

Long-term debt activities for the year ended June 30, 2014 were as follows:

Description	Beginning	Additions	Reductions	Ending Balance	Current	Noncurrent
	Balance July 1, 2013			June 30, 2014		
2009 Water System Refunding						
Revenue Bonds	\$ 17,780	\$ -	\$ (2,335)	\$ 15,445	\$ 2,395	\$ 13,050
Unamortized premium	828	-	(119)	709	118	591
2012 Water System Revenue Bonds	45,000	-	(250)	44,750	255	44,495
Unamortized premium	2,696	-	(97)	2,599	96	2,503
Total	\$ 66,304	\$ -	\$ (2,801)	\$ 63,503	\$ 2,864	\$ 60,639

**Water System Revenue Bonds**

The Water System Revenue Bonds are issued primarily to finance the construction of capital improvements related to the District's water system. The bonds are payable solely from and secured by the revenues received from the operation of the District's water system. The District has covenanted that it will fix, prescribe and collect rates, fees and charges for use of the District's water system during each fiscal year which are least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year, plus any amount necessary to restore the bond reserve fund to the reserve requirement. The total principal and interest remaining to be paid from the bonds is \$130,798. Principal and interest paid for the year ended June 30, 2015 and total net revenues as defined in the bond indentures were \$5,000 and \$18,193, respectively. Principal and interest paid for the year ended June 30, 2014 and total net revenues as defined in the bond indentures were \$4,759 and \$20,757, respectively.

On March 17, 2015, the District issued the 2015 Water System Revenue Bonds (2015 Bonds) in the amount of \$27,810 with interest rates ranging from 4% to 5% payable in annual installments through June 2045. The 2015 Bonds were sold for a total price of \$30,551; equal to the \$27,810 par amount, plus \$2,741 in net original issue premium. The new money bond proceeds in the amount of \$30,000; equal to \$30,551 total price, less \$313 underwriter's discount and \$238 issuance cost, were deposited in the 2015 LAIF Acquisition account, and will be used to finance capital projects related to improving seismic reliability, replacing aging infrastructure, improving water supply reliability, and improving water quality and production reliability.

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**7. LONG-TERM DEBT, Continued**

The debt service requirements for the Water System Revenue Bonds at June 30, 2015 were as follows:

Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2016	\$ 3,175	\$ 3,206	\$ 6,381
2017	3,280	3,107	6,387
2018	3,380	2,994	6,374
2019	3,505	2,866	6,371
2020	3,635	2,742	6,377
2021 - 2025	15,590	11,591	27,181
2026 - 2030	15,280	8,328	23,608
2031 - 2035	12,780	6,079	18,859
2036 - 2040	15,385	3,564	18,949
2041 - 2045	9,345	966	10,311
Total	<u>\$ 85,355</u>	<u>\$ 45,443</u>	<u>\$ 130,798</u>

**Arbitrage**

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The District has evaluated each debt issue subject to the arbitrage rebate requirements and does not have a rebatable arbitrage liability as of June 30, 2015 and 2014.

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**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

Prior to August 1, 2002, the District managed and financed some of these risks by purchasing commercial insurance for their worker’s compensation and employer’s liability. On August 1, 2002, the District joined the Special Districts Workers Compensation Authority (Authority). The Authority is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services. The Authority’s pool began covering claims of its members in 1982. The Board of Directors is composed of three members appointed by the Board of Directors of the California Special Districts Association and four members elected by the districts who are participating in the Authority.

The District did not have settled claims that exceeded the District’s insurance coverage in any of the past three years.

The District’s deductibles and maximum coverage as of June 30, 2015 are as follows:

<u>Coverage Description</u>	<u>Deductibles</u>	<u>Insurance</u>
General Liability	\$ 50	\$ 10,000
Automobile	50	10,000
Excess Liability	-	10,000
Property	50	1,000,000
Workers' Compensation	-	Statutory
Employee Dishonesty	-	400

**9. COMMITMENTS**

**State of California** - In 1961, the District entered into a contract with the State of California (the State) to purchase water through the year 2035. After the initial term, the contract is renewable indefinitely by the District under essentially the same conditions as the original contract upon six months prior written notice to the State. The District’s actual water usage for fiscal years 2015 and 2014 were approximately 19,279 and 19,242 acre-feet, respectively. The maximum entitlement will be 42,000 acre-feet during fiscal year 2012 and thereafter. In any year when the entitlement is in excess of the District’s needs, the State will attempt to sell such excess and credit the District. The costs to the District for water purchased under this contract for fiscal years 2015 and 2014 were approximately \$7,647 and \$6,271, respectively, and were charged to operations as incurred.

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**9. COMMITMENTS, Continued**

The District's water is delivered to it through facilities operated and constructed by the State. The cost of the water is determined annually by the State and includes reimbursement to the State for the District's portion of the costs of construction and operation of these facilities.

The District's commitment under the State water contract will remain in effect until 2036 or until the cost of the State's facilities is recovered, whichever is longer. The commitment is subject to increase in future years as a result of additional improvements and higher-than-anticipated operating costs, and is projected by the State to be \$201,498 as of June 30, 2015 which was based on the June 30, 2015 amount provided by the State.

Year Ending June 30,	State Water Purchase Commitment (in thousands)
2016	\$ 9,588
2017	9,975
2018	9,989
2019	9,867
2020	9,770
2021 - 2025	49,272
2026 - 2030	49,235
2031 - 2035	48,797
2036	5,005
Total Water Purchase	<u>\$ 201,498</u>

**San Francisco Water Department** - The District entered into a contract with the San Francisco Water Department (SFWD) in June 1984. That contract was renewed in July 2009 to purchase certain minimum amounts of water over another 25-year period. The costs to the District for water purchased under this contract for fiscal years 2015 and 2014 were approximately \$13,177 and \$15,963, respectively, and were charged to operations as incurred. The District is obligated under the term of the agreement to make a minimum purchase of 8,567 acre-feet of water per year through 2034 at the then-current cost of water. In the event that the SFWD is unable to supply sufficient water to all users, the available water will be apportioned among the users ratably, with the District liable only for water actually delivered. For fiscal year 2015, the estimated cost of the minimum purchase commitment was approximately \$12,815. In fiscal year 2016 the SFPUC temporarily adjusted conditions associated with ACWD's minimum purchase requirement to help meet state mandated conservation targets due to the ongoing drought. Due to this adjustment ACWD is anticipating a purchase of 7,754 acre-feet (813 acre-feet less than the stipulated minimum purchase requirement) for a total price of approximately \$15,602.

**Alameda County Water District**  
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**9. COMMITMENTS, Continued**

**Bay Area Water Supply and Conservation Agency** - The District belongs to the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of 24 cities and water districts, and two private utilities that purchase water wholesale from the San Francisco regional water system. On January 31, 2013, BAWSCA issued bonds in the amount of \$335.8 million to raise the funds necessary to prepay capital commitments owed to the City and County of San Francisco by BAWSCA member agencies thereby realizing a present value savings of approximately \$62.3 million over all member agencies. For the District, this translates into an annual net savings of purchased water cost of approximately \$197.

Prior to the bond issuance, there were \$356 million in capital cost recovery payments that were outstanding and being repaid as a part of San Francisco's wholesale commodity charge. The capital cost recovery payments were being repaid at a fixed interest rate of 5.13% and were part of the Wholesale Revenue Requirement to the Water Supply Agreement negotiated with San Francisco in 2009. The bonds refinanced this debt at an average interest rate of 3.14%.

The BAWSCA issued revenue bonds are secured by a surcharge on BAWSCA member agencies. San Francisco will collect the surcharge and send the amount to BAWSCA for payment to bond holders. The surcharge would be in place for the term of the bonds which end in 2034. The surcharge is on the San Francisco wholesale water bill and is accounted for by the District as water purchases expense.

BAWSCA's annual debt service amount is approximately \$24,672. The District's annual bond surcharge is estimated to be \$1,512 based on all member agencies actual wholesale water use in fiscal year ended June 30, 2015. The annual surcharge for each agency will be based on the actual wholesale water purchase percentage from the last full year for which data is available with an annual reconciliation based on the actual water purchased. A true-up adjustment based on the actual fiscal year ending June 30, 2015 water use will be included in the fiscal year ending June 30, 2017 bond surcharge. The current best projection on the District's annual surcharge for the future would be \$1,972. Audited financial statements for BAWSCA may be obtained from the BAWSCA at 155 Bovet Road, San Mateo, California, 94402.

**10. PENSION PLANS**

**A. General Information about the Pension Plans**

**Plan Descriptions** - All qualified permanent and probationary employees are eligible to participate in the District's Pension Plan, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the Pension Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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**10. PENSION PLANS, Continued**

*A. General Information about the Pension Plans, Continued*

Effective January 1, 2009, the District implemented an employer paid member contribution (EPMC) agreement for employees in its Management, Confidential and Professional group. Under this agreement, the District picks up 2.5% of the eligible employees normal contribution to CalPERS (8%) and reports it as additional contribution. For fiscal years 2015 and 2014, the District's EPMC was \$298 and \$300, respectively.

The State passed the California Employees' Pension Reform Act (PEPRA) which became effective on January 1, 2013. PEPRA changes include the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA.

**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. Classic and new members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 62, respectively. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for the plan are applied as specified by the Public Employee's Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015 and 2014, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
	-----	-----
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years Service	5 Years Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.0%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	24.956%	24.956%

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**10. PENSION PLANS, Continued**

*A. General Information about the Pension Plans, Continued*

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees receiving benefits	226
Inactive employees entitled to but not yet receiving benefits	87
Active members	208
Total	521

**Contributions** – The 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 Plan is 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Active plan members are required by state statute to contribute 8% of their annual covered salary for classic members and 7% for new members. The District was required to contribute for fiscal years 2015 and 2014 at an actuarially determined rate of 24.956% and 24.533% of annual covered payroll for the District’s employees, which amounted to \$6,213 and \$5,793, respectively.

In March 2013, CalPERS reduced the discount rate from 7.75% to 7.50% with its 2011 actuarial valuation. This decrease implies lower returns on future CalPERS investments. Consequently, member agencies will need to contribute more to make up for the shortfall. CalPERS gave agencies a choice of whether to phase-in this increase in their contribution rate in either one, or two years. This rate increase would be effective over the fiscal year ended June 30, 2014. In the District’s case, it was a choice of contributing at an increased overall rate of either 24.533% for a one-year phase-in, or 24.465% for a two-year phase-in. The difference between the two contribution rates for the fiscal year ended June 30, 2014, is 0.068% or approximately \$16. Given the small difference and greater simplicity of the one-year phase-in, the District chose the one-year phase-in option at the overall contribution rate of 24.533% for the fiscal year ended June 30, 2014.

*B. Net Pension Liability*

The District net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The Plan’s net pension liability is measured as of June 30, 2014 (measurement date), using an annual actuarial valuation of June 30, 2013. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

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**10. PENSION PLANS, Continued**

**B. Net Pension Liability, Continued**

**Actuarial Assumptions** - The total pension liability was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and Type of Employment
Investment Rate of Return <sup>1</sup>	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds

<sup>1</sup> Net of pension plan investment and administrative expenses, including inflation

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report named "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

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**10. PENSION PLANS, Continued**

*B. Net Pension Liability, Continued*

According to GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return including administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference to the Plan.

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

The long-term expected rate of return on pension plan investments of 7.50% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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**10. PENSION PLANS, Continued**

**B. Net Pension Liability, Continued**

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

**C. Changes in the Net Pension Liability**

The following table shows the changes in the net pension liability for the year ended June 30, 2015:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at July 1, 2014</b>	\$ 208,481	\$ 132,321	\$ 76,160
<b>Changes in the year:</b>			
Service cost	4,362	-	4,362
Interest on the total pension liability	15,453	-	15,453
Contributions from the employer	-	5,747	(5,747)
Contributions from employees	-	2,587	(2,587)
Net investment income	-	23,005	(23,005)
Benefit payments, including refunds of employee contributions	(9,246)	(9,246)	-
<b>Net changes</b>	10,569	22,093	(11,524)
<b>Balance at June 30, 2015</b>	\$ 219,050	\$ 154,414	\$ 64,636

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**10. PENSION PLANS, Continued**

**C. Changes in the Net Pension Liability, Continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1 % (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1 % (8.50%)
Net Pension Liability	\$ 94,715	\$ 64,636	\$ 39,805

**Pension Plan Fiduciary Net Position** - Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the District recognized a pension expense of \$4,727 for the Plan. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,213	\$ -
Net differences between projected and actual earnings on plan investments	-	(10,505)
Total	<u>\$ 6,213</u>	<u>(10,505)</u>

The \$6,213 reported as deferred outflows of resources relates to contributions made by the District from July 1, 2014 through June 30, 2015 which is subsequent to the District’s measurement date of June 30, 2014. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The net differences between projected and actual earnings on plan investments will be recognized in future pension expense as follows:

Year Ending June 30,	Deferred Inflows of Resources
2016	\$ (2,626)
2017	(2,626)
2018	(2,626)
2019	(2,627)
Total	<u>\$ (10,505)</u>

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**10. PENSION PLANS, Continued**

*E. Annual Pension Cost under GASB Statement No. 27*

Under GASB Statement No. 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer’s actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). For fiscal year 2014, the District’s annual pension cost of \$5,793 for CalPERS was equal to the District’s required and actual contributions. The required contributions were determined as part of the June 30, 2011 actuarial valuations using the entry age normal actuarial cost method. The assumptions included in the June 30, 2011 actuarial valuation were: (a) 7.50% investment rate of return (net of administrative expenses, (b) 3.30% to 14.20% projected annual salary increases that vary by age, service and type of employment, (c) 3.00% payroll growth, and (d) 2.75% inflation rate. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability.

Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains or losses each year.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentages of APC Contributed	Net Pension Obligation
2012	\$ 5,547	100%	\$ -
2013	5,642	100%	-
2014	5,793	100%	-

*F. Funding Status of the Pension Plan under GASB Statement No. 27*

The District contributes to the CalPERS, as an agent multiple-employer public employee defined benefit pension plan. The amounts reflected herein represent the District’s unfunded actuarial accrued liability as reported by CalPERS for its last actuarial valuation prepared under GASB Statement No. 27.

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)	Funded Ratio	Annual Covered Payroll	(UAAL)/ Annual Covered Payroll
6/30/2013	\$ 198,526	\$ 132,119	\$ (66,407)	66.5%	\$ 22,279	-298.1%

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**10. PENSION PLANS, Continued**

*F. Funding Status of the Pension Plan under GASB Statement No. 27, Continued*

The funded status was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method and amortized as a level percentage of assumed future payrolls. The assumptions included in the June 30, 2013 actuarial valuation the same as the June 30, 2011 actuarial assumptions discussed earlier.

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*G. Internal Revenue Code Section 401(a) Plan*

Effective January 1, 1997, the District established and administered the Alameda County Water District 401(a) Plan (the Plan), a defined contribution plan. The Plan provides retirement benefits to District employees. The employees vest upon joining the Plan. The District has agreed to contribute to the employee's accounts to match the employees' Internal Revenue Code Section 457 contributions up to a specified amount.

The District contributed \$58 and \$60 in fiscal years 2015 and 2014, respectively, as required under the District's Management, Confidential and Professional (MCP) employee compensation schedule. Effective January 1, 2004, the District's matching calendar year contribution to the 401(a) plan was discontinued in accordance with the Memorandum of Understanding (MOU) for United Public Employees Local 1021, AFL-CIO employees.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE**

*A. Plan Description*

In addition to the pension benefits described in Note 10, the District provides health plan coverage for eligible retirees and their dependents pursuant to CalPERS Health Benefit Program eligibility requirements. In May 2012, the District entered into an agreement with CalPERS to participate in the California Employer’s Retiree Benefit Trust Fund Program (CERBT), a single employer postemployment health plan, to prefund the District’s other postemployment benefits through CalPERS.

For employees hired before August 1, 2002, the District’s contribution for each retired employee and all eligible dependents and eligible survivors shall be equal to the greater of the full cost of his/her enrollment, including the enrollment of his/her family members in the highest cost HMO medical plan with a traditional network or PERS Choice Plan offered by the CalPERS Health Benefits Program in the Bay Area/Sacramento Region.

For employees hired on or after August 1, 2002, the percentage of employer contribution payable for postretirement health benefits for each retired employee shall be based on the employee’s completed years of credited service with the District and CalPERS as described below. The credited service for purposes of determining the percentage of employer contributions shall mean a minimum of ten years of service with a California PERS participating agency, and a minimum of five years of service, of the ten years of service must be performed exclusively for the District. The District contributes the minimum employer contribution (MEC) required amounts under the Public Employee’s Medical and Hospital Care Act Minimum Employer Contribution rules as determined by CalPERS on an annual basis.

Credited Years of Service	Percentage of Employer Contributions
1-9	MEC
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20+years	100

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE, Continued**

*A. Plan Description, Continued*

For employees hired on or after January 1, 2009, the District’s contribution for each retired employee and all eligible dependents and eligible survivors shall be equal to the lesser of the full cost of his/her enrollment, including the enrollment of his/her family members in the lowest cost HMO medical plan with a traditional network or PERS Choice Plan offered by the CalPERS Health Benefit Program in the Bay Area/Sacramento Region. The percentage of employer contribution payable for postemployment health benefits shall be based on the employee’s completed years of service exclusively with the District as described below.

Credited Years of Service	Percentage of Employer Contributions
0-9	MEC
10-14	25
15-19	50
20-24	75
25+years	100

The District provides dental benefits to employees who retired from District service, and to their eligible dependents at the same cost as for active employees. Union employees hired after April 1, 1984 must have at least 10 years of service with the District and be at minimum age 50 at retirement to receive this benefit. Employees hired after April 1, 1988 must have 15 years of service with the District and be at minimum age 50 at retirement to receive this benefit. MCP employees hired on or after August 1, 2002, must have 15 years of service with the District and be at minimum age 50 at retirement in order to receive this retiree benefit.

Union employees hired on or after January 1, 2009 shall not be eligible to participate in the District’s retiree dental plan upon their retirement from the District. MCP employees hired on or after April 1, 2009 shall not be eligible to participate in the District’s retiree dental plan upon their retirement from the District.

The District provides Vision benefits to employees who retire from District service and to their eligible dependents at the same cost as for active employees. Union employees hired after April 2, 1984 must have at least 10 years of service with the District and be at minimum age 50 at retirement to receive this benefit. Union employees hired after April 1, 1988 must have 15 years of service with the District and be at minimum age 50 at retirement to receive this benefit. MCP employees hired on or after August 1, 2002 must have 15 years of service with the District and be at minimum age 50 at retirement in order to receive this retiree benefit. All employees hired on or after April 1, 2009, shall not be eligible to participate in the District’s retiree vision plan upon retirement from the District.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE, Continued**

**A. Plan Description, Continued**

The District provides health care benefits as described above for the surviving spouse and eligible dependents of a retiree so long as they meet the eligibility requirements. The District provides life insurance at a flat \$2 benefit for union retirees and a flat \$4 benefit for other retirees. All employees hired on or after April 1, 2009, shall not be eligible for retiree life insurance.

**B. Funding Policy**

The CERBT is funded through District contributions and any gains/losses as a result of investments. The District is required to disclose the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) as a level percentage of payroll over a period not to exceed 30 years.

The District's funding policy is to fund the ARC. As of June 30, 2011 and 2013 actuarial valuations, the District's fiscal years 2015 and 2014 ARC rate is 17.1% and 16.9% of covered payroll, respectively.

**C. Annual OPEB Cost (AOC) and Net OPEB Asset**

The District's annual OPEB cost (AOC) is equal to (a) the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, less (b) one year's interest on the beginning balance of the net OPEB asset, and plus (c) an adjustment to ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actual liabilities or funding excess amortized over thirty years. The District's annual ARC and AOC were determined as part of the June 30, 2011 and 2013 actuarial valuations.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE, Continued**

**C. Annual OPEB Cost (AOC) and Net OPEB Asset, Continued**

The following table shows the components of the District's annual OPEB cost, the amount contributed to the Plan and changes in the District's Net OPEB Asset:

	2015	2014
Normal Cost	\$ 1,412	\$ 1,357
UAAL Amortization	2,538	2,507
Annual Required Contribution	3,950	3,864
Interest on Net OPEB Asset	(132)	(136)
Adjustments to Net OPEB Asset	187	182
Annual OPEB Cost (AOC)	4,005	3,910
Contributions made	(3,950)	(3,864)
Change in Net OPEB Asset	55	46
Net OPEB Asset, beginning of year	(1,826)	(1,872)
Net OPEB Asset, end of year	\$ (1,771)	\$ (1,826)

The total ARC for 2015 and 2014 is \$3,950 and \$3,864, respectively. Of this amount, the District made a contribution amount of \$2,081 and \$2,111 for retirees' health premiums in 2015 and 2014, respectively. The remaining balance of the ARC of \$1,869 and \$1,753 was deposited in CERBT in 2015 and 2014, respectively.

The following table represents annual OPEB cost, the amount actually contributed to the Plan, and the District's Net OPEB Asset:

Year Ended	Annual OPEB Cost	Contributions Made	Percentage of OPEB Cost Contributed	Net OPEB Asset
6/30/2013	\$ 3,779	\$ 3,742	99%	\$ 1,872
6/30/2014	3,910	3,864	99%	1,826
6/30/2015	4,005	3,950	99%	1,771

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE, Continued**

*D. Funded Status and Funding Progress*

As of June 30, 2013, the most recent actuarial valuation date, the funded status of the Plan was as follows:

Actuarial accrued liability (AAL)	\$46,519
Actuarial value of plan assets	<u>9,436</u>
Unfunded actuarial accrued liability	<u>\$37,083</u>
Funded ratio (actuarial value of plan assets/AAL)	20.3%
Annual covered payroll (active plan members)	\$21,979
UAAL as a percentage of annual covered payroll	168.7%

*E. Actuarial Methods and Assumptions*

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**11. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE, Continued**

*E. Actuarial Methods and Assumptions, Continued*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial assumptions are as follows:

Valuation date:	June 30, 2013	June 30, 2011
ARCs:	2014/2015 and 2015/2016	2012/2013 and 2013/2014
Discount rate:	Prefunded with CERBT investment option #1. 7.25%. Sensitivity 5% & 5.75%	Prefunded with CERBT investment option #1. 7.25%
General inflation:	3.00%	3.00%
Payroll increase:	3.25%	3.25%
Healthcare trend:	Rates of 8.0% trending to 5.0% in 2021+	Rates of 8.0% to 9.4% trending to 5.0% in 2020+
Cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll	Level percentage of payroll
Funding policy:	District contributes full ARC to Trust	District contributes full ARC to Trust
Actuarial value of assets:	Assets gains/losses recognized over 5 years; Shorter period but same method as CalPERS Pension; and Corridor 80% of 120% of market value.	Assets gains/losses recognized over 5 years; Shorter period but same method as CalPERS Pension; and Corridor 80% of 120% of market value.
Amortization period:	Initial UAAL 30 year fixed (closed) period (26 years remaining for 2014/15 ARC). Assumption Changes, Experience Gains/Losses & Contribution Gains/Losses-15 year fixed (closed) period. Maximum 30 year combined period.	Initial UAAL 30 year fixed (closed) period (28 years remaining for 2012/13 ARC). Assumption Changes, Experience Gains/Losses & Contribution Gains/Losses-15 year fixed (closed) period. Maximum 30 year combined period.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**12. OTHER POSTEMPLOYMENT BENEFITS - MCP BONUS PROGRAM**

**Plan Description** - The District provided a bonus to eligible employees in the Management/ Confidential/ Professional (MCP) group hired by the District before 2001. The bonus is paid upon termination of the employee's District employment, but only if one of the following conditions is satisfied: (1) the employee retires from service under CalPERS, (2) the termination is due to the employee's death, or (3) upon terminating, the employee retires under CalPERS due to disability. The program is a deferred-compensation arrangement subject to Internal Revenue Code sections 457(f) and 409A.

At retirement, members of the MCP group that were hired before July 1, 1994 are eligible for a retirement bonus calculated at the rate of 3 working days per each full 6 months of continuous service to the District. The bonus is based on the employee's pay rate at the time of retirement. If an employee who is eligible for service retirement dies, his/her designated beneficiary will receive the employee's retirement bonus. Employees hired on or after July 1, 1994, shall receive the retirement bonus based on the following: 2 days per year after 10 years' service; 4 days per year after 15 years' service; and 6 days per year after 20 years' service. At June 30, 2015 and 2014, the District had 24 and 28 eligible members in this closed program.

**Funding Policy** - Contribution requirements may be amended through negotiations between the District and members of the MCP group. The District contributes on a pay-as-you-go basis upon the retirement date of the eligible employee. For the years ended June 30, 2015 and 2014, the District contributed \$310 and \$100, respectively, towards this program for 4 and 1 retired members, respectively.

**Annual OPEB Cost and Net OPEB Obligation** - The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers when plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost, the amount contributed to the MCP Bonus Program and changes in the District's Net OPEB Obligation:

	2015	2014
Annual Required Contribution	\$ 216	\$ 171
Interest on Net OPEB Obligation	45	34
Annual OPEB Cost (expense)	261	205
Contributions made	(310)	(100)
Change in Net OPEB Obligation	(49)	105
Net OPEB Obligation, beginning of year	1,802	1,697
Net OPEB Obligation, end of year	\$ 1,753	\$ 1,802

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**12. OTHER POSTEMPLOYMENT BENEFITS - MCP BONUS PROGRAM (Continued)**

The following table represents annual OPEB cost, the amount actually contributed to the MCP Bonus Program, and the District's Net OPEB Obligation:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 204	\$ 268	131%	\$ 1,697
6/30/2014	205	100	49%	1,802
6/30/2015	261	310	119%	1,753

**Funded Status and Funding Programs** - As of June 30, 2015 and 2014, the actuarial accrued liability for MCP Bonus Program benefits was \$1,753 and \$1,802, respectively, all of which was unfunded. At June 30, 2015 and 2014, the covered payroll (annual payroll of active employees covered by the MCP Bonus Program) was \$5,251 and \$4,647, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was -33.4 percent and -38.8 percent, respectively.

The projections of future benefit payments for this closed plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefits provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities. The following simplifying assumptions were made:

- Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 58, or at the first subsequent year in which the member would qualify for benefits.
- Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 19W9 United States Life Tables for Males and Females were used.
- Turnover - Non-group-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age.
- Inflation and payroll growth rates - The inflation and payroll growth rates assumption of 2.5 percent was based on projected wage increases of the MCP Bonus Program participants.

**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

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**12. OTHER POSTEMPLOYMENT BENEFITS - MCP BONUS PROGRAM (Continued)**

In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

**13. LITIGATION**

In the normal course of business, the District is a defendant in various lawsuits. Defense of the lawsuits is being handled by the District's insurance carriers and most losses are expected to be covered by insurance. There are a few cases currently in progress for which the potential losses would not be covered by the District's insurance provisions. However, the existence of such losses and possible ranges of exposure are not determinable for these cases at this time. District officials are of the opinion that none of these lawsuits will have a material adverse effect on the District's financial position.

**14. DROUGHT STATE OF EMERGENCY**

The District is facing a number of challenges as the drought continues into its fourth year. After the Governor's proclamation of a statewide drought emergency on January 17, 2014, the District Board of Directors adopted Ordinance No. 2014-01 on March 13, 2014, declaring a water shortage emergency and adopting water use regulations, restrictions and guidelines for the water shortage emergency. The Ordinance was designed to achieve a 20% service area-wide reduction in water use by prohibiting wasteful uses of water and limiting landscape irrigation. The Ordinance resulted in the District's customers reduced its water consumption by approximately 20% in 2014 compared to 2013. The District is now subject to a State mandated reduction of 16% (from 2013 use), imposed on the District in 2015 by the Governor's Executive Order issued in early 2015. The District's Ordinance is consistent with the State goal for the District and therefore has not been changed. The District secured adequate water supply at favorable cost given the challenging circumstances. The District is facing the financial impacts of reduced demand by delaying capital projects, reducing operating costs, utilizing a rate stabilization fund, and considering a new bond issuance for essential capital projects. The drought surcharge, which was adopted on July 22, 2014, is still in place.

**15. SUBSEQUENT EVENT - DECOMMISSION OF THE MISSION SAN JOSE WATER TREATMENT PLANT**

On July 30, 2015, the Board approved to temporarily decommission the Mission San Jose Water Treatment Plant (MSJ Plant), which had a carrying value of \$13,222 at June 30, 2015. This temporary decommission is as a result of the positive customer response for water conservation that reduced water demands and production needs. The District will continue to monitor the water demands and plans to re-open the MSJ Plant once the water demands increase to suitable levels. As the MSJ Plant is considered to be temporarily idle, the District did not recognize a permanent impairment loss for the fiscal year ended June 30, 2015.

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**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**As of June 30, 2015 \***  
**(Dollars in thousands)**

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**DEFINED BENEFIT PENSION PLAN**

	2015
<b>Total pension liability</b>	
Service cost	\$ 4,362
Interest on total pension liability	15,453
Benefit payments, including refunds of employee contributions	(9,246)
<b>Net change in total pension liability</b>	<b>10,569</b>
<b>Total pension liability - beginning</b>	<b>208,481</b>
<b>Total pension liability - ending</b>	<b>\$ 219,050</b>
<b>Plan fiduciary net position</b>	
Contributions - Employer	\$ 5,747
Contributions - Employee	2,587
Net investment income	23,005
Benefit payments, including refunds of employee contributions	(9,246)
<b>Net change in plan fiduciary net position</b>	<b>22,093</b>
<b>Plan fiduciary net position - beginning</b>	<b>132,321</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 154,414</b>
<b>Plan net pension liability - ending</b>	<b>\$ 64,636</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>70.49%</b>
<b>Covered-employee payroll</b>	<b>\$ 22,948</b>
<b>Plan net pension liability as a percentage of covered-employee payroll</b>	<b>281.66%</b>

**Notes to Schedule:**

**Benefit changes** – The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

**Changes in assumptions** – There were no changes in assumptions.

\* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, therefore only one year of information is shown. The measurement date for GASB Statement No. 68 purposes is June 30, 2014.

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Employer Pension Contributions**  
**For the Year Ended June 30, 2015 \***  
**(Dollars in thousands)**

**DEFINED BENEFIT PENSION PLAN**

	2015	2014
Actuarially determined contribution	6,138	5,747
Contributions in relation to the actuarially determined contribution	(6,213)	(5,793)
Contribution deficiency (excess)	<u>\$ (75)</u>	<u>\$ (46)</u>
Covered-employee payroll	24,596	22,948
Contributions as a percentage of covered-employee payroll	24.955%	25.044%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2013-14 were from the June 30, 2011 public agency's valuations.

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, closed
Remaining amortization period	21 years
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and Type of Employment
Investment rate of return	7.50%, net of pension plan investment and administrative expenses; including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68 , therefore only one year of information is shown.

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Pension Funding Progress Under GASB Statement No. 27**  
**For the Year Ended June 30, 2014**  
**(Dollars in thousands)**

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**DEFINED BENEFIT PENSION PLAN**

*Schedule of Pension Funding Progress Under GASB Statement No. 27*

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)	Funded Ratio	Annual Covered Payroll	(UAAL)/ Annual Covered Payroll
6/30/2011	\$ 171,513	\$ 130,852	\$ (40,661)	76.3%	\$ 20,985	-193.8%
6/30/2012	183,910	139,102	(44,808)	75.6%	22,509	-199.1%
6/30/2013	198,526	132,119	(66,407)	66.5%	22,279	-298.1%

Actuarial valuations as of June 30, 2014 and 2015 are not available.

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedules of Funding Progress and Employer Contributions**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE**

*Schedule of Funding Progress*

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)	Funded Ratio	Annual Covered Payroll	(UAAL)/ Annual Covered Payroll
6/30/2009	\$ 32,915	\$ 3,496	\$ (29,419)	10.6%	\$ 19,001	-154.8%
6/30/2011	41,565	5,620	(35,945)	13.5%	22,175	-162.1%
6/30/2013	46,519	9,436	(37,083)	20.3%	21,979	-168.7%

Actuarial valuation as of June 30, 2015 is not available.

*Schedule of Employer Contributions*

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2010	\$ 2,676	\$ 2,406	89.9%
June 30, 2011	2,638	2,658	100.8%
June 30, 2012	2,856	2,856	100.0%
June 30, 2013	3,742	3,742	100.0%
June 30, 2014	3,864	3,864	100.0%
June 30, 2015	3,950	3,950	100.0%

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedules of Funding Progress and Employer Contributions**  
**For the Years Ended June 30, 2015 and 2014**  
**(Dollars in thousands)**

**OTHER POSTEMPLOYMENT BENEFITS - MCP BONUS PROGRAM**

*Schedule of Funding Progress*

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)	Funded Ratio	Annual Covered Payroll	(UAAL)/ Annual Covered Payroll
6/30/2013	\$ 1,697	\$ -	\$ (1,697)	0.0%	\$ 4,560	-36.2%
6/30/2014	1,802	-	(1,802)	0.0%	4,647	-37.2%
6/30/2015	1,753	-	(1,753)	0.0%	5,251	-38.8%

*Schedule of Employer Contributions*

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2013	\$ 134	\$ 268	200.0%
6/30/2014	171	100	58.5%
6/30/2015	216	310	143.5%

# STATISTICAL SECTION

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# STATISTICAL SECTION

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This part of the Alameda County Water District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Index</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	64
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenues source, the water revenues. Also included in this section is information on the District's second significant source of local revenues, the property tax.	67
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	73
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	75
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	77

**Table 1**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF REVENUES, EXPENSES and RATE INCREASES (Unaudited)**  
**(in thousands)**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>OPERATING REVENUES:</b>										
Water Sales	\$ 53,355	\$ 57,285	\$ 58,087	\$ 56,778	\$ 56,744	\$ 62,596	\$ 70,098	\$ 76,903	\$ 81,081	\$ 80,135
Facilities Connection Charges	3,589	3,276	3,874	5,703	1,768	1,892	2,118	1,977	3,494	1,920
Other Revenue	1,963	4,021	2,090	1,576	1,737	1,559	1,662	1,914	2,109	749
<b>TOTAL OPERATING REVENUES</b>	<b>58,907</b>	<b>64,582</b>	<b>64,051</b>	<b>64,057</b>	<b>60,249</b>	<b>66,047</b>	<b>73,878</b>	<b>80,794</b>	<b>86,684</b>	<b>82,804</b>
<b>OPERATING EXPENSES:</b>										
Source of Supply:										
Water Purchases	9,616	12,985	14,211	14,129	14,128	14,402	18,747	21,367	23,427	23,659
Pumping	2,617	2,666	2,574	2,583	2,592	3,116	3,338	2,954	2,763	1,876
Other	6,002	6,303	6,783	9,707	7,511	8,819	8,875	8,828	10,215	8,189
Water Treatment	9,936	9,732	10,097	11,022	11,297	12,464	12,119	12,586	12,584	15,646
Transmission and Distribution	9,753	10,311	10,089	11,285	11,997	11,343	10,953	10,650	10,934	13,552
Administration of Customer Accounts	957	1,056	1,076	1,163	1,252	1,507	1,390	1,680	1,832	1,793
Administration and General	5,310	5,286	6,210	7,605	8,335	6,172	9,679	11,965	13,090	10,551
Depreciation and Amortization	10,402	10,698	10,811	10,968	10,942	12,462	12,262	12,845	12,624	13,417
<b>TOTAL OPERATING EXPENSES</b>	<b>54,593</b>	<b>59,037</b>	<b>61,851</b>	<b>68,462</b>	<b>68,054</b>	<b>70,285</b>	<b>77,363</b>	<b>82,875</b>	<b>87,469</b>	<b>88,683</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Investment Income	2,524	4,537	5,344	4,032	2,448	1,416	672	(46)	1,217	1,098
Property Taxes	2,575	5,820	6,657	7,381	7,479	7,256	7,936	7,917	7,654	9,547
Other Revenues (1)	-	-	-	-	10,934	450	215	68	47	11
Other Expenses/Loss on Disposal	(2,827)	(2,943)	(2,897)	(2,915)	(2,373)	(2,060)	(3,879)	(2,133)	(1,624)	(2,682)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>2,272</b>	<b>7,414</b>	<b>9,104</b>	<b>8,498</b>	<b>18,488</b>	<b>7,062</b>	<b>4,944</b>	<b>5,806</b>	<b>7,294</b>	<b>7,974</b>
<b>Capital Contributions</b>	<b>4,185</b>	<b>4,796</b>	<b>3,988</b>	<b>6,237</b>	<b>5,491</b>	<b>3,677</b>	<b>2,849</b>	<b>5,529</b>	<b>2,767</b>	<b>3,023</b>
<b>Increase in Net Positions</b>	<b>\$ 10,771</b>	<b>\$ 17,755</b>	<b>\$ 15,292</b>	<b>\$ 10,330</b>	<b>\$ 16,174</b>	<b>\$ 6,501</b>	<b>\$ 4,308</b>	<b>\$ 9,254</b>	<b>\$ 9,276</b>	<b>\$ 5,118</b>
% Water Rate Increase (of latter of FY)	5.00*	9.00	4.50	6.00	8.80	8.00	8.00**	17.1***	7.00	8.00****
<b>Number of Employees (2)</b>	<b>218</b>	<b>212</b>	<b>214</b>	<b>214</b>	<b>219</b>	<b>226</b>	<b>225</b>	<b>229</b>	<b>238</b>	<b>230</b>

(1) LAVWMA termination of 1998 MOU Agreement and Polybutylene Settlement in FY 2009/10.

(2) Approved employees as of June 30, 2015.

Source: Alameda County Water District Finance Department

\*Excludes 6.5% Supplemental Temporary Water Rate Increase

\*\*Average Residential Customer Increase. Actual Commodity Rate Increase was 6.0% and Actual Service Charge Increase was 19.0%.

\*\*\*Average Residential Customer Increase. Actual Commodity Rate Increase was 0.0% and Actual Service Charge Increase was 100.0%.

\*\*\*\*Average Residential Customer Increase. Actual Commodity Rate Increase was 0.0% and Actual Service Charge Increase was 30.0%.

**Table 2**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF CONNECTION FEES (Unaudited)**  
**(in thousands)**

Fiscal Year Ending June 30	Connection Fees (000's)
2006	\$ 3,589
2007	3,276
2008	3,874
2009	5,703
2010	1,768
2011	1,892
2012	2,118
2013	1,977
2014	3,494
<b>2015</b>	<b>1,920</b>

Source: Alameda County Water District Finance Department

**Table 3**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF NET POSITION (Unaudited)**  
**(in thousands)**

	2005/06	2006/07	2007/08	2008/09 <sup>(1)</sup>	2009/10	2010/11 <sup>(2)</sup>	2011/12 <sup>(2)</sup>	2012/13	2013/14 <sup>(3)</sup>	2014/15
<b>NET POSITION:</b>										
Net investment in capital assets	\$ 252,840	\$ 255,535	\$ 260,757	\$ 275,844	\$ 292,179	\$ 298,301	\$ 304,983	\$ 310,757	\$ 325,497	\$ 329,084
Restricted for debt service	7,768	7,781	7,662	7,701	2,515	2,436	2,639	2,656	2,669	2,585
Unrestricted	94,287	109,334	119,523	98,124	103,149	101,334	98,757	102,220	96,743	27,945
<b>TOTAL</b>	<b>\$ 354,895</b>	<b>\$ 372,650</b>	<b>\$ 387,942</b>	<b>\$ 381,669</b>	<b>\$ 397,843</b>	<b>\$ 402,071</b>	<b>\$ 406,379</b>	<b>\$ 415,633</b>	<b>\$ 424,909</b>	<b>\$ 359,614</b>

Note: <sup>(1)</sup> The District restated its 2008/09 net position balance to reflect an impairment of its Water Treatment Plant 1, the impact of GASB Statement No. 51 implementation and an adjustment to the District's accumulated supplemental water supply storage capitalized costs.

<sup>(2)</sup> The District restated its 2010/11 and 2011/12 net position balances to record its obligation related to the Management, Confidential and Professional Bonus Program and the impact of the GASB Statement No. 65 implementation.

<sup>(3)</sup> The District restated its 2013/14 net position balances to record the impact of the implementation of GASB Statement No. 68.

Source: Alameda County Water District Finance Department

**Table 4**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF PROPERTY TAX LEVIES/COLLECTIONS (Unaudited)**  
**(in thousands)**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Levies:</b>										
1% Tax Allocation	\$ 488 *	\$ 3,418	\$ 3,615	\$ 3,622	\$ 3,541	\$ 3,537	\$ 3,500	\$ 3,569	\$ 3,769	\$ 4,034
State Water Contract Tax	1,696	2,079	2,516	3,071	2,595	2,803	3,010	3,189	3,194	4,717
<b>Total</b>	<b>\$ 2,184</b>	<b>\$ 5,497</b>	<b>\$ 6,131</b>	<b>\$ 6,693</b>	<b>\$ 6,136</b>	<b>\$ 6,340</b>	<b>\$ 6,510</b>	<b>\$ 6,758</b>	<b>\$ 6,963</b>	<b>\$ 8,751</b>
<b>Collections:</b>										
Collections in the First Period	\$ 2,575	\$ 5,820	\$ 6,670	\$ 7,788	\$ 6,217	\$ 7,164	\$ 8,317	\$ 8,050	\$ 8,400	\$ 9,535
Collection in the First Period Percentage of Levies (%)	118%	106%	109%	116%	101%	113%	128%	119%	121%	109%
Collections in subsequent periods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Collections</b>	<b>\$ 2,575</b>	<b>\$ 5,820</b>	<b>\$ 6,670</b>	<b>\$ 7,788</b>	<b>\$ 6,217</b>	<b>\$ 7,164</b>	<b>\$ 8,317</b>	<b>\$ 8,050</b>	<b>\$ 8,400</b>	<b>\$ 9,535</b>
<b>Total Collections Percentage of Levies</b>	<b>118%</b>	<b>106%</b>	<b>109%</b>	<b>116%</b>	<b>101%</b>	<b>113%</b>	<b>128%</b>	<b>119%</b>	<b>121%</b>	<b>109%</b>

Source: Alameda County Water District Finance Department

\* Portions of District's allocation of countywide 1% tax levy (\$ 2,817) transferred to Educational Revenue Augmentation Fund (ERAF) by the State.

**Table 5**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF ASSESSED VALUATION (Unaudited)**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005/06	\$ 37,453,609	\$ 20,099	\$ 2,556,504	\$ 40,030,212
2006/07	40,105,912	17,559	2,559,158	42,682,628
2007/08	42,888,414	5,812	2,616,332	45,510,558
2008/09	44,849,292	5,620	2,750,418	47,605,330
2009/10	43,825,950	5,620	3,047,425	46,878,995
2010/11	43,522,656	5,755	3,093,752	46,622,164
2011/12	43,072,743	5,755	2,975,251	46,053,748
2012 /13	43,846,946	70,042	3,053,241	46,970,229
2013 /14	46,275,494	61,871	2,950,912	49,288,277
<b>2014 /15</b>	<b>49,570,672</b>	<b>54,995</b>	<b>3,040,221</b>	<b>52,665,889</b>

Source: California Municipal Statistics, Inc. and Alameda County Auditor-Controller's Office

**Table 6**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF SECURED TAX CHARGES AND DELINQUENCIES (Unaudited)**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Secured Tax Charge (1)</u>	<u>Amount Delinquent June 30</u>	<u>Percent Delinquent June 30</u>
2004/05	\$ 1,110	\$ 17	1.56 %
2005/06	1,665	28	1.67
2006/07	2,037	61	3.00
2007/08	2,460	93	3.80
2008/09	2,998	109	3.65
2009/10	2,544	64	2.51
2010/11	2,771	56	2.01
2011/12	3,180	59	1.87
2012/13	3,048	29	0.95
<b>2013/14</b>	<b>3,071</b>	<b>22</b>	<b>0.72</b>

*(1) The figures above include only information provided by the County, which is the State Water Project override "debt service" levy.*

Data for FY 2014/15 is not yet available.

Source: Alameda County Auditor-Controller

**Table 7**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF SCHEDULE OF BASE WATER RATES-BIMONTHLY READINGS AND BILLINGS (Unaudited)**

	Eff. 1/1 2006	Eff. 2/1 2007	Eff. 2/1 2008	Eff. 2/1 2009	Eff. 2/1 2010	Eff. 3/1 2011	Eff. 2/1 2012	Eff. 2/1 2013	Eff. 2/1 2014	Eff. 5/1 2015
<b>COMMODITY CHARGE/HCF:</b>										
Inside District	\$ 2.096	\$ 2.285	\$ 2.388	\$ 2.531	\$ 2.754	\$ 2.974	\$ 3.152	\$ 3.152	\$ 3.373	\$ 3.373
Outside District	2.410	2.627	2.745	2.910	3.166	3.419	3.624	3.624	3.878	3.878
San Francisco	2.102	2.292	2.395	2.682	2.918	3.242	3.673	- <sup>(1)</sup>	-	-
<b>BIMONTHLY METER SERVICE CHARGE:</b>										
Inside District & SF Water Service										
5/8" & 3/4 "	\$ 10.08	\$ 10.08	\$ 10.08	\$ 10.68	\$ 11.62	\$ 12.55	\$ 14.93	\$ 29.86	\$ 31.95	\$ 41.54
1	14.44	14.44	14.44	15.31	16.66	17.99	21.41	42.82	45.82	64.05
1-1/2	25.52	25.52	25.52	27.05	29.43	31.78	37.82	75.64	80.93	120.32
2	36.59	36.59	36.59	38.79	42.20	45.58	54.24	108.48	116.07	187.84
3	138.76	138.76	138.76	147.09	160.03	172.83	205.67	411.34	440.13	401.66
4	200.97	200.97	200.97	213.03	231.78	250.32	297.88	595.76	637.46	716.76
6	485.10	485.10	485.10	514.21	559.46	604.22	719.02	1,438.04	1,538.70	1,808.37
8	710.33	710.33	710.33	752.95	819.21	884.75	1,052.85	2,105.70	2,253.10	3,158.81
10	1,269.45	1,269.45	1,269.45	1,345.62	1,464.03	1,581.15	1,881.57	3,763.14	4,026.56	4,734.31
Outside District Water Service										
5/8" & 3/4 " or less	\$ 11.59	\$ 11.59	\$ 11.59	\$ 12.28	\$ 13.36	\$ 14.43	\$ 17.17	\$ 34.34	\$ 36.74	\$ 41.54
1	16.61	16.61	16.61	17.61	19.16	20.69	24.62	49.24	52.69	64.05
1-1/2	29.35	29.35	29.35	31.11	33.84	36.55	43.49	86.99	93.07	120.32
2	42.08	42.08	42.08	44.61	48.53	52.41	62.37	124.75	133.48	187.84
3	159.57	159.57	159.57	169.15	184.03	198.75	236.52	473.04	506.15	401.66
4	231.12	231.12	231.12	244.98	266.55	287.87	342.56	685.12	733.08	716.76
6	557.87	557.87	557.87	591.34	643.38	694.85	826.87	1,653.75	1,769.51	1,808.37
8	816.88	816.88	816.88	865.89	942.09	1,017.46	1,210.78	2,421.56	2,591.07	3,158.81
10	1,459.87	1,459.87	1,459.87	1,547.46	1,683.63	1,818.32	2,163.81	4,327.61	4,630.54	4,734.31
<b>BIMONTHLY CHARGE FOR PRIVATE FIRE SERVICES:</b>										
4 " or less	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
6	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20
8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
10	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80
12	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60
16	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20

Source: Alameda County Water District Finance Department

Note: <sup>(1)</sup> The District approved a 100% increase on bi-monthly meter service charge and stopped offering special rate for water purchased from San Francisco to customers effective February 1, 2013.

**Table 8**  
**ALAMEDA COUNTY WATER DISTRICT**  
**HISTORICAL WATER RATES<sup>1</sup> (Unaudited)**

<b>Effective Date</b>	<b>Actual/Approved</b>						
	<b>2/1/2010</b>	<b>3/1/2011</b>	<b>2/1/2012</b>	<b>2/1/2013</b>	<b>2/1/2014</b>	<b>7/21/2014</b>	<b>5/1/2015</b>
Bi-monthly Commodity Charge	\$63.34	\$68.40	\$72.50	\$72.50	\$77.58	\$77.58	\$77.58
Bi-monthly Service Charge	11.62	12.55	14.93	29.86	31.95	31.95	41.54
Drought Surcharge	-	-	-	-	-	10.36	10.36
<b>TOTAL</b>	<b>\$74.96</b>	<b>\$80.95</b>	<b>\$87.43</b>	<b>\$102.36</b>	<b>\$109.53</b>	<b>\$119.89</b>	<b>\$129.48</b>

Note: <sup>(1)</sup> For the average residential customer using 23 hundred cubic feet (HCF) bimonthly. Totals may not add up due to rounding.

Source: Alameda County Water District Finance Department

**Table 9**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN LARGEST DISTRIBUTION WATER REVENUE ACCOUNTS (Unaudited)**  
**TEN YEAR HISTORY**  
(1=Highest to 10=Lowest)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	FY 2015 Water Revenues (000's)
City of Fremont	2	2	3	2	2	1	2	1	1	1	\$ 950
Fremont Unified School District	3	3	2	1	1	2	3	2	2	2	851
Tesla Motors, Inc.	-	-	-	-	-	-	-	-	7	3	663
Prologis Trust	6	5	4	3	3	4	4	3	3	4	535
Western Digital Technologies	4	4	5	5	5	3	1	4	4	5	485
City of Union City	8	6	6	6	6	5	6	6	5	6	443
Contempo Homeowners Association	5	7	7	9	7	7	8	7	6	7	387
Cook Engineering Inc.	-	-	-	-	-	-	-	-	-	8	384
Ardenwood Forest Apartments	-	-	-	-	-	10	-	8	8	9	378
New Haven School District	-	-	-	-	-	-	10	9	9	10	370
Newark Unified School District	9	8	8	7	9	8	5	5	10	-	
City of Newark	-	10	10	10	-	-	-	10	-	-	
Equity Residential Properties Trust	10	9	9	8	8	-	-	-	-	-	
MMC Technology	7	-	-	-	-	-	-	-	-	-	
New United Motor Manufacturing, Inc.	1	1	1	4	4	-	-	-	-	-	
School for the Deaf	-	-	-	-	-	6	7	-	-	-	
Seagate Magnetics	-	-	-	-	-	-	9	-	-	-	
Solyndra Inc.	-	-	-	-	10	9	-	-	-	-	

Source: Alameda County Water District Finance Department

**Table 10**  
**ALAMEDA COUNTY WATER DISTRICT**  
**HISTORICAL NET REVENUES and DEBT SERVICE COVERAGE (Unaudited)**  
**Fiscal Years 2005/06 - 2014/15**  
(in thousands)

	Actual									
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenues</b>										
Water Sales	\$ 53,355	\$ 57,285	\$ 58,087	\$ 56,778	\$ 56,744	\$ 62,596	\$ 70,098	\$ 76,903	\$ 81,081	\$ 80,135
Investment Income (1)	2,524	4,537	5,344	4,031	2,448	1,416	672	(46)	1,217	1,098
Property Taxes (2)	569	3,663	3,873	3,869	4,653	4,083	4,207	4,529	4,138	4,678
Facilities Connection Charges	3,589	3,276	3,873	5,703	1,768	1,892	2,118	1,977	3,494	1,920
Other Revenue (3)	1,963	4,021	2,090	1,576	1,738	1,559	1,877	1,982	2,156	759
<b>Total Revenues</b>	<b>62,000</b>	<b>72,782</b>	<b>73,267</b>	<b>71,957</b>	<b>67,351</b>	<b>71,546</b>	<b>78,972</b>	<b>85,345</b>	<b>92,086</b>	<b>88,590</b>
<b>Maintenance and Operation Costs</b>										
Pumping Power Costs	2,617	2,666	2,574	2,583	2,592	3,116	3,338	2,954	2,763	1,876
Other Operating Expenses	7,336	4,451	8,247	9,334	9,283	7,642	7,272	7,841	10,252	8,079
Labor Costs	24,475	28,050	25,854	31,360	31,069	32,571	35,744	37,868	38,403	41,255
Purchased Water (2)	7,610	10,828	11,427	10,617	11,302	11,229	15,018	17,979	19,911	19,187
Aquifer Reclamation Costs	147	187	154	88	40	92	-	-	-	-
<b>Total Expenses</b>	<b>42,185</b>	<b>46,182</b>	<b>48,256</b>	<b>53,982</b>	<b>54,286</b>	<b>54,650</b>	<b>61,372</b>	<b>66,642</b>	<b>71,329</b>	<b>70,397</b>
<b>Net Revenues</b>	<b>\$ 19,815</b>	<b>\$ 26,600</b>	<b>\$ 25,011</b>	<b>\$ 17,975</b>	<b>\$ 13,065</b>	<b>\$ 16,896</b>	<b>\$ 17,600</b>	<b>\$ 18,703</b>	<b>\$ 20,757</b>	<b>\$ 18,193</b>
<b>Maximum Annual Debt Service on Revenue Certificates and Bond</b>										
1998 Refunding Revenue Bonds	\$ 3,358	\$ 3,361	\$ 3,360	\$ 3,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003 Certificates of Participation	1,203	1,203	1,203	1,203	1,203	1,203	822	-	-	-
2009 Refunding Revenue Bonds	-	-	-	-	2,921	2,664	2,664	2,669	2,866	2,868
2012 Revenue Bonds	-	-	-	-	-	-	523	1,891	1,893	1,892
2015 Revenue Bonds	-	-	-	-	-	-	-	-	-	240
<b>Total Debt Service</b>	<b>\$ 4,561</b>	<b>\$ 4,564</b>	<b>\$ 4,563</b>	<b>\$ 4,562</b>	<b>\$ 4,124</b>	<b>\$ 3,867</b>	<b>\$ 4,009</b>	<b>\$ 4,560</b>	<b>\$ 4,759</b>	<b>\$ 5,000</b>
<b>Ratio of Net Revenues to Maximum Annual Debt Service on Revenue Certificates</b>	<b>4.34x</b>	<b>5.83x</b>	<b>5.48x</b>	<b>3.94x</b>	<b>3.17x</b>	<b>4.37x</b>	<b>4.39x</b>	<b>4.10x</b>	<b>4.36x</b>	<b>3.64x</b>

Notes:

- (1) Investment loss due to one-time portfolio restructuring.
- (2) In accordance with the provisions of the 2015 Installment Purchase Contract, "Property Taxes" exclude the State Water Project property taxes collected by the Water District, and the equal amount in expenses paid from such taxes.
- (3) Fiscal Year 2014-15 includes certain reclassifications to more appropriate accounts

Source: Alameda County Water District Finance Department. Total may not add up due to rounding.

**Table 11**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF OUTSTANDING DEBT (Unaudited)**  
**(in thousands)**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Certificates of Participation</b>										
1998 Refunding Revenue Bonds 3.5% - 4.63% Maturity: FY 2019-20*	\$ 32,520	\$ 30,918	\$ 29,245	\$ 27,498	-	-	-	-	-	-
2003 Revenue COP's 4.6% - 5.25% Maturity: FY 2027-28**	\$ 25,213	\$ 25,203	\$ 25,194	\$ 25,184	\$ 25,174	\$ 25,165	-	-	-	-
2009 Refunding Revenue Bonds 2.0% - 5.0% Maturity: FY 2019-20	-	-	-	-	\$ 23,083	\$ 21,172	\$ 20,801	\$ 18,608	\$ 16,154	\$ 13,641
2012 Revenue Bonds 3.0% - 5.0% Maturity: FY 2040-41	-	-	-	-	-	-	\$ 48,032	\$ 47,696	\$ 47,349	\$ 46,998
2015 Revenue Bonds 4.0% - 5.0% Maturity: FY 2044-45	-	-	-	-	-	-	-	-	-	\$ 30,521
<b>Total</b>	<b>\$ 57,733</b>	<b>\$ 56,121</b>	<b>\$ 54,439</b>	<b>\$ 52,682</b>	<b>\$ 48,257</b>	<b>\$ 46,337</b>	<b>\$ 68,833</b>	<b>\$ 66,304</b>	<b>\$ 63,503</b>	<b>\$ 91,160</b>
<b>Total Outstanding Debt to</b>										
<b>Personal Income</b>	87.05	79.31	74.41	73.58	66.33	61.04	80.96	80.96	N/A	N/A
<b>Total Debt Per Capita</b>	\$178.19	\$171.62	\$164.97	\$157.73	\$148.03	\$141.27	\$207.95	\$197.92	\$186.77	\$265.77

\* 1998 Refunding Revenue Bonds were refunded by the 2009 Refunding Revenue Bonds.

\*\* 2003 Revenue COP's were refunded by the 2012 Revenue Bonds.

Sources: (1) State of California, Department of Finance.

(2) U.S. Department of Commerce, Bureau of Economic Analysis. Most recent data is for 2013.

(3) Alameda County Water District Finance Department

**Table 12**  
**ALAMEDA COUNTY WATER DISTRICT**  
**LARGEST EMPLOYERS WITHIN THE DISTRICT (Unaudited)**

CITY OF FREMONT <sup>(1)</sup>					
2014 *			2005		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Tesla Motors, Inc.	1000-5000	2.75 %	New United Motor Mfg., Inc.	5,000	4.84 %
Fremont Unified School District	1000-5000	2.75	Fremont Unified School District	3,104	3.01
Washington Hospital	1000-5000	2.75	Lam Research Corporation	2,750	2.66
Western Digital	1000-5000	2.75	Komag	1,902	1.84
Lam Research Corporation	1000-5000	2.75	Washington Hospital	1,300	1.26
Boston Scientific/Target Therapeutics, Inc.	1000-5000	2.75	Seagate Magnetics	1,200	1.16
Seagate Magnetics	1000-5000	2.75	Staff Search	1,200	1.16
Kaiser Permanente	500-999	0.69	Avanex Corporation	1,100	1.07
City of Fremont	864	0.79	Asyst Tecnnoologies, Inc.	1,000	0.97
Thermo Fisher Scientific	500-999	0.69	Solectron	1,000	0.97
Total City Employment	<u>109,454</u>		Total City Employment	<u>103,256</u>	

CITY OF UNION CITY <sup>(2)</sup>					
2014 *			2005		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Southern Wine and Spirits	1,150	3.44 %	New Haven School District	1,228	3.89 %
New Haven Unified School District	1,004	3.01	Southern Wine & Spirits	725	2.29
Wal-Mart	780	2.34	Wal-Mart	580	1.84
Axygen Scientific, Inc.	370	1.11	San Francisco Newspaper Agency	425	1.34
Abaxis, Inc.	370	1.11	Aldworth Company	345	1.09
Kaiser Permanente	330	0.99	City of Union City	328	1.04
City of Union City	320	0.96	Apria Healthcare	295	0.93
Ajax Custom Manufacturing	300	0.90	Dryer's Grand Ice Cream	294	0.93
OSI, Inc.	300	0.90	Masonic Homes	292	0.92
Blommer Chocolate, Inc.	290	0.87	Caravan Trading Company	260	0.82
Total City Employment	<u>33,400</u>		Total City Employment	<u>31,600</u>	

CITY OF NEWARK <sup>(3)</sup>					
2014 *			2005		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Newark Unified School District	700	3.17 %	Sun Microsystems	3,700	17.74 %
Logitech	689	3.12	Newark Unified School District	700	3.36
WorldPac	280	1.27	Staples (formerly Corporate Express)	600	2.88
Full Bloom Baking Company	280	1.27	ModusLink	300	1.44
Risk Management Solutions	270	1.22	WorldPac	290	1.39
Smart Modular Technologies	249	1.13	City of Newark	280	1.34
Morpho Detection	208	0.94	Valassis (formerly ADVO)	270	1.29
Cargill Salt	182	0.82	Nancy's Specialty Foods	250	1.20
City of Newark	174	0.79	Cargill Salt	230	1.10
Valassis (formerly ADVO)	166	0.75	Risk Management Solutions	200	0.96
Total City Employment	<u>22,100</u>		Total City Employment	<u>20,852</u>	

Note: \* Number of Employees and Percent of Total Employment unavailable for 2015.

Source: (1) Year 2014 - City of Fremont, CAFR FY 2013/14; Year 2005 - Fremont Chamber of Commerce, Oct 200; U.S. Dept of Labor, Bureau of Labor Statistics

(2) City of Union City, CAFR FY 2013/14

(3) City of Newark, CAFR FY 2013/14

**Table 13**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)**  
**(in thousands)**

Calendar Year	Population	Personal Income (2)	Per Capita	Unemployment Rate (3)
	As of 1/1 (1)		Personal Income (2)	
2005	323	\$ 62,166	\$ 43	4.0 %
2006	324	66,325	46	3.5
2007	327	70,761	49	3.7
2008	330	73,160	50	4.9
2009	334	71,596	48	8.5
2010	326	72,757	48	9.0
2011	328	75,908	50	8.3
2012	331	85,018	55	7.2
2013	335	87,373	55	5.9
<b>2014</b>	<b>340</b>	<b>N/A*</b>	<b>N/A*</b>	<b>4.8</b>

\* Personal income and per capita personal income shown are for Alameda County.  
Data for Alameda County Water District's service area is not available.

Sources: (1) State of California, Department of Finance  
(2) U.S. Department of Commerce, Bureau of Economic Analysis  
(3) U.S. Department of Labor, Bureau of Labor Statistics

**Table 14**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF PROPERTY, PLANT & EQUIPMENT (Unaudited)**  
**(in thousands)**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>UTILITY PLANT:</b>										
Land	\$ 9,668	\$ 9,654	\$ 9,677	\$ 9,701	\$ 9,725	\$ 9,725	\$ 9,727	\$ 9,727	\$ 9,610	\$ 9,610
Source of Supply	42,572	43,152	43,783	43,852	50,116	50,125	51,092	51,092	57,782	64,229
Pumping Plant	18,313	18,803	18,946	19,255	19,647	20,191	21,324	21,469	24,152	24,217
Water Treatment	114,030	114,777	115,024	115,833	138,112	151,445	152,302	152,296	157,393	160,238
Transmission and Distribution	211,317	218,371	219,098	228,418	235,460	244,864	253,908	262,957	275,001	300,836
General	32,613	33,274	33,818	34,661	35,909	37,234	46,075	48,114	48,172	49,684
Construction in Progress	31,112	34,908	42,788	49,281	21,570	12,265	10,282	21,612	31,930	18,938
	<u>459,625</u>	<u>472,939</u>	<u>483,134</u>	<u>501,001</u>	<u>510,539</u>	<u>525,849</u>	<u>544,710</u>	<u>567,267</u>	<u>604,040</u>	<u>627,752</u>
Less Accumulated Depreciation	149,976	161,939	168,605	178,051	189,258	199,863	211,110	223,098	231,715	244,254
<b>NET UTILITY PLANT</b>	<u>\$ 309,649</u>	<u>\$ 311,000</u>	<u>\$ 314,529</u>	<u>\$ 322,950</u>	<u>\$ 321,281</u>	<u>\$ 325,986</u>	<u>\$ 333,600</u>	<u>\$ 344,169</u>	<u>\$ 372,325</u>	<u>\$ 383,498</u>

Note:

Land: District owned land including easements and rights of way.

Source of Supply: covers all costs of plant used in connection with the source of water supply.

Pumping Plant: covers all costs of plant and equipment in connection with pumping operations.

Water Treatment: covers all costs of plant and equipment used in connection with water treatment operations.

Transmission and Distribution: includes all costs of plant and equipment used in connection with the transmission and distribution of water such as reservoirs, pipelines, meters and fire hydrants.

General: includes all costs of general plant and equipment used for general water utility purposes.

Construction in Progress: includes all costs incurred during construction for capital projects not yet completed or placed in service.

Source: Alameda County Water District Finance Department

**Table 15**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF WATER DEMAND (Unaudited)**

Fiscal Year	Million Gallons Per Day (MGD)
2005/06	44.23
2006/07	44.66
2007/08	43.80
2008/09	42.80
2009/10	38.43
2010/11	38.52
2011/12	39.23
2012/13	41.68
2013/14	40.52
<b>2014/15</b>	<b>31.94</b>

Source: Alameda County Water District Finance Department

**Table 16**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF METERED ACCOUNTS (Unaudited)**

Fiscal Year Ending June 30	Number of Meters
2006	78,523
2007	79,934
2008	79,421
2009	79,787
2010	80,206
2011	80,484
2012	81,005
2013	81,432
2014	81,700
<b>2015</b>	<b>82,049</b>

Source: Alameda County Water District Finance Department