



Annual Comprehensive Financial Report

Year Ended ~ June 30, 2021 and June 30, 2020

Fremont, California.

Alameda County Water District

Fremont, California

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For the Fiscal Years Ended June 30, 2021 and 2020

PREPARED BY THE FINANCE DEPARTMENT

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Table of Contents**

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
GFOA Certificate of Achievement	xvi
Directory of District Officials	xvii
Functional Organizational Chart	xviii
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis – Required Supplementary Information (Unaudited).....	3
Basic Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows.....	14
Notes to Basic Financial Statements	19
Required Supplementary Information (Unaudited):	
Schedules of Changes in Net Pension Liability and Related Ratios	63
Schedules of Employer Pension Contributions.....	64
Schedules of Changes in Net OPEB Liability and Related Ratios – Retiree Health Care	65
Schedules of Changes in Net OPEB Liability and Related Ratios – MCP Bonus Program.....	66
Schedules of Employer OPEB Contributions – Retiree Health Care	67
Schedules of Employer OPEB Contributions – MCP Bonus Program.....	68
<u>STATISTICAL SECTION (Unaudited)</u>	
Index	71
Ten Year Summary of Revenues, Expenses and Rate Increases	72
Ten Year Summary of Connection Fees.....	75
Ten Year Summary of Net Position.....	76
Ten Year Summary of Property Tax Levies/Collections	78
Ten Year Summary of Assessed Valuation	79
Ten Year Summary of Secured Tax Charges and Delinquencies	80
Ten Year Summary of Schedule of Base Water Rates-Bimonthly Readings and Billings.....	81
Historical Water Rates.....	82
Ten Year Summary of Ten Largest Distribution Water Revenue Accounts	83
Ten Year Summary of Historical Net Revenues and Debt Service Coverage	84
Ten Year Summary of Outstanding Debt	86
Largest Employers within the District.....	87
Ten Year Summary of Demographic and Economic Statistics	88
Ten Year Summary of Property, Plant & Equipment	89
Ten Year Summary of Water Demand.....	90
Ten Year Summary of Metered Accounts	91

INTRODUCTORY SECTION



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November 10, 2021

To the Alameda County Water District Board of Directors and Customers:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Alameda County Water District (District) for the years ended June 30, 2021 and 2020.

We believe the report presented is accurate in all material respects, and 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 disclosures necessary to enable the reader to gain the maximum understanding of the District’s financial position and 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 (FYs) ended June 30, 2021 and 2020. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District.

The ACFR follows the financial reporting requirements established by the Governmental Accounting Standards Board of the United States.

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 high-quality water within its service area. 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 managing the groundwater supply in the Niles Cone Groundwater Basin, which underlies southern Alameda County, including the Cities of Fremont, Newark, Union City and the southern portion of Hayward.

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 provides, stores, treats, and distributes water for a population of approximately 357,000 people in southern Alameda County. The District covers approximately 105 square miles and, as of June 2021, provided water service through approximately 86,468 connections.

The District’s water production was approximately 44,800 acre-feet in FY 2020/21 and is expected to be approximately 43,200 acre-feet in FY 2021/22. This slight decrease in customer demand is anticipated as a result of (a) an on-going drought campaign in California calling for conservation; and (b) the gradual return of the “at-home” work force to traditional office spaces in commuter centers as the COVID-19 pandemic is expected to wind down. Therefore FY 2021/22 demands are anticipated to be slightly lower despite new development in the service area.

Water is typically provided to the District's customers 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 Alameda Creek Watershed; 3) water imported from the State of California's State Water Project; and 4) water imported from the San Francisco Regional Water System operated by the San Francisco Public Utilities Commission (SFPUC). 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 abundant local precipitation and full deliveries of imported water supplies, these four sources may provide up to a maximum of approximately 90,000 acre-feet in any given year.

The District is governed by a five-member Board of Directors (Board) elected at-large from within the District's service area. The Board 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 currently has an authorized staff of 236 full-time positions.

The Alameda County Water District Financing Authority, a joint powers authority in partnership with the Union Sanitary District, was formed on November 14, 2011 to facilitate the issuance of the 2012 and 2015 Water System Revenue Bonds to enable the District to accomplish a number of critical capital projects and refund prior debt issuances at lower rates. The Board of Directors of the Alameda County Water District Financing Authority is comprised of the Board of the Alameda County Water District and one Board Member from the Union Sanitary District.

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

Finance

The Board of Directors conducted four financial workshops during 2020 – two workshops focused on the budget and two focused on rates and charges. At the rates workshops, the Board reviewed the allocation between fixed service charges and commodity charges in collecting revenues, the charges for dedicated fire service lines, and discussed the District's financial status and a potential increase in water rates and charges. The District also completed a cost-of-service study that guided the rate setting process and updated the water shortage emergency stage rates to enhance the District's revenue stability during water supply emergencies, such as a drought. At the conclusion of the rates process, the Board ultimately declined to increase water rates in recognition of the financial hardship many customers were facing as a result of the

ongoing COVID-19 pandemic (Pandemic). The District will resume evaluation of water rates and a potential rate increase in FY 2021/22. District water rates are currently in the bottom third of 30 surveyed Bay Area water utilities.

The District updated various other fees and charges based on actual District costs for the prior fiscal year. These fee revisions were effective March 1, 2021, and they include fire hydrant meter charges, metered jumper assembly charges, backflow inspection and testing fees, and meter installation charges. The District also implemented an inflationary update to development fees and the year three phase-in (out of a five-year plan) of the new buy-in component of these fees effective May 2021. The District also completed an updated fringe and overhead rate study and revised its overhead rate to reflect actual costs.

The District's responsible financial management was recognized by Moody's Investors Service, who upgraded its rating of the District from Aa2 to Aa1 in April 2019. Primary factors considered by Moody's in making this decision included the District's healthy debt service coverage, robust liquidity, and diverse water supply with ample storage. The District continues to maintain the Aa1 rating, which will help the District achieve significant savings on behalf of its customers when issuing debt. The District also maintains a AAA Standard & Poor's rating.

The District continues to manage its investments in a manner that adheres to the primary objectives of safety and liquidity. District staff and the District's investment advisor recently performed a comprehensive review of the District's investment policy which resulted in revisions consistent with California Government Code. These revisions increased the maximum investment allocation for commercial paper from 25% to 40% and authorize investment in securities that could result in a zero or negative interest accrual. Both of these provisions are scheduled to expire on January 1, 2026. The District continues to maintain investments of a duration less than five years due to the ongoing low interest rate environment.

Customer Service

The number of customers using the District's electronic bill presentment and payment system continues to grow. Since the July 2018 implementation, 74% of customers are now paying their water bills electronically, which adds up to over 1,200,000 total payments for over \$200 million to date. This resulted in a 20% reduction in phone calls and 30% reduction in foot traffic before the customer counter was closed due to the pandemic.

On March 16, 2020, due to the Pandemic, the District halted collection activities in advance of Governor Newsom's Executive Order N-40-42, which suspended the authority of water utility agencies to disconnect customers for non-payment until further notice. Since suspending collection activities, the District has seen an increase of past due balances of about \$1 million, which is less than 1% of the amount billed since then.

Like many water utilities, the District is facing several challenges, such as aging infrastructure and its post-employment benefit obligations such as pension and retiree healthcare, that continue to put upward pressure on water rates. Accordingly, in addition to maximizing productivity and efficiency, maintaining water service affordability for low-income customers is a key concern for the District. The District implemented an innovative customer assistance program effective March 1, 2017 for low-income customers called *Help On Tap* that initially provided a \$15 credit on the bi-monthly service charge. The bi-monthly service charge credit has been updated several times since inception and was last increased to \$35 effective October 9, 2020. As of June 30, 2021, there were 1,138 customers enrolled in the program.

The District continues to offer a program to residential customers provided by Home Emergency Insurance Solutions (HEIS) for exterior private water service line insurance. HEIS is responsible for all aspects of the program including marketing, billing, claims and conflict resolution. As of June 2021, there were 9,521

customers enrolled in the program and 1,754 repairs/replacements had been completed since the start of the program in 2012.

Labor Agreements

The District was in active negotiations with its two labor unions during the past fiscal year. The agreement with the District's largest union, the Operating Engineers Local No. 3 AFL-CIO, expired March 31, 2021 and negotiations are ongoing with this represented group. The agreement with the ACWD Operators' Association expired June 30, 2021 and the District was successful in negotiating a successor Memorandum of Understanding which took effect July 1, 2021, and expires June 30, 2024.

Water Supply

Precipitation conditions during FY 2020/21 were below average making it the second consecutive dry fiscal year. Together, FY 2019/20 and FY 2020/21 make the second driest two-fiscal-year periods in 148 years of local rainfall history. As a result, the District prioritized returns from the Semitropic Water Bank, which the District utilizes to store state water in wet years, to meet customer demands and maintain sufficient levels in the local groundwater basin in case of extended drought. Also, the District made use of a new operational functionality to recover additional water from Semitropic for nearby storage in San Luis Reservoir, a joint use facility that is part of both the California State Water Project and Federal Central Valley Project.

Statewide conditions are also extremely dry, prompting Governor Newsom to issue three drought emergency proclamations on April 21, May 10, and July 8, 2021, respectively. The July 8 proclamation expanded a drought emergency to 50 out of 58 counties in the State and called on all Californians to voluntarily reduce their water use by 15%, and the District is supporting this request. In response to the prevailing drought conditions, the District initiated the "One Saves Water" campaign, which outlines simple ways that customers can reduce their water use by 15% to meet both District and statewide water use reduction goals. The campaign includes water conservation "hacks" to reduce use and features photos and videos in a social media campaign of members of the community and stakeholders describing their water conservation efforts.

On August 19, 2021, the National Oceanic and Atmospheric Administration (NOAA) climate prediction center indicated an elevated probability of another dry year in the Western United States. Accordingly, the District has maximized its accessible reserves consistent with the FY 2020/21 practices outlined above and is prepared for a third dry year.

On May 13, 2021, the District adopted its 2020-2025 Urban Water Management Plan, which includes projected water demands and establishes sufficient supplies into the future. At the same time, an updated Water Shortage Contingency Plan was adopted to address potential water shortage conditions, including financial contingency plans during a drought. In FY 2020/21, the District also began a climate change adaptation initiative to prepare for climate-related changes in water service and water supply, including prolonged drought. This initiative will continue into FY 2021/22.

Given the growing population in the District's service area, future uncertain decisions related to the Bay-Delta Water Quality Control Plan, and the potential impacts of climate change to the District's existing water supplies, the District is actively looking ahead and evaluating potential future water supply initiatives to maintain and improve water supply reliability. Ongoing studies in this area include: 1) implementation of a State Water Project Delta Conveyance Project; 2) expansion of regional surface water storage in Los Vaqueros Reservoir; 3) implementation of water reuse in partnership with Union Sanitary District and SFPUC; and 4) exploring dry year transfer options for future droughts.

Additionally, in 2014, the District along with seven other Bay Area water agencies formed the Bay Area Regional Reliability (BARR) Partnership to evaluate how regionally focused planning can build drought

resiliency for the Bay Area. In 2017, the BARR Partners developed a regional Drought Contingency Plan (DCP) which identified projects that can provide water supply benefits to the region, and new projects that could leverage capacity in existing facilities. During FY 2020/21, the District continued to work with the BARR Partners to investigate DCP projects related to streamlining water transfers and exchanges.

Water Treatment

The District operates three potable drinking water treatment and production facilities: 1) Water Treatment Plant No. 2 - a surface water treatment plant, which receives water from the California Department of Water Resources via the South Bay Aqueduct, 2) Peralta-Tyson Blending Facility - a facility that blends purchased treated water from the SFPUC with fresh groundwater from local wellfields; and 3) Newark Desalination Facility - a brackish water desalination facility, which treats brackish water discharged as part of the District's Aquifer Reclamation Program. These multiple sources of supply and variety of water treatment processes provide reliability and operational flexibility.

The District optimizes distribution system pumping and facility operations to take advantage of tiered power rate structures and to realize savings in electrical costs. In October 2017, the District received State approval to operate the Water Treatment Plant No. 2/Whitfield Reservoir complex in a gravity-flow mode, minimizing pumping and saving on electrical costs. These savings continue to be fully recognized in FY 2020/21.

Drinking Water Quality

The District's State-certified laboratory continues to collect samples and conduct analyses for monitoring the quality of water as required by state and federal regulations. Additional sampling and analyses are performed for monitoring the operation of treatment facilities, the condition of water in the distribution system, and to meet other analytical needs of the District. Most analyses are performed in-house by District staff, but some samples are sent to sub-contract laboratories when it is more cost effective to do so given specific sampling frequency and expense of associated instrumentation and supplies. The District continues to meet or exceed all Federal and State drinking water quality and treatment regulations, including those for lead. The State Water Resources Control Board Division of Drinking Water (DDW) conducted a Sanitary Survey inspection, which is an in-depth assessment of all production facilities, wellfields, tanks, and reservoirs. The Sanitary Survey findings were received in 2019 and the District's water system was found to be in good condition, operated by conscientious staff, and capable of providing safe, potable water which meets all applicable primary and secondary drinking water standards.

As required by drinking water regulations, the District maintains a Water Quality Monitoring Plan, which provides the framework for water quality sampling and reporting. In FY 2019/20, the District revised and updated its Water Quality Monitoring Plan. The District also completed the required initial monitoring at groundwater sources, distribution system entry points, and standby sources for 1,2,3 Trichloropropane (TCP), which is a recently regulated contaminant. The District did not detect 1,2,3 TCP in any of the locations monitored.

In addition, in FY 2019/20, the District completed water quality parameter monitoring as required by US EPA Unregulated Contaminant Monitoring Rule (UCMR) 4. The information collected from the UCMR program is used as a basis to determine the source occurrence of potential contaminants during the regulatory development process.

In FY 2019/20, the District began a voluntary monitoring program for Per- and Polyfluoralkyl substances (PFAS) at all surface and ground water sources and distribution system entry points. This monitoring effort will prepare the District for future PFAS regulations. While the District did detect very low concentrations of PFAS in several groundwater wells, the District blends groundwater with its SFPUC-supplied water and no PFAS was detected in the treated water delivered to customers at levels above the notification levels

established by DDW. The District is currently evaluating potential sources of PFAS and is developing a plan for further testing and future treatment as needed.

The District actively monitors and maintains distribution system water quality by optimizing operations to reduce water age and proactively managing disinfectant levels at all storage facilities. This is partially accomplished by the District's Main Cleaning Program, which annually removes accumulated sediment from approximately 200 miles of water mains and all end-of-main blow-offs. Additionally, each year, one to two distribution system water storage facilities are inspected and cleaned.

Service Reliability

Much of the District's water infrastructure is aging and susceptible to damage as a result of ground shaking and ground failure due to regional earthquakes. Accordingly in 2013, the District embarked on a Main Renewal and Seismic Improvement Program (MRSIP), 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 and service reliability in the older portions of the service area; 3) reduces long term water system maintenance costs; and 4) improves the seismic reliability of its distribution storage and production facilities.

As part of the MRSIP, the District has invested over \$38 million in water main renewals, replacements and seismic upgrades in addition to other projects including distribution storage tank replacements and upgrades and seismic improvements. The District's distribution system has nearly 930 miles of pipeline that serves Fremont, Newark, and Union City businesses and residents. The program focuses on the proactive renewal of aging pipeline infrastructure. The pipelines to renew are selected based on several factors including likelihood of failure, consequence of failure, capacity constraints, and service to critical facilities. As part of the program, the District has replaced nearly 29,000 feet of pipeline and plans to invest an average of \$10 million per year with increasing investments over time to renew the pipeline infrastructure and prevent an unmanageable number of pipeline failures while minimizing overall costs in the long term.

During FY 2020/21, the District completed construction of the renewal and seismic upgrade of the approximately 1.5 mile Alvarado-Niles transmission pipeline, or "Spine Main," to improve water transmission reliability and earthquake resiliency. Additionally, the District is completing the design work for upgrade of a 1.5 mile pipeline on Driscoll Road. The planning and design work for the upgrade of a 3.5 mile portion of the water distribution system in Central Newark is currently underway to improve system hydraulics and service reliability in these areas. Finally, the District added a new element to the MRSIP in FY 2018/19 which focuses on proactively improving service reliability of smaller diameter aging water mains requiring an increased level of maintenance. This program will replace and upgrade approximately 34 water mains in nine areas of the water system containing these older, smaller water mains, thereby improving system hydraulics and service reliability. Construction of the first two segments of this program, the Small Diameter Main Renewal Souza-Concord project, includes one mile of pipeline renewal expected to be complete by the end of 2021.

The District continues its multi-year program of replacing and upgrading the control systems for its water production and distribution systems. Following the recent completion of projects to replace all of the Programmable Logic Controllers (PLCs) at its primary surface water treatment plant and seven distribution facilities (tanks, reservoirs, and pump stations), the District completed a second phase of PLC replacements for two additional booster stations, one additional tank, and one additional reservoir in FY 2019/20. In FY 2020/21, the District commenced the design of Phase 3 facilities including reprogramming of the PLCs, development of control system documentation, and updating of programming standards and the programming environment. The District also began the replacement of its System Control and Data Acquisition (SCADA) systems used across the District's production and distribution system in order to improve operational effectiveness, efficiencies, security, and service reliability. In FY 2020/21, Phase I of

the SCADA Replacement project, including system analysis and plans to capture current needs and future improvements, was completed. Phase I also included development of a comprehensive cybersecurity plan and SCADA Governance Plan defining specific responsibilities for District functional groups, the changes and upgrades necessary to maintain the SCADA system, and the process to be used to manage and document those changes and upgrades over time.

Groundwater Resources

On average, local groundwater accounts for approximately 40% of the District's overall water supply. The District is identified in the Sustainable Groundwater Management Act (SGMA) as an agency created by statute to manage groundwater and deemed to be the exclusive local agency within its statutory boundaries with powers to comply with SGMA. On November 10, 2016, the District's Board of Directors adopted a resolution to become the Groundwater Sustainability Agency for the Niles Cone Subbasin. On July 17, 2019, the District received notice that the Department of Water Resources determined that the District's Alternative to a Groundwater Sustainability Plan satisfies the objectives of SGMA and that the plan was approved. To ensure the high 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, 2021, the District accomplished the following groundwater management and protection initiatives:

- Adopted a 3% increase in the replenishment assessment rate for groundwater pumping for uses other than municipal and agricultural in order to generate sufficient revenue to cover expected groundwater basin-related costs.
- Issued a Survey Report on Groundwater Conditions – February 2021 and 2020 Groundwater Monitoring Report in support of the replenishment assessment rate increase.
- Issued the District's third annual report pursuant to requirements of SGMA on March 31, 2021.
- Closed nine cases in the Groundwater Protection Program as part of its efforts to protect the quality of the District's groundwater resources.
- Conducted 621 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."
- Was designated as a Groundwater Guardian Affiliate by the Groundwater Foundation for the 23rd consecutive year.

Productivity and Efficiency

The District has been impacted in many ways by the Pandemic. In order to keep employees safe and to continue providing essential services, the District began adjusting its operations on March 12, 2020 and remains in the same operating environment today. Approximately 40% of District staff continue to work-from-home regularly. Several adjustments to working conditions for staff reporting to District facilities remain in place, including: daily self-screening; access to COVID-19 testing; encouraging all staff to be vaccinated; continuing various on-site workplace safety protocols and hygiene procedures; continuing contact tracing of known-employee exposures, and other procedures. The District continues to comply with all federal, State, local and Cal/OSHA COVID-19 regulations, recommendations, and best practices.

In order to support relatively large numbers of staff securely working remotely, the District implemented improvements to its information technology systems, including updates to, and expansion of, its virtual private networking (VPN) systems, security systems (e.g. new Information Systems policies and Administrative Guidelines, multi-factor authentication, firewall upgrades, etc.), internet connection redundancy, and significantly expanded its teleconference and web conferencing capabilities.

The District continued with improvements and upgrades to its information technology programs and practices in accordance with its Information Technology Master Plan which identifies several technology improvement projects to be implemented over the next four years. The District's Information Technology Division received the Excellence in Information Technology Practices award for 2020, the second time in a row, from the Municipal Information Systems Association of California (MISAC) for best practices that make efficient and effective use of technology resources in local government.

During FY 2020/21, the District made significant enhancements and additions to SharePoint, the District's content management and collaboration platform. Several additional paper forms and related manual processes were replaced with electronic forms and these have resulted in increased operational efficiencies and improved workflows for remote work operations. The District made significant progress towards its cloud adoption strategy by completing the implementation of Microsoft Office 365 and SharePoint Online. The District finalized its records retention schedule as part of a comprehensive Records Management program. The program objectives are to increase workflow efficiencies and access to documents and records while ensuring transparency and compliance with regulations. The program is also expected to reduce ongoing costs related to maintenance and expansion of electronic storage systems, disaster recovery systems, and hard copy document infrastructure. In addition, the District continued with several IT infrastructure and cyber-security enhancements along with a major upgrade to its Enterprise Resource Planning (ERP) system.

To continue supporting a more mobile workforce and a secure work from home environment, the District escalated the adoption of mobile devices as part of its ongoing personal computer hardware renewal and replacement program, strengthened remote access security, and implemented additional District-wide collaboration tools such as Microsoft Teams.

The District completed a comprehensive District-wide Classification and Compensation Study to review all District job classifications for accuracy, consistency, and recruitment and retention impacts, as well as conduct a comprehensive total compensation market survey. The study was fully implemented for all unrepresented classifications. The compensation study was implemented for classifications represented by the ACWD Operators' Association and the District continues to meet and confer with the Association regarding the classification study portion. The District also continues to negotiate with the Operating Engineers Local No. 3 regarding implementation of the study for applicable represented classifications.

The District issued its second employee engagement survey in Spring 2021 and the results were presented in summer 2021. The District is currently evaluating the consultant's recommendations and is in the process of developing an Employee Engagement Action Plan for FYs 2021/22 and 2022/23.

Similarly, resulting from feedback from the previous employee engagement survey, the District is currently piloting an innovative employee performance and professional development review system with certain unrepresented positions. The District hopes to expand the pilot to additional unrepresented classifications in FY 2022/23.

The District continues to improve procurement efficiency and lower costs by utilizing cooperative agreements for items such as chemicals, uniform rentals, vehicles, and office supplies. Cooperative agreements allow smaller agencies to leverage their combined purchasing power to achieve bulk pricing that is on par with larger agencies. This can result in significant savings for select goods. The list of agreements the District currently participates in includes, but is not limited to, the California Multiple Award Schedules, Bay Area Chemical Consortium, U.S. General Services Administration, OMNIA Partners, and Sourcewell.

During FY 2020/21, the District completed the procurement process securing all of the needed contracts for implementation of its Advanced Metering Infrastructure (AMI) Project which will provide customers improved tools to track water use as well as increase the District’s operational efficiencies. The AMI project is planned to be completed in three phases over five fiscal years. The scope of work includes: 1) replacement and/or upgrade of approximately 85,100 water meters as needed for compatibility with AMI; 2) implementation of a cellular communications network for the transmittal of data between AMI-compatible water meters and the District’s information technology infrastructure; 3) upgrading information technology systems, including a Meter Data Management System (MDMS) for the collection, storage, management, and utilization of AMI data; 4) integration of the AMI system with the District’s existing customer information system; and 5) development of additional business enhancements that can be leveraged through AMI.

The AMI Project will implement AMI technology throughout the District’s service area. AMI will bring numerous benefits to the District and its customers, most notably access to leak detection and water use efficiency tools; improvements in the District’s customer service; and improvements to the District’s operational efficiencies related to metering, water supply, rate development, water use efficiency, infrastructure replacement, and demand management modeling. Financial analysis of the project concluded that the District’s investment in AMI will have a 10-year payback period and a positive Return on Investment (ROI) of 148% over the life of the system.

As part of the project, online customer portal software will be implemented to provide District customers with safe and secure access to their AMI water consumption data, as well as enhanced customer service features and access to conservation tools. The customer portal, named “My Smart Water Connect,” is being provided by Smart Energy Water (SEW) and will be integrated with the District’s existing Customer Information System (CIS) system, Electronic Bill Payment and Presentment (EBPP) system, and the Badger AMI system.

Public Awareness of Water Issues and Water Use Efficiency

The District’s public information and education programs aim to provide customers and the community with important information related to water supply, emergency preparedness, water quality, infrastructure projects, and the importance of water use efficiency, along with other issues related to the District as a service provider. Specific District outreach and water use efficiency actions included the following:

- Hosted its first-ever Fish Passage Projects Virtual Tour in recognition of Imagine a Day Without Water. The tour was hosted via Zoom (291 attended) and Facebook Live (25 watched) and over 750 YouTube and over 650 Facebook views
- Issued 11 news releases to Bay Area media outlets
- Continued to provide weekly information pieces on water awareness, quality and conservation, and topics related to emergency preparedness and drought in a local Tri-City newspaper
- Continued its annual publication of the Water Quality Report and four issues of its newsletter, The ACWD Aqueduct, which is mailed to all residences and businesses in the service area
- Launched its Instagram page and increased its use of social media to expand outreach
- Launched outreach for its Advanced Metering Infrastructure project, including:
 - Door hangers
 - Infographic fact sheet
 - Meter installation letters
 - Frequently Asked Questions
 - “What to expect when your AMI meter is installed” video
- Launched “One Saves Water,” a water conservation campaign to encourage customers to make a difference by taking one simple action to conserve water during a second critically dry year. The campaign includes the following:

- Development of a dedicated drought and water conservation resource webpage
- Multiple fact sheets for different customer classes
- Water conservation hacks (tips)
- Water use efficiency literature was distributed to all customers when requested
- Water efficient landscape planning and conversion workshops and Qualified Water Efficient Landscaper (QWEL) certification classes were held in partnership with other agencies, with many converted to an online format due to COVID-19
- Continued to monitor water waste reports and sent notices to customers when it was determined that water waste was occurring

The District's School Education Program provides local schools 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, 2021, the District continued its educational outreach within its service area by:

- Hosting the District's second annual ACWD WaterClips Student Video Contest
- Presenting student awards for the Alameda County Science and Engineering Fair's Excellence in Water, Wastewater and Recycled Water award
- Distributing over 512,931 pieces of printed educational material to teachers and students
- Sponsoring 41 live stream assemblies of a water conservation theater program reaching over 5,340 students and providing an additional 180 distance learning packages following school closures as a result of COVID-19
- Hosting three Wednesday Water Workout live stream events
- Hosting two Project WET, Water Education Teacher workshops

Water use efficiency extends water supplies, benefits the environment, continues to be the most cost-effective source of supply, and allows the District to "bank" water for dry years. To encourage customers to save water, the District continued and expanded upon the following water use efficiency measures during the fiscal year ended June 30, 2021, with some adjustments to account for safety concerns related to COVID-19 and to address the drought:

- Water use efficiency customer service assistance via phone and email correspondence
- Several of the District's rebate and survey offerings were streamlined and converted to online approval processes to account for COVID-19 precautions
- Virtual indoor and outdoor water use efficiency surveys were offered to residential, business, and industrial customers
- Rebates for replacing high volume/high flow toilets and urinals and rebates for water efficient clothes washers were offered to multifamily sites, businesses and organizations
- Rebates for rain barrels, irrigation controllers, and the replacement of turf grass with water efficient plants were offered to all customers
- The District's turf replacement rebate was increased on June 11, 2021, from \$1 to \$2 per square foot to incentivize customers to remove high water using turf during drought conditions
- Water efficient low-flow devices and measures (showerheads, faucet aerators, flappers, hose nozzle sprayers and leak detection tablets) were distributed directly to customers in the District's service area
- Water saving tips, drought related information, and other conservation-related information were distributed to customers through the District's customer newsletter, the ACWD Aqueduct, other community newsletters (Tri-City Ecology, Fremont Green Challenge, and LEAF newsletters), the District website, virtual workshops and through the District's Tri-City Voice weekly ad space
- Online landscape water use budgets were provided to customers with dedicated landscape accounts each billing period. Limited on-site landscape surveys for sites that were overbudget were offered.

District staff worked with service area city parks to improve irrigation efficiency. Participants that demonstrated water use efficiency were recognized

- The District’s renovated Water-Efficient Landscape Demonstration Garden promoted efficient landscape design and techniques to customers
- Leak detection through meter reader alerts was performed resulting in 1,788 customer notifications
- District staff continued to track expenditures and work to identify and apply for grant opportunities
- The District provided income-qualified residents in the District’s service area with measures to improve water and energy use efficiency in partnership with Pacific Gas and Electric. Water services include assessing water use, informing customers about water conservation tips and the District’s programs, and installing cold water saving measures. Activity halted from March-June 2020 due to COVID but resumed in July 2020 with additional safety precautions. Program services are planned to expand to include leak repair in FY 2021/22 to further assist the District’s income-qualified residents and to address drought concerns
- A Water Efficiency Master Planning effort to identify strategies to meet the District’s short-term water use efficiency goals and long-term water supply needs was completed, and implementation began in April 2021. New and expanded water use efficiency measures identified in the Plan for FY 2021/22 include: Ultra-High Efficiency Toilet Incentive for multifamily customers, School Building Retrofit, Irrigation Hardware Rebates, and Retrofit on Resale or Water Account Change. An AMI Portal Data Analysis measure is also planned to be launched once AMI full deployment begins and the customer portal is live, scheduled for later in FY 2021/22
- Beginning in April 2021, outreach and technical assistance related to drought, water conservation and water supply were communicated to customers in efforts to reduce water use

The District continued to follow the implementation of the statewide framework to improve water use efficiency, “Making Water Conservation a California Way of Life,” and the legislation to establish water use objectives (SB 606 and AB 1668) as part of achieving the framework. Several standards that the District’s new water use objectives will be based on are still to be determined, and the District continues to monitor and participate in workgroups formed by the agencies that are making these determinations. Once determined, the District’s outreach efforts and conservation programs will be based on ensuring the District can meet these new requirements.

Environmental Stewardship

The District recognizes that water agencies must balance the needs of people and the environment to be sustainable and resilient. To ensure the reliability of the District’s 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 two decades to make the creek a more fish-friendly waterway through the Fish Passage Improvements Program.

The Fish Passage Improvements Program consists of design, construction, and permit compliance for implementation of improvements at the District’s groundwater management facilities within the Alameda Creek Flood Control Channel. The goal of the Program is to restore the migratory fish passage corridor past facilities owned and operated by the District as well as Alameda County. The program features the construction of two new fishways, or fish ladders, around existing inflatable rubber dams in Alameda Creek to re-establish safe passage for federally listed Central California Coast Steelhead trout and other wildlife between the Alameda Creek watershed and San Francisco Bay. Construction of the first fishway, the District’s Rubber Dam No. 3 (RD3) Fishway, was completed in May 2019. The three-year project to construct the second fishway and associated improvements commenced May 2019 and will be completed during FY 2021/22. The program scope consists of construction of the following infrastructure and approximately two thirds of the work had been completed by end of FY 2020/21:

- New Rubber Dam No. 1/Drop Structure Fishway at the District’s existing Rubber Dam No. 1 and at the Alameda County Flood Control and Water Conservation District’s drop structure adjacent to Rubber Dam No. 1;
- New Shinn Pond Fish Screens facility with associated decommissioning of the existing unscreened diversion pipelines; and
- Rubber Dam No. 1 Control Building Modifications project to modify the dam foundation with a plunge pool for fish passage and replacement of the existing dam equipment and controls with new equipment and controls.

The District’s Clean Energy Program will implement solar photovoltaic systems at several District facilities and properties. The program will be implemented over several fiscal years under Power Purchase Agreements (PPAs) with a solar developer in order to maximize value to the District while enhancing the environmental sustainability of the District’s operations. In FY 2020/21, the District issued a Request For Proposal (RFP) and received proposals from solar developers to implement the Program. The District plans to execute six separate PPAs for photovoltaic systems which will be installed at Headquarters, Mayhew Reservoir, Newark Desalination Facility, and Whitfield Reservoir during Phase 1 of the Program implementation, and, depending upon potential energy cost savings, at Alameda and Decoto Reservoirs during Phase 2 implementation. Execution of the agreements will result in energy cost savings over the next 25 years.

Commitment to Transparency

It is the District’s goal to be transparent and operate prudently and ethically on behalf of its customers. On July 9, 2021, the District met all requirements to renew its Certificate of Transparency from the Special District Leadership Foundation 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 has also been recognized by the California Special District’s Association as a Platinum Level District of Distinction. In addition to meeting the Certificate of Transparency standards, recognition as a District of Distinction requires: 1) successful completion of regular financial audits with no major findings and implementation of any recommendations; 2) maintaining a policies and procedures manual; and 3) having all directors and executive staff complete ethics, harassment prevention, and special district governance training.

The District video records all regular and special meetings of the Board including workshops. The recorded meetings are publicly accessible via the District website.

FINANCIAL INFORMATION

Local Economy

The local economy of the District’s service area has been a reflection of nearby Silicon Valley and the greater Bay Area. The Tri-City’s diverse base supports a mix of large and small businesses and in a normal environment provides for greater economic stability and less volatility than more specialized economies. The impacts of the Pandemic on employment and the economy have been unprecedented. Uncertainty remains as the labor market and economy begin to recover. As of February 2020, the unemployment rates for the United States and California were 3.5% and 3.9%, respectively. As of June 2021, the unemployment rates for the cities of Fremont, Newark and Union City were 5.3%, 6.1%, and 6.5% respectively, as compared to the State (8.0%) and the United States (5.9%). Assessed property values within the District increased 6.4% in FY 2020/21 and are anticipated to increase another 3.4% in FY 2021/22. The District’s

overall customer base is anticipated to change slightly in size and income. Last calendar year, population grew 0.5% to 234,239 for the City of Fremont, 0.5% to 48,859 for the City of Newark, and declined 0.6% to 72,779 for the City of Union City. The most recent five year Census estimates showed that median household income grew 4.7% to \$133,354 for the City of Fremont, 8.0% to \$116,856 for the City of Newark, and 8.8% to \$114,681 for the City of Union City compared to the prior five year estimates.

Robust development activity in the District's service area is anticipated to continue for the next few years. Fremont continues to grow rapidly, both with new residential developments, and improvements in existing commercial and industrial areas. In particular, the 850 acre Fremont Innovation District around the new Warm Springs BART station is undergoing significant transition with large-scale mixed-use developments, including commercial/employment, high-density residential and other public facilities with the majority of mixed-use developments completed or nearing completion. Located in this area is Tesla Motors, which continues to increase production and has expanded their portfolio of electric car models. Building programs in this area are projected to bring over 8,000 potential new jobs, 4,000 residential units, a new elementary school, and a new hotel to the area. As many as 20,000 new jobs are projected in this area. Another major initiative has been the development of a Fremont downtown area with an estimated build-out of 5.2 million square feet of new mixed-use buildings including the construction of 157 new residential units in the downtown State Street Center which is nearing completion and a 240 unit mixed-use development in the planning phase. With the City and BART currently in the planning phase for the construction of the new Irvington BART Station, construction of high-density residential development along Osgood Road, consistent with creating a pedestrian-friendly, transit-oriented neighborhood has begun. Additional high-density developments along Osgood Road, anticipated to total approximately 440 residential units, are planned to be constructed in the near future. In addition, the Pacific Commons area continues to be active and growing with new shops, restaurants, and commercial and industrial development. Residential development in and around the Centerville District has been very active as well, with several mixed-use developments in the planning and construction stages.

In Union City, there are plans to develop a 200-acre Station District, which would include high-density housing, retail shopping, commercial business, open space, and a major intermodal transportation station near the existing Union City BART station. There are 1,700 new apartment units either constructed or planned and additional plans to add 1.2 million square feet of office space. Construction of 33 new residential units near the Turk Island Landfill is anticipated to begin in FY 2021/22 and a mixed-use development with 81 new residential rental units along Mission Boulevard is currently being developed.

Similarly, in Newark, there are plans to develop the general area around NewPark Mall that could eventually include 200,000 square feet of retail/commercial space, 500,000 square feet of office buildings, 1,519 residential units, and 700 hotel rooms. A 319 unit mixed-use development and large retail building are currently in the planning phase. Additionally, a transit-oriented development, Bayside Newark, consisting of up to 2,500 residential units is currently under construction in Newark. Plans for the transit-oriented development include a potential new train station and other amenities to serve both the greater region as well as neighboring residents. In addition, construction of 378 new residential units in Newark General Plan Area 3 has been completed and plans to construct 469 new residential units in Area 4 are currently being developed.

Rates and Charges

Water rates and charges are reviewed regularly and reflect the District's overall cost-of-service requirements. The District's water rates are in the lower third of the 30 Bay Area retail water purveyors surveyed.

The Board of Directors convened two public financial workshops in August 2020 and October 2020 to comprehensively review the District's financial plan, operating costs, capital improvement plan, dedicated

fire service lines, miscellaneous fees, sources of revenue, water rates, and water rate structures. The District also reviewed the water shortage emergency stage rates to improve revenue stability during a water shortage emergency, such as a drought. As mentioned previously, at the conclusion of these workshops the Board declined to move forward with a rate adjustment.

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 expenses 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, and a detailed operating plan that identifies estimated costs in relation to estimated revenues over the budget period. 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 reviewed and 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 budget management platform that enables improved end-user reporting and analysis 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 estimated 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 a 25-year planning horizon. 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 operating and capital budgets in June;
- Rate design and review 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 The Pun Group LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. The firm's report has been included in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 22nd consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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.

Achievement of Excellence in Procurement Award

The District has been awarded the prestigious Annual Achievement of Excellence in Procurement® (AEP) for 2021 from the National Procurement Institute, Inc. (NPI). The AEP Award is earned by public and non-profit agencies that demonstrate a commitment to procurement excellence. This annual program recognizes procurement organizations that embrace Innovation, Professionalism, Productivity, Leadership and e-Procurement. The AEP program encourages the development of excellence as well as continued organizational improvement to earn the award annually.

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 The Pun Group 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,



Ed Stevenson
General Manager



Jonathan Wunderlich
Director 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, 2020

Christopher P. Morill

Executive Director/CEO

Alameda County Water District

Board of Directors

Aziz Akbari
President

John H. Weed
Vice President

Paul Sathy
Director

Judy C. Huang
Director

James G. Gunther
Director

Principal Management Personnel

Ed Stevenson
General Manager

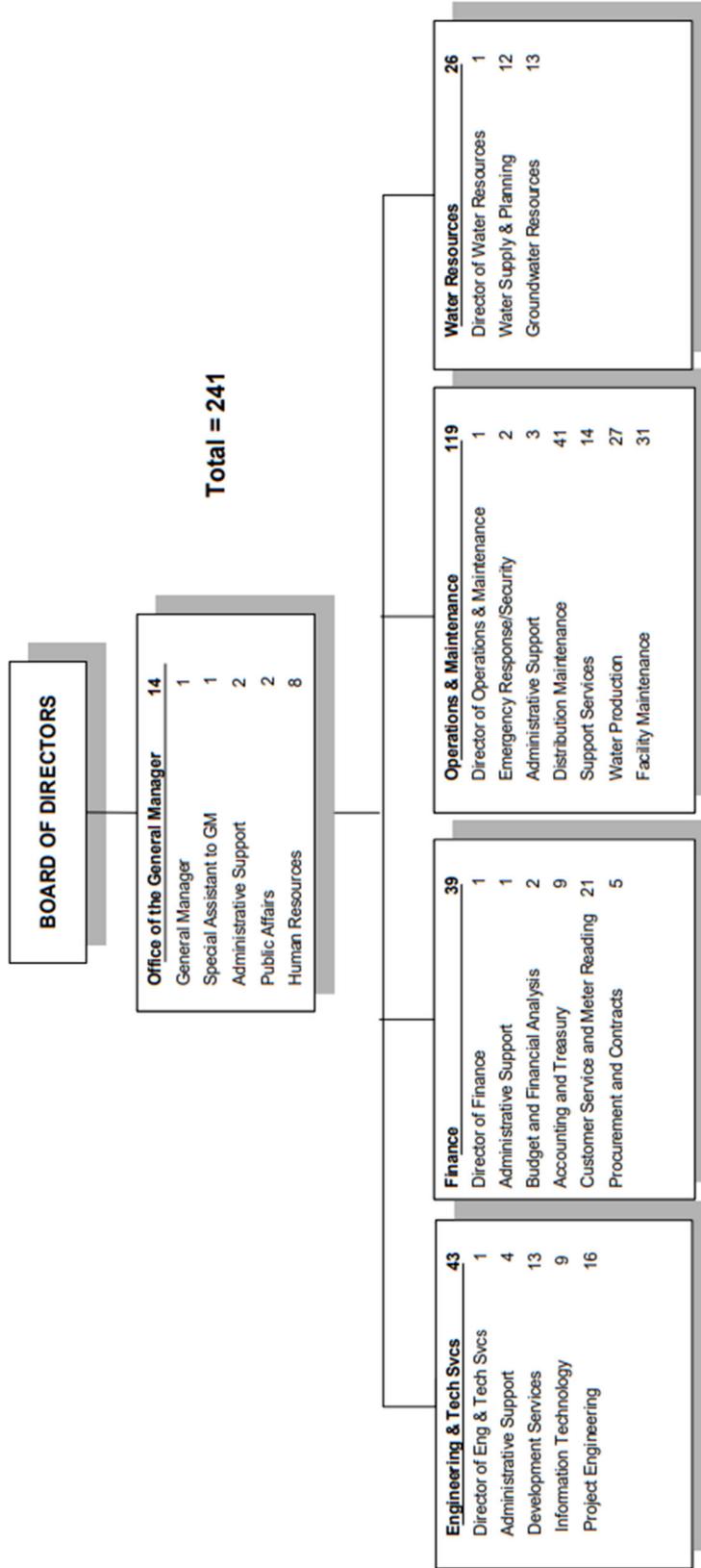
Jonathan Wunderlich
Director of Finance

Laura Hidas
Director of Water Resources

Kurt Arends
Director of Operations & Maintenance

Girum Awoke
Director of Engineering & Technology Services

**ALAMEDA COUNTY WATER DISTRICT
FUNCTIONAL ORGANIZATIONAL CHART
FY 21/22**





INDEPENDENT AUDITORS' REPORT

To 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 Alameda County Water District ("District") as of and for the years ended June 30, 2021 and 2020 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of employer pension contributions, the schedules of changes in net OPEB liability and related ratios – retiree health care, the schedules of employer OPEB contributions – retiree health care, the schedules of changes in the net OPEB liability and related ratios – MCP bonus program, and the schedules of employer OPEB contributions – MCP bonus program 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 Governmental Accounting Standards Board 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 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 solely 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 the effectiveness of the District’s 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.



Walnut Creek, California
November 10, 2021

FINANCIAL SECTION

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Alameda County Water District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2021 and 2020

This section of the Alameda County Water District's (District) annual comprehensive financial report presents an analysis of the District's financial performance during the years ended June 30, 2021 and 2020. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2021

- The District's net position increased by \$45.5 million or 9.2 percent from \$496.8 million to \$542.3 million mainly due to increases in capital assets of \$38.6 million for the fiscal year ended June 30, 2021.
- Nonoperating revenues decreased by \$8.2 million or 38.1 percent from \$21.5 million to \$13.3 million primarily due to decreases in investment income caused by a decrease in the value of investments for the fiscal year ended June 30, 2021.
- Operating expenses increased by \$11.7 million or 11.0 percent from \$106.1 million to \$117.8 million mainly due to a increase of \$6.1 million in sources of supply expenses, \$2.5 million in administration of customer accounts, and \$2.8 million in administrative and general expenses for the fiscal year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 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, expenses, and capital contributions for the fiscal years ended June 30, 2021 and 2020. 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, investing 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 11-12) and the Statements of Revenues, Expenses and Changes in Net Position (page 13) 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.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

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

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

	2021	2020	2021 vs. 2020		2019	2020 vs. 2019	
			\$ Change	% Change		\$ Change	% Change
Current and other assets	\$ 235.1	\$ 235.9	\$ (0.8)	-0.3%	\$ 204.8	\$ 31.1	15.2%
Capital assets	480.6	442.0	38.6	8.7%	422.3	19.7	4.7%
Total assets	715.7	677.9	37.8	5.6%	627.1	50.8	8.1%
Deferred outflows of resources	24.5	28.5	(4.0)	-14.0%	29.0	(0.5)	-1.7%
Long-term debt	69.6	72.7	(3.1)	-4.3%	76.6	(3.9)	-5.1%
Net pension liability	66.3	69.8	(3.5)	-5.0%	74.5	(4.7)	-6.3%
Net OPEB liability	25.2	27.7	(2.5)	-9.0%	29.3	(1.6)	-5.5%
Other liabilities	32.8	31.0	1.8	5.8%	27.7	3.3	11.9%
Total liabilities	193.9	201.2	(7.3)	-3.6%	208.1	(6.9)	-3.3%
Deferred inflows of resources	4.0	8.4	(4.4)	-52.4%	8.9	(0.5)	-5.6%
Net investment in capital assets	411.8	370.3	41.5	11.2%	346.9	23.4	6.7%
Restricted for debt service	-	-	-	-	2.7	(2.7)	-100.0%
Unrestricted	130.5	126.5	4.0	3.2%	89.5	37.0	41.3%
Total net position	\$ 542.3	\$ 496.8	\$ 45.5	9.2%	\$ 439.1	\$ 57.7	13.1%

As the above table indicates, total assets increased by \$37.8 million from \$677.9 million to \$715.7 million during the fiscal year ended June 30, 2021. This increase is due to a \$38.6 million increase in capital assets at the end of the fiscal year. For the fiscal year ended June 30, 2020, total assets increased by \$50.8 million from \$627.1 million to \$677.9 million. This increase is due to a \$31.1 million increase in current assets due mainly to increases in cash and investments from operations and an increase of \$19.7 million in capital assets at the end of the fiscal year.

Deferred outflows of resources is the amount of the unamortized deferred charge on debt refunding and the effect of pension and other post employment benefits (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to the unamortized deferred charge on refunding at June 30, 2021 and 2020 were \$0.8 million and \$0.9 million, respectively. The deferred outflows of resources due to pension benefits (GASB Statement No. 68) at June 30, 2021 and 2020 were \$16.7 million and \$18.6 million, respectively. The deferred outflows of resources due to OPEB (GASB Statement No. 75) at June 30, 2021 and 2020 were \$7.0 million and \$8.9 million, respectively.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

For the fiscal year ended June 30, 2021, total liabilities reflect a decrease of \$7.3 million due to several factors including decreases in net pension liabilities of \$3.5 million, net OPEB liabilities of \$2.5 million and scheduled debt service payments of \$3.1 million. The decrease was partially offset by an increase of \$1.8 million in other liabilities. For fiscal year ended June 30, 2020, total liabilities reflect a decrease of \$6.9 million due to several factors including decreases in net pension liabilities of \$4.7 million, net OPEB liabilities of \$1.6 million and scheduled debt service payments of \$3.9 million. The decrease was partially offset by an increase of \$3.3 million in other liabilities.

Deferred inflows of resources is the result of pension and OPEB accounting and is comprised of changes in assumptions, the difference between expected and actual earnings, and difference between expected and actual experiences in the CalPERS pension plan and the OPEB plan, which will be amortized as a component of pension and OPEB expense in future years. The deferred inflows of resources for June 30, 2021 and 2020 were \$4.0 million and \$8.4 million, respectively.

Total net position increased by \$45.5 million from \$496.8 million to \$542.3 million, mainly due an increase in capital assets of \$38.6 million or 8.7 percent for the fiscal year ended June 30, 2021. Total net position increased by \$57.7 million from \$439.1 million to \$496.8 million in the fiscal year ended June 30, 2020, mainly due to a combination of increased income during the year due to increased water revenues, property taxes and facility connection charges. Net position also increased due to investment in capital assets and a decrease in total liabilities as a result of additional payments made towards pension and OPEB liabilities and scheduled debt service payments including the payoff of the 2009 Water System Revenue bonds at June 30, 2020.

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

	2021	2020	2021 vs. 2020		2019	2020 vs. 2019	
			\$ Change	% Change		\$ Change	% Change
Operating revenues							
Water sales	\$ 122.4	\$ 116.2	\$ 6.2	5.3%	\$ 108.6	\$ 7.6	7.0%
Other operating revenues	8.0	14.7	(6.7)	-45.6%	12.0	2.7	22.5%
Total operating revenues	<u>130.4</u>	<u>130.9</u>	<u>(0.5)</u>	<u>-0.4%</u>	<u>120.6</u>	<u>10.3</u>	<u>8.5%</u>
Nonoperating revenues							
Property taxes	12.5	12.0	0.5	4.2%	9.7	2.3	23.7%
Investment income	0.2	8.9	(8.7)	-97.8%	7.3	1.6	21.9%
Other nonoperating revenues	0.6	0.6	-	0.0%	0.7	(0.1)	-14.3%
Total nonoperating revenues	<u>13.3</u>	<u>21.5</u>	<u>(8.2)</u>	<u>-38.1%</u>	<u>17.7</u>	<u>3.8</u>	<u>21.5%</u>
TOTAL REVENUES	<u>143.7</u>	<u>152.4</u>	<u>(8.7)</u>	<u>-5.7%</u>	<u>138.3</u>	<u>14.1</u>	<u>10.2%</u>
TOTAL EXPENSES							
Depreciation and amortization expense	14.7	14.5	0.2	1.4%	14.0	0.5	3.6%
Other operating expenses	103.1	91.6	11.5	12.6%	83.5	8.1	9.7%
Nonoperating expenses	1.5	2.2	(0.7)	-31.8%	2.5	(0.3)	-12.0%
TOTAL EXPENSES	<u>119.3</u>	<u>108.3</u>	<u>11.0</u>	<u>10.2%</u>	<u>100.0</u>	<u>8.3</u>	<u>8.3%</u>
Income before capital contributions	24.4	44.1	(19.7)	-44.7%	38.3	5.8	15.1%
Capital contributions	21.1	13.6	7.5	55.1%	8.3	5.3	63.9%
Changes in net position	<u>45.5</u>	<u>57.7</u>	<u>(12.2)</u>	<u>-21.1%</u>	<u>46.6</u>	<u>11.1</u>	<u>23.8%</u>
Beginning net position	496.8	439.1	57.7	13.1%	392.5	46.6	11.9%
Ending net position	<u>\$ 542.3</u>	<u>\$ 496.8</u>	<u>\$ 45.5</u>	<u>9.2%</u>	<u>\$ 439.1</u>	<u>\$ 57.7</u>	<u>13.1%</u>

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020

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 \$24.4 million and capital contributions of \$21.1 million resulted in an overall increase of \$45.5 million in net position for the fiscal year ended June 30, 2021.

In fiscal year ended June 30, 2020, income before capital contributions of \$44.1 million and capital contributions of \$13.6 million resulted in an overall increase of \$57.7 million in net position.

For fiscal year ended June 30, 2021, Table 2 indicates that the District's total revenues decreased by \$8.7 million or 5.7 percent to \$143.7 million from \$152.4 million in the prior year. Nonoperating revenues decreased by \$8.2 million or 38.1 percent to \$13.3 million from \$21.5 million. This was due to a \$8.7 million decrease in investment income due to an increase in interest rates which resulted in a decrease in the value of the investments held by the District at June 30, 2021.

Total expenses increased by \$11.0 million or 10.2 percent to \$119.3 million from \$108.3 million in the prior year due to increases of \$6.1 million in source of supply expenses, \$2.5 million in administration of customer accounts costs and \$2.8 million in administration and general costs.

For fiscal year ended June 30, 2020, Table 2 indicates that the District's total revenues increased by \$14.1 million or 10.2 percent to \$152.4 million from \$138.3 million in the prior year. Operating revenues increased by \$10.3 million or 8.5 percent due to an increase in water sales as a result of increased water consumption and two 4% rate increases, which became effective March 1, 2019 and March 1, 2020, and an increase of \$2.7 million in other operating revenues. Nonoperating revenues increased by \$3.8 million or 21.5 percent, which was mainly due to an increase in property tax revenue of \$2.3 million and an increase of \$1.5 million in other nonoperating revenues.

For fiscal year ended June 30, 2020, total expenses increased by \$8.3 million or 8.3 percent partially due to an increase of \$3.7 million in source of supply expenses, and a \$4.3 million increase in administration and general costs, along with slight increases in administration of customer accounts costs and depreciation.

CAPITAL ASSETS

As of June 30, 2021, the District's investment in capital assets totaled \$480.6 million, which is an increase of \$38.6 million or 8.7 percent over the capital asset balance of \$442.0 million at June 30, 2020. The net increase in capital assets was primarily due to increases in construction in progress of \$30.1 million and capitalized assets in the amount of \$22.8 million less \$14.3 million net increase in accumulated depreciation.

As of June 30, 2020, the District's investment in capital assets totaled \$442.0 million, which is an increase of \$19.7 million or 4.7 percent over the capital asset balance of \$422.3 million at June 30, 2019. The increase in capital assets was primarily due to a net increase in capitalized assets in the amount of \$33.9 million less a net increase in accumulated depreciation of \$14.2 million.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020

CAPITAL ASSETS (Continued)

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)

	2021	2020	2021 vs. 2020		2019	2020 vs. 2019	
			\$ Change	% Change		\$ Change	% Change
Land	\$ 9.6	\$ 9.6	\$ -	0.0%	\$ 9.6	\$ -	0.0%
Construction in progress	75.5	45.4	30.1	66.3%	23.9	21.5	90.0%
Source of supply	85.7	81.6	4.1	5.0%	81.6	-	0.0%
Pumping plant	26.4	25.6	0.8	3.1%	25.4	0.2	0.8%
Water treatment	167.5	166.7	0.8	0.5%	166.2	0.5	0.3%
Transmission and distribution	373.6	358.3	15.3	4.3%	347.9	10.4	3.0%
General	56.0	54.2	1.8	3.3%	52.9	1.3	2.5%
Supplemental water supply storage	20.9	20.9	-	0.0%	20.9	-	0.0%
Subtotal	815.2	762.3	52.9	6.9%	728.4	33.9	4.7%
Less accumulated depreciation/amortization	(334.6)	(320.3)	(14.3)	4.5%	(306.1)	(14.2)	4.6%
Capital assets, net	\$ 480.6	\$ 442.0	\$ 38.6	8.7%	\$ 422.3	\$ 19.7	4.7%

There were several capital projects completed during the fiscal year ended June 30, 2021. These include the Rubber Dam #1 Control Building Modifications, Canyon Heights Tank Improvements, Headquarter Roof Improvements, Emergency Service Line and Main replacements and various other capital projects related to water mains, and customer installations. 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, 2021. These projects include Rubber Dam #1 Fish Ladder, Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Advance Metering Infrastructure, Water Treatment Plant No. 2 Programmable Logic Controller Upgrade Phase 2, Vallecitos Channel Betterments, Driscroll Road Pipeline Rehabilitation, Canyon Heights Booster Station Upgrade, Central Newark Pipeline Improvements, Newark Desal Reverse Osmosis Membrane Replacement, and various other capital projects.

There were several capital projects completed during the fiscal year ended June 30, 2020. These include the Headquarter building renovations, Avalon Slope Stability Improvements, Emergency Service Line and Main replacements and various other capital projects related to water mains, and customer installations. 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, 2020. These projects include Rubber Dam #1 Fish Ladder, Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Canyon Heights Tank Improvements, Rubber Dam #1 Control Building Modifications, Water Treatment Plant No. 2 Programmable Logic Controller Upgrade Phase 2, Vallecitos Channel Betterments, Driscroll Road Pipeline Rehabilitation, and various other capital projects.

At June 30, 2021, the District had construction commitments in the amount of \$57.4 million of which \$38.7 million were for the Advance Metering Infrastructure project, \$5.9 million for the Rubber Dam #1 Fish Ladder project, and \$4.3 million were for the Shinn Pond Screen project. Additional information on the District's capital assets and construction commitments is provided in Note 5 starting on page 33 of the financial statements.

Alameda County Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020

LONG-TERM DEBT

As of June 30, 2021, the District had \$69.6 million in outstanding debt compared to \$72.7 million on June 30, 2020 and \$76.6 million on June 30, 2019. The decreases in fiscal years ended June 30, 2021 and 2020 were the results of scheduled debt service payments.

Additional information on the District's long-term debt is provided in Note 7 starting on page 37 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors (Board) adopted the District's two-year budget on June 10, 2021. The approval of a two-year budget provides funding for the District's operating, capital and debt service costs for fiscal years ending June 30, 2022 and 2023.

The District's water rates are periodically reviewed by the Board of Directors and typically adjusted annually. In recognition of the financial hardship many customers were facing as a result of the pandemic, the Board declined to increase water rates during their annual review process in the fiscal year ended June 30, 2021. The District's rates remain in the lower third of thirty Bay Area water agencies surveyed.

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 Director of Finance at 43885 South Grimmer Boulevard, Fremont, CA 94538.

BASIC FINANCIAL STATEMENTS

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Alameda County Water District
Statements of Net Position
June 30, 2021 and 2020
(In thousands)

	2021	2020
ASSETS		
Current assets:		
Cash and investments (Note 3)	\$ 202,857	\$ 205,126
Customer and other accounts receivable, net (Note 4)	14,953	12,858
Accrued unbilled revenue	11,506	12,106
Taxes receivable	116	1,274
Grants receivable	2,309	1,010
Interest receivable	722	898
Material and supplies	2,577	2,518
Prepaid expenses	72	151
Total current assets	235,112	235,941
Noncurrent assets:		
Capital assets: (Note 5)		
Nondepreciable	85,119	55,045
Depreciable, net	395,485	386,997
Total capital assets, net	480,604	442,042
Total noncurrent assets	480,604	442,042
Total assets	715,716	677,983
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	765	874
Deferred items related to pensions (Note 10)	16,757	18,647
Deferred items related to OPEB (Notes 11 and 12)	7,034	8,991
Total deferred outflows of resources	24,556	28,512

(Continued)

Alameda County Water District
Statements of Net Position (Continued)
June 30, 2021 and 2020
(In thousands)

	2021	2020
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 6)	17,556	13,610
Accrued payroll and related liabilities (Note 6)	4,179	4,003
Contractor and customer deposits	9,761	12,642
Interest payable	206	218
Unearned revenue	10	-
Long-term debt - due within one year (Note 7)	3,197	3,102
Total current liabilities	34,909	33,575
Noncurrent liabilities:		
Accrued payroll and related liabilities (Note 6)	1,082	563
Long-term debt - due in more than one year (Note 7)	66,361	69,558
Net pension liability (Note 10)	66,344	69,755
Net OPEB liability (Notes 11 and 12)	25,183	27,738
Total noncurrent liabilities	158,970	167,614
Total liabilities	193,879	201,189
DEFERRED INFLOWS OF RESOURCES		
Deferred items related to pensions (Note 10)	2,474	5,973
Deferred items related to OPEB (Notes 11 and 12)	1,570	2,525
Total deferred inflows of resources	4,044	8,498
NET POSITION		
Net investment in capital assets	411,811	370,256
Unrestricted	130,538	126,552
Total net position	\$ 542,349	\$ 496,808

Alameda County Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020
(In thousands)

	2021	2020
OPERATING REVENUES:		
Water sales	\$ 122,388	\$ 116,230
Facilities connection charges	6,154	13,952
Fees and rental	1,231	559
Other	617	173
Total operating revenues	130,390	130,914
OPERATING EXPENSES:		
Sources of supply:		
Water purchases	34,408	29,579
Pumping	1,863	1,613
Other	10,074	9,041
Total sources of supply	46,345	40,233
Water treatment	15,123	15,777
Transmission and distribution	16,687	15,990
Administration of customer accounts	4,573	2,029
Administration and general	20,368	17,534
Depreciation and amortization	14,734	14,499
Total operating expenses	117,830	106,062
Operating income	12,560	24,852
NONOPERATING REVENUES (EXPENSES):		
Investment income	187	8,971
Property taxes	12,542	12,023
Other nonoperating revenues	520	432
Gain on disposal of capital assets	121	63
Cost of issuance expense	(35)	(30)
Interest expense	(1,483)	(2,208)
Total nonoperating revenues (expenses)	11,852	19,251
Income before capital contributions	24,412	44,103
Capital contributions	21,129	13,569
Changes in net position	45,541	57,672
NET POSITION:		
Beginning of year	496,808	439,136
End of year	\$ 542,349	\$ 496,808

Alameda County Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2021 and 2020
(In thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 126,014	\$ 126,546
Cash receipts from others	530	435
Cash payments to suppliers for goods and services	(54,475)	(41,971)
Cash payments for employees pension benefits	(14,672)	(14,748)
Cash payments for employees OPEB benefits	(3,407)	(6,460)
Cash payments to employees for salaries and other benefits	(37,034)	(33,229)
Net cash provided by operating activities	16,956	30,573
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes received	13,700	11,314
Net cash provided by noncapital financing activities	13,700	11,314
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisitions of capital assets	(28,858)	(23,996)
Capital grants received restricted for capital purposes	1,000	7,565
Proceeds from sale of capital assets	134	70
Letter of credit issuance costs paid	(35)	(30)
Principal paid on debt	(2,915)	(3,634)
Interest paid on debt	(2,614)	(2,743)
Net cash (used in) capital and related financing activities	(33,288)	(22,768)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	46,954	41,008
Purchases of investments	(50,182)	(62,944)
Investment income received	3,041	3,862
Net cash (used in) investing activities	(187)	(18,074)
Net change in cash and cash equivalents	(2,819)	1,045
CASH AND CASH EQUIVALENTS:		
Beginning of year	35,964	34,919
End of year	<u>\$ 33,145</u>	<u>\$ 35,964</u>
RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and investments	\$ 202,857	\$ 205,126
Less investments not meeting the definition of cash equivalents (Note 2B)	(169,712)	(169,162)
Total cash and cash equivalents	<u>\$ 33,145</u>	<u>\$ 35,964</u>

(Continued)

Alameda County Water District
Statements of Cash Flows (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(In thousands)

	2021	2020
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 12,560	\$ 24,852
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	14,734	14,499
Other nonoperating revenues	520	435
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Customer and other accounts receivable	(2,095)	(969)
Accrued unbilled receivable	600	(1,319)
Materials and supplies	(59)	(26)
Prepaid expenses	79	(72)
Accounts payable and accrued expenses	(636)	1,195
Accrued payroll and related liabilities	695	624
Contractor and customer deposits	(2,881)	(2,080)
Unearned revenue	10	-
Net pension liability and related pension deferred outflows/inflows of resources	(6,170)	(4,654)
Net OPEB liability and related OPEB deferred outflows/inflows of resources	(401)	(1,912)
Net cash provided by operating activities	<u>\$ 16,956</u>	<u>\$ 30,573</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amortization of premiums and loss on debt refunding	\$ (78)	\$ 1
Capital contributions	18,830	6,087
Capitalized interest	1,041	525
Changes in capital related assets and liabilities:		
Grants receivable	1,299	(83)
Accounts payable and retention payable	4,578	3,642
NONCASH INVESTING ACTIVITIES:		
Change in fair value of investments	2,678	(5,151)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Alameda County Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 1 – Description of the Reporting Entity

A. Description of Operations

The Alameda County Water District (the “District”) was organized under the California County Water District 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 (“U.S. 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 the Union Sanitary District and was 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 and the debt compliance letters for the Authority may be obtained from the District office at 43885 South Grimmer Boulevard, Fremont, California, 94538.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation and Measurement Focus

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. Under the 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.

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, expenses, and capital contributions. 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).

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

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's 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. Quoted market price is used as fair value for those securities for which market quotations are readily available.

The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Refer to Note 3 for more information on the fair value measurements.

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 since the earning process has been completed.

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.

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 thousand and an estimated useful life of more than one year. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits and overhead. For the years ended June 30, 2021 and 2020, the District financed certain capital projects and interest in the amount of \$1,041 and \$525 were capitalized, 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 or construction of new 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, software, tools, shop furniture, lab furniture and equipment	10 years
Motor vehicles	5 years

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

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, except prepaid bond insurance costs. Deferred charge on refunding from advance refundings of debt are classified as a deferred outflows 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.

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 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. A share of this base 1% property tax is allocated to the District. 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, 2021 and 2020, the District recognized \$6,937 and \$6,580 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 requests that the County collect that amount. 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, 2021 and 2020, the District recognized \$5,605 and \$5,443 of this State water property tax.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs, which is the 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 and deferred outflows of resources 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”.

L. Pensions and OPEB

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

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.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

N. New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2021, the District implemented the following accounting standards:

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The implementation of this statement did not have a significant impact to the District's financial statements.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this statement did not have a significant impact to the District's financial statements.

O. Upcoming 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 June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87, originally effective for the District's fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Upcoming New GASB Pronouncements (Continued)

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB Statement No. 89), to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89, originally effective for the District’s fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91, originally effective for the District’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2023.
- In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB Statement No. 92), to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. GASB Statement No. 92 originally effective for the District’s fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB Statement No. 93), to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR) which is expected to cease to exist in its current form at the end of 2021. GASB Statement No. 93 originally effective for the District’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2022.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94) to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 94 is effective for the District’s fiscal year ending June 30, 2023.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Upcoming New GASB Pronouncements (Continued)

- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for the District’s fiscal year ending June 30, 2023.
- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (GASB Statement No. 97), to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is effective for the District’s fiscal year ending June 30, 2022.

P. Reclassification and Presentation

Certain reclassifications of prior year’s balances have been made to conform with the current year presentation. The reclassifications have no effect on the total net position, change in net position or net changes in cash equivalents.

Note 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. For the years ended June 30, 2021 and 2020, the District did not have funds reported as restricted investments.

A. Summary of Cash and Investments

	2021	2020
Unrestricted cash and bank deposits	\$ 14,012	\$ 13,368
Unrestricted investments	188,845	191,758
Total cash and investments	\$ 202,857	\$ 205,126

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

B. Authorized Investments

The District's investment policy is adopted by the District's Board, in accordance with California Government Code Section 53601. The investment policy, which was last updated in June 2021, is reviewed for changes annually by the Board. The investment policy 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.

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 nationally recognized statistical ratings organization (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.
- Asset-Backed, mortgage-backed, mortgage pass-through securities and collateralized mortgage obligations.
- Supranationals, provided that issues are US dollar denominated senior unsecured unsubordinated obligations or unconditionally guaranteed by the International Bank of Reconstructions and Development, International Finance Corporation, or Inter-American Development Bank.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

B. Authorized Investments (Continued)

A five year maximum maturity for each investment is allowed with the exception of those securities for which the California Government Code does not specify a maximum maturity limit, the District may purchase securities whose maturities do not exceed ten years. 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, except as authorized by the California Government Code. 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 and time deposits balances were \$14,012 and \$13,368 and the bank balances were \$14,240 and \$15,668 at June 30, 2021 and 2020, 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, 2021 and 2020.

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 investment instruments as permitted by the California Government Code.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

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, 2021 and 2020 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, 2021 and 2020, the District had unrestricted cash and investments of \$18,637 and \$19,602, respectively, invested in LAIF, which had invested 2.31% and 3.37% 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 \$193.3 billion and \$100.9 billion in its investment portfolio as of June 30, 2021 and 2020, respectively. The District valued its investments in LAIF as of June 30, 2021 and 2020, 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 1.00008297 and 1.004912795 as of June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, the District had unrestricted cash and investments in the CAMP pool of \$496 and \$2,994, respectively. The total amount invested by all public agencies in CAMP at June 30, 2021 and 2020 was \$6.5 billion and \$6.6 billion, 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.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District does not have any of its investments using Level 1 and 3 inputs.

The following is a summary of the fair value hierarchy of investments held by District as of June 30, 2021 and 2020:

Investments by Fair Value Level	June 30, 2021	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
U.S. Treasury securities	\$ 59,108	\$ 59,108
U.S. Government agency obligations	49,052	49,052
Medium-term notes	38,243	38,243
Municipal bonds	1,703	1,703
Asset-Backed securities	8,243	8,243
Supranational securities	10,547	10,547
Negotiable certificates of deposit	2,816	2,816
Total investments by fair value level	169,712	\$ 169,712
Investments not subject to fair value hierarchy:		
Local Agency Investment Fund	18,637	
California Asset Management Program	496	
Total investments not subject to fair value hierarchy	19,133	
Total investments	\$ 188,845	

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

D. Investments (Continued)

	June 30, 2020	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
U.S. Treasury securities	\$ 82,829	\$ 82,829
U.S. Government agency obligations	35,121	35,121
Medium-term notes	34,484	34,484
Municipal bonds	2,365	2,365
Asset-Backed securities	2,695	2,695
Supranational securities	1,794	1,794
Negotiable certificates of deposit	9,874	9,874
Total investments by fair value level	<u>169,162</u>	<u>\$ 169,162</u>
Investments not subject to fair value hierarchy:		
Local Agency Investment Fund	19,602	
California Asset Management Program	2,994	
Total investments not subject to fair value hierarchy	<u>22,596</u>	
Total investments	<u>\$ 191,758</u>	

Investments securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

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, except in limited circumstances. At June 30, 2021 and 2020, the District’s investment pool had a weighted average maturity of 2.74 years and 2.69 years, respectively. The District invested \$38,243 and \$34,484 in corporate medium-term notes at June 30, 2021 and 2020, respectively and of this amount \$23,485 and \$19,678 were in callable 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 and under a provision sunsetting on January 1, 2026, no more than 40% of the total portfolio may be invested in commercial paper. Additionally, 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. See Note 3F for the District’s concentration of credit risk details.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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 a third-party custodian in the District’s name, which is U.S. Bank.

F. Cash and Investments Composition

As of June 30, 2021, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)		
			Less than 1	1-3 years	3-5 years
Unrestricted investments:					
U.S. Treasury securities	Aaa / AA+	\$ 59,108	\$ 1,920	\$ 40,066	\$ 17,122
U.S. Government agency obligations	Aaa / AA+	49,052	5,606	19,929	23,517
Medium-term notes	Baa1 to Aaa/BBB+ to AAA	38,243	5,268	13,769	19,206
Municipal bonds	Aa3 / AA-	1,703	-	1,567	136
Asset-Backed securities	Aaa / AAA	8,243	-	2,829	5,414
Supranational	Aaa / AAA	10,547	-	-	10,547
Negotiable certificates of deposit	A1 to P-1/A+ to A-1	2,816	-	2,816	-
Local Agency Investment Fund	Not Rated	18,637	18,637	-	-
California Asset Management Program	Not Rated / AAAm	496	496	-	-
Total unrestricted investments		<u>188,845</u>	<u>31,927</u>	<u>80,976</u>	<u>75,942</u>
Total investments		<u>\$ 188,845</u>	<u>\$ 31,927</u>	<u>\$ 80,976</u>	<u>\$ 75,942</u>

As of June 30, 2021, the District does not have investments in a single issuer, excluding those backed by the U.S. Government, that represent 5% or more of the District’s unrestricted and restricted investment portfolios.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 3 – Cash and Investments (Continued)

F. Cash and Investments Composition (Continued)

As of June 30, 2020, the District had the following investments and maturities:

Investment Type	Credit Ratings Moody's/S&P	Fair Value	Maturities (in years)		
			Less than 1	1-3 years	3-5 years
Unrestricted investments:					
U.S. Treasury securities	Aaa / AA+	\$ 82,829	\$ 3,758	\$ 48,224	\$ 30,847
U.S. Government agency obligations	Aaa / AA+	35,121	-	13,335	21,786
Medium-term notes	Baa1 to Aaa/BBB+ to AAA	34,484	10,366	12,073	12,045
Municipal bonds	Aa3 / AA-	2,365	656	-	1,709
Asset-Backed securities	Aaa / AAA	2,695	579	-	2,116
Supranational	Aaa / AAA	1,794	-	-	1,794
Negotiable certificates of deposit	A1 to P-1/A+ to A-1	9,874	7,017	2,857	-
Local Agency Investment Funds	Not Rated	19,602	19,602	-	-
California Asset Management Program	Not Rated / AAAm	2,994	2,994	-	-
Total unrestricted investments		191,758	44,972	76,489	70,297
Total investments		\$ 191,758	\$ 44,972	\$ 76,489	\$ 70,297

As of June 30, 2020, the District did not have investments in a single issuer, excluding those backed by the U.S. Government, that represented 5% or more of the District's unrestricted and restricted investment portfolios.

Note 4 – Customer and Other Accounts Receivable

Customer and other accounts receivable were as follows:

	2021	2020
Utility service	\$ 8,035	\$ 7,040
Groundwater replenishment	8	67
Other	6,950	5,784
Allowance for doubtful accounts	(40)	(33)
Total customer and other accounts receivable, net	\$ 14,953	\$ 12,858

Other accounts receivable balance of \$6,950 and \$5,784 for June 30, 2021 and 2020, respectively, represents accrued receivables for customer installation jobs and other miscellaneous receivables.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 5 – Capital Assets

A. Summary of Capital Asset Activity

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 9,609	\$ -	\$ (8)	\$ -	\$ 9,601
Construction in progress	45,436	46,676	-	(16,594)	75,518
Capital assets, not being depreciated	<u>55,045</u>	<u>46,676</u>	<u>(8)</u>	<u>(16,594)</u>	<u>85,119</u>
Capital assets, being depreciated					
Source of supply	81,630	-	-	4,055	85,685
Pumping plant	25,585	-	-	816	26,401
Water treatment	166,705	-	-	850	167,555
Transmission and distribution	358,378	6,633	(23)	8,577	373,565
General	54,180	-	(475)	2,296	56,001
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated	<u>707,338</u>	<u>6,633</u>	<u>(498)</u>	<u>16,594</u>	<u>730,067</u>
Less accumulated depreciation					
Source of supply	(46,035)	(1,456)	-	-	(47,491)
Pumping plant	(18,977)	(545)	-	-	(19,522)
Water treatment	(66,041)	(3,301)	-	-	(69,342)
Transmission and distribution	(147,312)	(6,776)	18	-	(154,070)
General	(31,271)	(2,020)	475	-	(32,816)
Supplemental water supply storage	(10,705)	(636)	-	-	(11,341)
Less accumulated depreciation	<u>(320,341)</u>	<u>(14,734)</u>	<u>493</u>	<u>-</u>	<u>(334,582)</u>
Capital assets, being depreciated, net	<u>386,997</u>	<u>(8,101)</u>	<u>(5)</u>	<u>16,594</u>	<u>395,485</u>
Total capital assets, net	<u>\$ 442,042</u>	<u>\$ 38,575</u>	<u>\$ (13)</u>	<u>\$ -</u>	<u>\$ 480,604</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

A. Summary of Capital Asset Activity (Continued)

The District had various active construction projects as of June 30, 2021 including the following:

Rubber Dam#1 Fish Ladder	\$ 29,960
Alvarado-Niles Spine Main	16,571
Shinn Pond Fish Screen	11,022
Various Other Active Projects (individually less than \$700)	4,020
Advance Metering Infrastructure	2,471
Vallecitos Channel Improvement	2,045
Distribution PLC Replacement - Phase 2	1,723
Customer Installation Jobs	1,684
Driscoll Road Pipeline Rehabilitation	1,520
Canyon Heights Booster Station	1,417
Central Newark Pipeline Improvements	1,169
Newark Desal Reverse Osmosis	1,129
Kaiser Pond Diversion Pipeline Improvement	787
Total	<u>\$ 75,518</u>

At June 30, 2021, the District had construction commitments for the acquisition and construction of capital assets in the amount of \$57,435.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

A. Summary of Capital Asset Activity (Continued)

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 9,610	\$ -	\$ (1)	\$ -	\$ 9,609
Construction in progress	23,982	31,430	-	(9,976)	45,436
Capital assets, not being depreciated	33,592	31,430	(1)	(9,976)	55,045
Capital assets, being depreciated					
Source of supply	81,563	-	-	67	81,630
Pumping plant	25,353	-	-	232	25,585
Water treatment	166,153	-	-	552	166,705
Transmission and distribution	347,969	2,822	(21)	7,608	358,378
General	52,910	-	(247)	1,517	54,180
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated	694,808	2,822	(268)	9,976	707,338
Less accumulated depreciation					
Source of supply	(44,650)	(1,385)	-	-	(46,035)
Pumping plant	(18,451)	(526)	-	-	(18,977)
Water treatment	(62,738)	(3,303)	-	-	(66,041)
Transmission and distribution	(140,745)	(6,582)	15	-	(147,312)
General	(29,451)	(2,067)	247	-	(31,271)
Supplemental water supply storage	(10,069)	(636)	-	-	(10,705)
Less accumulated depreciation	(306,104)	(14,499)	262	-	(320,341)
Capital assets, being depreciated, net	388,704	(11,677)	(6)	9,976	386,997
Total capital assets, net	\$ 422,296	\$ 19,753	\$ (7)	\$ -	\$ 442,042

Depreciation and amortization expense for capital assets for the years ended June 30, 2021 and 2020 were \$14,734 and \$14,499, respectively.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 5 – Capital Assets (Continued)

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.

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, 2021 and 2020 are amortized over the remaining life of the agreement. The District recognized amortization expense in the amount of \$636 for the years ended June 30, 2021 and 2020.

The District has a storage allocation of 150,000 acre-feet and had stored approximately 130,507 and 143,826 acre-feet of water at June 30, 2021 and 2020, respectively.

C. 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). This temporary decommission is 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.

Note 6 – Accounts Payable, Accrued Expenses and Accrued Payroll

Accounts payable and accrued expenses were as follows:

	2021	2020
Vendors	\$ 10,788	\$ 7,986
Retention payable	789	770
Installer's reimbursement	3,931	3,422
Other	2,048	1,432
Total	\$ 17,556	\$ 13,610

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, storage tanks, and other facilities 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, 2021 and 2020, were \$3,931 and \$3,422, 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. On May 1, 2019, the District discontinued the Facilities Reimbursement Charge which is the fee that funds the installer's reimbursement fund.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 6 – Accounts Payable, Accrued Expenses and Accrued Payroll (Continued)

Accrued payroll and related liabilities were as follows:

	<u>2021</u>	<u>2020</u>
Accrued payroll	\$ 1,549	\$ 1,367
Accrued vacation	2,300	1,899
Accrued leave and other	<u>1,412</u>	<u>1,300</u>
Total	5,261	4,566
Less current portion	<u>(4,179)</u>	<u>(4,003)</u>
Long-term portion	<u><u>\$ 1,082</u></u>	<u><u>\$ 563</u></u>

Accrued vacation activity is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,899	\$ 1,737
Additions	1,982	1,860
Reduction	<u>(1,581)</u>	<u>(1,698)</u>
Balance, end of year	<u><u>\$ 2,300</u></u>	<u><u>\$ 1,899</u></u>

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

Note 7 – Long-Term Debt

Long-term debt activities for the fiscal year ended June 30, 2021 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning			Ending		Current	Noncurrent
				Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021			
2012 Water System Revenue Bonds	3.00 to 5.00%	2041	\$ 45,240	\$ 43,085	\$ -	\$ (2,335)	\$ 40,750	\$ 2,400	\$ 38,350	
Unamortized premium				2,024	-	(96)	1,928	96	1,832	
2015 Water System Revenue Bonds	4.00 to 5.00	2045	27,810	25,295	-	(580)	24,715	610	24,105	
Unamortized premium				<u>2,256</u>	-	(91)	<u>2,165</u>	<u>91</u>	<u>2,074</u>	
Total Long-term Debt			<u><u>\$ 73,050</u></u>	<u><u>\$ 72,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,102)</u></u>	<u><u>\$ 69,558</u></u>	<u><u>\$ 3,197</u></u>	<u><u>\$ 66,361</u></u>	

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 7 – Long-Term Debt (Continued)

Long-term debt activities for the fiscal year ended June 30, 2020 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Current	Noncurrent
2009 Water System Refunding Revenue Bonds	2.00 to 5.00%	2020	\$ 26,340	\$ 2,780	\$ -	\$ (2,780)	\$ -	\$ -	\$ -
Unamortized premium				119	-	(119)	-	-	-
2012 Water System Revenue Bonds	3.00 to 5.00	2041	45,240	43,385	-	(300)	43,085	2,335	40,750
Unamortized premium				2,119	-	(96)	2,024	96	1,928
2015 Water System Revenue Bonds	4.00 to 5.00	2045	27,810	25,850	-	(555)	25,295	580	24,715
Unamortized premium				2,347	-	(91)	2,256	91	2,165
Total Long-term Debt			<u>\$ 99,390</u>	<u>\$ 76,600</u>	<u>\$ -</u>	<u>\$ (3,941)</u>	<u>\$ 72,660</u>	<u>\$ 3,102</u>	<u>\$ 69,558</u>

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 on the bonds is \$93,379. Principal and interest paid for the year ended June 30, 2021 and total net revenues as defined in the bond indentures were \$5,529 and \$34,418, respectively. Principal and interest paid for the year ended, June 30, 2020 and total net revenues as defined in the bond indentures were \$6,377 and \$55,337 respectively.

Events of default under the Installment Purchase Contract include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. District bankruptcy, reorganization, receivership, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Installment Purchase Contract or the Trust Agreement, which continues for a period of 60 days after notice.

The debt service requirements for the Water System Revenue Bonds at June 30, 2021 were as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,010	\$ 2,469	\$ 5,479
2023	3,105	2,318	5,423
2024	3,220	2,162	5,382
2025	3,340	2,028	5,368
2026	3,465	1,886	5,351
2027-2031	14,190	7,829	22,019
2032-2036	13,260	5,622	18,882
2037-2041	15,970	2,995	18,965
2042-2045	5,905	605	6,510
Total	<u>\$ 65,465</u>	<u>\$ 27,914</u>	<u>\$ 93,379</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 7 – Long-Term Debt (Continued)

Letter of Credit

The District entered into a one-year, unsecured \$10.0 million revolving credit agreement with JP Morgan Chase Bank on December 27, 2017 for the purpose of borrowing funds when needed to respond to a declared emergency. The agreement has subsequently been amended three times with the most recent amendment on December 8, 2020. With the third amendment, the commitment fee rate assessed against any unused portion of the line of credit remained at 0.35%. Any funds borrowed must be repaid by December 23, 2021 unless a later date is negotiated. Interest will be assessed on any funds borrowed under the line of credit at 70 percent of the London interbank offered rate (LIBOR) plus 0.55% for taxable loans. The District did not borrow against the line of credit as of June 30, 2021 and 2020.

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, 2021 and 2020.

Note 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 Association of California Water Agencies Joint Powers Insurance Authority Worker’s Compensation, Property and Liability Insurance Programs for risk of loss. These programs provide worker’s compensation, general liability, property, auto, boiler and machinery, employment practices liability, employee and public official’s dishonesty coverage, employment benefits liability, cyber liability, employee and public official errors and omissions and public official personal liability insurance coverage.

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, 2021 are as follows:

Coverage Description	Deductibles	Coverage
General, Auto & Public Officials Errors & Omissions Liability	\$ -	\$ 55,000
Cyber	\$ -	\$ 5,000
Property	\$ 100	\$ 500,000
Workers' Compensation	\$ -	Statutory
Employee Dishonesty	\$ 1	\$ 1,000
Underground Storage Tank Liability	\$ 10	\$ 3,000

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 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. A contract amendment to extend the term of the contract through 2085 is in process. The District’s actual State Water Project water purchases for the fiscal years ended June 30, 2021 and 2020 were approximately 20,803 and 22,062 acre-feet, respectively. Since 2012, the maximum annual Table A Allocation has been 42,000 acre-feet. In any year when the Table A Allocation is in excess of the District’s needs, the State will attempt to sell such excess and credit the District or store the water for future use. The costs to the District for water purchased under this contract for the fiscal years ended June 30, 2021 and 2020 were approximately \$9,873 and \$9,567, respectively, and were charged to operations as incurred.

The District’s water is delivered through facilities constructed and operated 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 \$167,639 as of June 30, 2021.

Year Ending June 30,	State Water Purchase Commitment
2022	\$ 11,174
2023	11,117
2024	11,418
2025	11,609
2026	11,596
2027 - 2031	58,107
2032 - 2036	52,618
Total Water Purchase	\$ 167,639

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 9 – Commitments (Continued)

City and County of San Francisco - The District entered into a water sales contract with the City and County of San Francisco in June 1984. That contract was renewed in July 2009 to purchase certain minimum amounts of water over a 25-year period and is administered by the San Francisco Public Utilities Commission (“SFPUC”). The costs to the District for water purchased under this contract for the fiscal years ended June 30, 2021 and 2020 were approximately \$21,195 and \$17,733, 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 SFPUC is unable to supply sufficient water to all users, the available water will be ratably apportioned among contractors with the District liable only for actual water delivered. The District purchased 10,650 and 8,747 acre-feet of water for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal year ending June 30, 2022, the District expects to purchase 10,311 acre-feet (1,744 acre-feet above the required minimum of 8,567 acre-feet) at an estimated cost of \$20,164.

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 and thereby realizing a present value savings of approximately \$62.3 million for all member agencies. For the District, this translates into an annual net savings for 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 the SFPUC’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 SFPUC 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. SFPUC 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 will end in 2034. The surcharge is on the SFPUC wholesale water bill and is accounted for by the District as water purchases expense.

BAWSCA’s annual debt service amount for the fiscal year ended June 30, 2021 is \$24,674. 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 ended June 30, 2021 water use will be included in the fiscal year ending June 30, 2023 bond surcharge. The District’s fiscal year ended June 30, 2021 bond surcharge was \$2,773, which includes a true-up adjustment of \$13. The District’s estimated bond surcharge for fiscal year ending June 30, 2022 is \$2,522, which includes a true-up adjustment of \$130. Audited financial statements for BAWSCA may be obtained from BAWSCA at 155 Bovet Road Suite 650, San Mateo, California, 94402.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 9 – Commitments (Continued)

Delta Conveyance Finance Authority - On July 3, 2018, the District along with two other agencies formed the Delta Conveyance Finance Authority (“DCFA”). Subsequently, eight additional agencies have joined the DCFA. The DCFA was formed with the intent of issuing debt to fund a delta conveyance project. Each member agency shares equally in DCFA administrative costs, but obligations from any future debt issuance will be split according to water allocations. The District has a 1% share of State Water Project Table A allocations, but the District’s actual cost share for delta conveyance may vary depending on project participation. To-date no debt has been issued by the DCFA and it is unknown when debt will be issued. On April 29, 2019, California Governor Gavin Newsom signed executive order N-10-19, directing State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, including modernization of conveyance through the California Bay-Delta through a single-tunnel project. Accordingly, on May 2, 2019 the California Department of Water Resources (“DWR”) withdrew proposed permits for the California WaterFix project in order to pursue a new environmental review and planning process for a Delta conveyance project aligned with the Governor’s vision. DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent August 20, 2020. State and federal permitting processes are currently expected to be completed in mid-2024.

Litigation – In the normal course of business, the agencies to which the District has financial commitments may be subject to various lawsuits related to their operations to provide water to the District and their other customers. From time-to-time damages may be sought in those lawsuits. Neither the ultimate outcome of these lawsuits nor the potential financial responsibility of the District should there be an adverse outcome are presently determinable.

Note 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 (Plan) administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. The plan is an agent multiple-employer defined benefit pension plan. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a separate publicly available annual comprehensive financial report that includes a full description of the Pension Plan benefit provisions, assumptions and membership information. Copies of the annual financial report are available on the CalPERS website at www.calpers.ca.gov/ under Forms and Publications or may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Effective January 1, 2009, the District implemented an employer paid member contribution (EPMC) agreement for employees in its Management, Confidential and Professional group that are CalPERS classic members. Under this agreement, the District pays 2.5% of the eligible employees normal contribution to CalPERS (8%) and reports it as an additional contribution. For the fiscal years ended June 30, 2021 and 2020, the District’s EPMC was \$270 and \$263, respectively.

The State passed the California Public Employees’ Pension Reform Act (PEPRA), which became effective on January 1, 2013. PEPRA changes included 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 then in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA. The employees normal contribution to CalPERS for PEPRA members is 7%

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic and new members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 52, 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 is applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect for the fiscal years ended June 30, 2021 and 2020 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years Service	5 Years Service
Benefit payments	Monthly for Life	Monthly for Life
Earliest retirement age	50	52
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.0%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates, June 30, 2021 ⁽²⁾	21.558%	14.850%
Required employer contribution rates, June 30, 2020 ⁽²⁾	20.448%	14.433%

(1) For "new members" as defined by the Public Employee's Pension Reform Act (PEPRA)

(2) Excludes contribution payments for unfunded liability

At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees receiving benefits	217	222
Inactive employees entitled to but not yet receiving benefits	101	96
Active members	319	253
Total	637	571

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the 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.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

B. Net Pension Liability

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 actuarially determined rate for the fiscal years ended June 30, 2021 and 2020 was 21.558% and 20.448% for classic members, and 14.850% and 14.433% for new members, of annual covered payroll for the District’s employees, which amounted to \$9,166 and \$8,773, respectively. In addition to the required contributions, the District made supplementary payments in the fiscal years ended June 30, 2021 and 2020 of \$5,506 and \$5,975, respectively. These supplementary contributions were made to finance the unfunded accrued 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 as of June 30, 2021 and 2020 were measured as of June 30, 2020 and 2019 (measurement date), using an annual actuarial valuation of June 30, 2019 and 2018, respectively.

Actuarial Assumptions – For the years ended June 30, 2021 and 2020, the pension liability was determined by rolling forward the total pension liability from the valuation date to the measurement date. The total pension liability was determined using the following actuarial assumptions:

	2021	2020
Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies depending on Age and Service	Varies depending on Age and Service
Mortality*	Based on the 2017 CalPERS Experience Study from 1997 to 2015	Based on the 2017 CalPERS Experience Study from 1997 to 2015
Post Retirement Benefit Increase	The lesser of contract cost of living adjustment or 2.5% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.5% thereafter.	The lesser of contract cost of living adjustment or 2.5% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.5% thereafter.

*The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% of Scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period from 1997 to 2015 including updates to salary, increased mortality and retirement date. Further details of the experience study can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

B. Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability at June 30, 2020 and 2019 was 7.15 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 discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund agent multiple-employer plan for the June 30, 2020 and 2019 measurement dates, respectively. 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.

According to GASB Statement No. 68, the long-term discount rate should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. The discount rate of 7.15 percent used for the June 30, 2020 and June 30, 2019 measurement date, respectively, is without a reduction for pension plan administrative expense.

CalPERS reviews all actuarial assumptions as part of its regular Asset Liability Management review cycle. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach. 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 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+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

B. Net Pension Liability (Continued)

The assumed asset allocation and expected real rates of return by asset class for the June 30, 2020 and 2019 measurement dates were as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

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

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

C. Changes in the Net Pension Liability

The following table shows the changes in the net pension liability for the fiscal year ended June 30, 2021:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2020	\$ 272,809	\$ 203,054	\$ 69,755
Changes in the year:			
Service cost	5,071	-	5,071
Interest on the total pension liability	19,152	-	19,152
Differences between expected and actual experience	(548)	-	(548)
Contributions from the employer	-	14,718	(14,718)
Contributions from employees	-	2,227	(2,227)
Net investment income	-	10,427	(10,427)
Benefit payments, including refunds of employee contributions	(13,864)	(13,864)	-
Administrative expense	-	(286)	286
Net changes	<u>9,811</u>	<u>13,222</u>	<u>(3,411)</u>
Balance at June 30, 2021	<u>\$ 282,620</u>	<u>\$ 216,276</u>	<u>\$ 66,344</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

C. Changes in the Net Pension Liability (Continued)

The following table shows the changes in the net pension liability for the year ended June 30, 2020:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2019	\$ 260,359	\$ 185,825	\$ 74,534
Changes in the year:			
Service cost	5,298	-	5,298
Interest on the total pension liability	18,437	-	18,437
Changes in assumptions	-	-	-
Differences between expected and actual experience	999	-	999
Contributions from the employer	-	14,935	(14,935)
Contributions from employees	-	2,140	(2,140)
Net investment income	-	12,570	(12,570)
Benefit payments, including refunds of employee contributions	(12,284)	(12,284)	-
Administrative expense	-	(132)	132
Other miscellaneous income/expense	-	-	-
Net changes	12,450	17,229	(4,779)
Balance at June 30, 2020	\$ 272,809	\$ 203,054	\$ 69,755

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 June 30, 2020 and 2019 measurement dates, calculated using the discount rate of 7.15 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 or 1 percentage-point higher than the current rate:

Net Pension Liability	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	6.15%	7.15%	8.15%
June 30, 2020 measurement date	\$ 104,530	\$ 66,344	\$ 34,850
June 30, 2019 measurement date	\$ 107,120	\$ 69,755	\$ 38,968

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

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

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

For the fiscal years ended June 30, 2021 and 2020, the District recognized a pension expense of \$9,652 and \$11,310 for the Plan, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,672	\$ -
Changes of assumptions	-	(2,009)
Differences between expected and actual experience	500	(465)
Net differences between projected and actual earnings on plan investments	1,585	-
Total	<u>\$ 16,757</u>	<u>\$ (2,474)</u>

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,748	\$ -
Changes of assumptions	3,150	(4,018)
Differences between expected and actual experience	749	(790)
Net differences between projected and actual earnings on plan investments	-	(1,165)
Total	<u>\$ 18,647</u>	<u>\$ (5,973)</u>

The \$14,672 and \$14,748 reported as deferred outflows of resources at June 30, 2021 and 2020, respectively, relates to contributions made subsequent to the measurement date. The District will recognize these amounts as a reduction of the net pension liability in the fiscal years ended June 30, 2022 and 2021, respectively. The other amounts reported as deferred outflows or inflows of resources will be amortized annually and recognized as an increase or reduction to pension expense, for the years ending June 30 as follows:

Measurement Periods Ending June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (2,740)
2022	604
2023	909
2024	838
Total	<u>\$ (389)</u>

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 10 – Pension Plans (Continued)

E. 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 \$189 and \$232 in the fiscal years ended June 30, 2021 and 2020, 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.

Note 11 – Other Postemployment Benefits – Retiree Health Care

A. General Information about the Other Postemployment Benefits Plan

Plan Descriptions - 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”), an agent multiple-employer postemployment defined benefits plan, to prefund the District’s other postemployment benefits (“OPEB”). CalPERS and CERBT issue publicly available financial reports that can be obtained at <https://www.calpers.ca.gov/page/employers/benefit-programs/cerbt> and at www.calpers.ca.gov/.

For employees hired before August 1, 2002, the District’s contribution for each retired employee and all eligible dependents and 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 CalPERS participating agency, and a minimum of five years 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.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

A. General Information about the Other Postemployment Benefits Plan (Continued)

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

For employees hired on or after January 1, 2009, the District’s contribution for each retired employee and all eligible dependents and 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

On January 1, 2019, the District implemented a Defined Contribution Retiree Health Benefit Plan effective for all employees hired on or after January 1, 2019. The District will utilize a Retiree Health Reimbursement Arrangement (“RHRA”) to contribute up to 2 percent of \$120 annually into each eligible employee’s account. Employees are eligible to participate in the RHRA after completion of probation, which is generally six months after the date of hire, and through separation from the District. Employees are not required or allowed to contribute to the RHRA. As of June 30, 2021 and 2020, the District contributed \$96 and \$60 to the RHRA, respectively.

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

A. General Information about the Other Postemployment Benefits Plan (Continued)

Benefits Provided - The District provides dental benefits to employees who retired from District service and their eligible dependents at the same cost as for active employees. Benefits related costs are not shared with inactive 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. 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. Benefit provisions under OPEB are established or may be amended by State statute and District resolution.

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 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.

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 MCP retirees. All employees hired on or after April 1, 2009 shall not be eligible for retiree life insurance.

At June 30, 2021, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees or beneficiaries receiving benefits	205	203
Inactive employees entitled to but not yet receiving benefits	6	6
Active members	210	199
Total	421	408

Contributions – The District makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). For the fiscal years ended June 30, 2021 and June 30, 2020, the District contributed \$3,407 and \$5,057, respectively. District employees are not required to contribute to the plan. In addition to the required contributions, the District made supplementary payments in the fiscal years ended June 30, 2021 and 2020 of \$1,150 and \$1,217, respectively. These supplementary contributions were made to finance the unfunded accrued liability

Alameda County Water District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

B. Net OPEB Liability

The District’s net OPEB liability is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability as of June 30, 2021 and 2020 were measured as of June 30, 2020 and 2019 (measurement date), using a bi-annual actuarial valuation as of June 30, 2019. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

Actuarial Assumptions – The total OPEB liability was determined using the following actuarial assumptions:

	2021	2020
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2019
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation	2.50%	2.50%
Medical trend	6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years	6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Investment Rate of Return ⁽¹⁾	6.75%	6.75%
Mortality ⁽²⁾	Derived using the MacLeod Watts Scale 2018	Derived using the MacLeod Watts Scale 2018

⁽¹⁾ Net of plan investment expenses

⁽²⁾ The MacLeod Watts Scale 2018 was developed from a blending of data and methodologies from two published sources: 1) the Society of Actuaries Mortality Improvement Scale MP-2017, and 2) the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 and June 30, 2019 was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

B. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments was 6.75% for fiscal years ended June 30, 2021 and 2020. The asset class target allocation and geometric real rates of return for each major asset class as of June 30, 2020 and 2019 measurement date are summarized in the following table.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+*
Global Equity	59.00%	4.80%	5.98%
Fixed Income	25.00%	1.10%	2.62%
TIPS	5.00%	0.25%	1.46%
Commodities	3.00%	1.50%	2.87%
REITs	8.00%	3.20%	5.00%
Total	<u>100.00%</u>		

*An assumed inflation of 2.00% used for this period

C. Changes in the Net OPEB Liability

The following table shows the changes in the net OPEB liability for the fiscal year ended June 30, 2021.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020	\$ 57,400	\$ 30,819	\$ 26,581
Changes in the year:			
Service cost	1,169	-	1,169
Interest on the total OPEB liability	3,850	-	3,850
Contributions from the employer	-	6,274	(6,274)
Net investment income	-	1,240	(1,240)
Benefit payments, including refunds of employee contributions	(3,052)	(3,052)	-
Administrative expense	-	(18)	18
Net changes	<u>1,967</u>	<u>4,444</u>	<u>(2,477)</u>
Balance at June 30, 2021	<u>\$ 59,367</u>	<u>\$ 35,263</u>	<u>\$ 24,104</u>

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

C. Changes in the Net OPEB Liability (Continued)

The following table shows the changes in the net OPEB liability for the fiscal year ended June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019	\$ 54,127	\$ 26,466	\$ 27,661
Changes in the year:			
Service cost	1,539	-	1,539
Interest on the total OPEB liability	3,669	-	3,669
Contributions from the employer	-	5,134	(5,134)
Net investment income	-	1,841	(1,841)
Benefit payments, including refunds of employee contributions	(1,935)	(2,616)	681
Administrative expense	-	(6)	6
Net changes	3,273	4,353	(1,080)
Balance at June 30, 2020	\$ 57,400	\$ 30,819	\$ 26,581

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the District as of the measurement date, calculated using the discount rate of 6.75 percent, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current discount rate:

Net OPEB Liability	Discount Rate - 1% 5.75%	Current Discount 6.75%	Discount Rate + 1% 7.75%
June 30, 2020 measurement date	\$ 31,652	\$ 24,105	\$ 17,874
June 30, 2019 measurement date	\$ 33,954	\$ 26,581	\$ 20,503

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

Net OPEB Liability	Healthcare Trend Rate - 1%	Healthcare Cost Trend Rate	Healthcare Trend Rate + 1%
June 30, 2020 measurement date	\$ 17,355	\$ 24,105	\$ 32,364
June 30, 2019 measurement date	\$ 20,056	\$ 26,581	\$ 34,567

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 11 – Other Postemployment Benefits – Retiree Health Care (Continued)

D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$2,941 and \$3,247 for the Retiree Health Care OPEB plan, and \$64 and \$82 for the MCP Bonus Program, respectively. Total OPEB expense for all plans for fiscal years ended June 30, 2021 and 2020 was \$3,005 and \$3,329, respectively. Refer to Note 12 for more information on the MCP Bonus Program.

At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,558	\$ -
Changes of Assumptions	1,951	
Differences between expected and actual experiences	-	(1,524)
Net differences between projected and actual earnings on plan investments	495	-
Total	<u>\$ 7,004</u>	<u>\$ (1,524)</u>
June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 6,274	\$ -
Changes of Assumptions	2,531	
Differences between expected and actual experiences	-	(1,977)
Differences between expected and actual experiences Net differences between projected and actual earnings on plan investments	-	(487)
Total	<u>\$ 8,805</u>	<u>\$ (2,464)</u>

The \$4,558 and \$6,274 reported as deferred outflows of resources at June 30, 2021 and 2020, respectively, relates to contributions made subsequent to the District’s measurement date. This amount will be recognized as a reduction of the net OPEB liability in the fiscal years ended June 30, 2022 and 2021, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in future OPEB expense as follows:

Measurement Periods Ending June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 93
2023	271
2024	322
2025	236
Total	<u>\$ 922</u>

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program

A. General Information about the MCP Bonus Program

Plan Description - The MCP Bonus Program (the Program) is a single-employer defined benefit plan, which provides a bonus to eligible employees in the Management/ Confidential/ Professional (MCP) group hired by the District before 2001. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - 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 of service; 4 days per year after 15 years of service; and 6 days per year after 20 years of service. On January 1, 2001, the District closed the MCP bonus program to new participants. Employees hired or promoted to MCP classifications prior to December 31, 2000 are still eligible for the MCP bonus. At June 30, 2021 and 2020, the District had 10 and 15 eligible members, respectively, in this closed program.

Contributions - The District makes contributions on a pay-as-you-go basis, funding the full amount of the bonus to the employee upon termination of employment with the District. For the fiscal years ended June 30, 2021 and June 30, 2020, the District contributed \$0 and \$186, respectively. District employees are not required to contribute to the plan.

B. Net OPEB Liability for the MCP Bonus Program

The District’s total OPEB liability for the Program is measured as the total OPEB liability, less the Program’s fiduciary net position. The Program’s net OPEB liability as of June 30, 2021 and 2020 were measured as of June 30, 2020 and 2019 (measurement date), using a bi-annual actuarial valuation of June 30, 2019. A summary of principal assumptions and methods used to determine the net OPEB liability for the Program is as follows:

Actuarial Assumptions - The total OPEB liability for the Program was determined using the following actuarial assumptions:

	2021	2020
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2019
Actuarial Assumptions:		
Discount Rate	2.21%	3.51%
Inflation	2.50%	2.50%
Mortality	Lump sum payable at retirement	Lump sum payable at retirement

Discount Rate - The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

B. Net OPEB Liability for the MCP Bonus Program (Continued)

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the CalPERS actuarial experience study for the period of 1997-2015. Mortality rates were adjusted for post-retirement mortality improvement based on Scale MP-2018.

C. Changes in the Net OPEB Liability for the MCP Bonus Program

The following table shows the changes in the net OPEB liability for the Program for the fiscal year ended June 30, 2021.

	Net OPEB Liability
Balance at July 1, 2020	\$ 1,157
Changes in the year:	
Service cost	33
Interest on the total OPEB liability	39
Changes in assumptions	36
Benefit payments	(186)
Net changes	(78)
Balance at June 30, 2021	\$ 1,079

The following table shows the changes in the net OPEB liability for the Program for the fiscal year ended June 30, 2020.

	Net OPEB Liability
Balance at July 1, 2019	\$ 1,598
Changes in the year:	
Service cost	42
Interest on the total OPEB liability	54
Changes in assumptions	(36)
Benefit payments	(501)
Net changes	(441)
Balance at June 30, 2020	\$ 1,157

Change of assumptions reflect a change in the discount rate from 3.51% in 2020 to 2.21% in 2021.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

C. Changes in the Net OPEB Liability for the MCP Bonus Program (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the District as of June 30, 2020 and 2019 measurement dates, calculated using the discount rate of 2.21 and 3.51 percent, respectively. As well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate at the measurement date:

Net OPEB Liability	Discount Rate - 1% 1.21%	Current Discount 2.21%	Discount Rate + 1% 3.21%
June 30, 2020 measurement date	\$ 1,104	\$ 1,079	\$ 1,052

Net OPEB Liability	Discount Rate - 1% 2.51%	Current Discount 3.51%	Discount Rate + 1% 4.51%
June 30, 2019 measurement date	\$ 1,190	\$ 1,157	\$ 1,122

The total OPEB liability of the Program is not dependent on healthcare trend.

D. MCP Bonus Program OPEB Expense and Deferred Outflows/Inflows of Resources

For the fiscal years ended June 30, 2021 and 2020, the District recognized an OPEB expense of \$64 and \$82, respectively, for the OPEB plan. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 30	\$ (46)
Total	\$ 30	\$ (46)

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 186	\$ -
Changes of assumptions	-	(61)
Total	\$ 186	\$ (61)

The \$186 reported as deferred outflows at June 30, 2020, relate to contributions made subsequent to the District's measurement date. This amount will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. The District did not make contributions in the fiscal year ended June 30, 2021.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 12 – Other Postemployment Benefits – MCP Bonus Program (Continued)

D. MCP Bonus Program OPEB Expense and Deferred Outflows/Inflows of Resources (Continued)

The changes in assumption reported as deferred inflows of resources related to the Program will be recognized in future OPEB expense as follows:

Measurement Periods Ending June 30,	Deferred Inflows of Resources
2022	(9)
2023	(9)
2024	(5)
2025	(1)
2026	4
Thereafter	2
Total	<u>\$ (16)</u>

Note 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. The District does not have any outstanding claims, which are covered by insurance, that have a deductible amount. 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.

Note 14 – Contingencies

In December 2019, a novel strain of coronavirus spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020.

On March 16, 2020, the District halted all collection activities in accordance with California’s Governor Executive Order N-40-42, which suspended the authority of water utility agencies to disconnect customer for non-payment until further notice. On September 23, 2021, Chapter 258 of Senate Bill No. 155, extended the prohibition on disconnecting water service for non-payment through December 31, 2021. The District anticipates reinstating collections activities in 2022 and that accumulated past due customer balances will be paid through a combination of state funding and customer payments.

Alameda County Water District
Notes to Basic Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2021 and 2020
(Dollars in thousands)

Note 15 – Subsequent Events

On August 12, 2021, the District voted to join the Los Vaqueros Reservoir Joint Powers Authority (Authority). The District, along with seven other water agencies in the region, established the Authority for the purpose of enhancing regional water conveyance and storage, providing for public benefits by expanding existing conveyance facilities, constructing new conveyance facilities serving Los Vaqueros Reservoir, and expanding the Los Vaqueros Reservoir. Development and construction of new and expanded facilities is expected to cost about one billion dollars with over \$600 million expected to be funded by state and federal programs with remaining costs funded by project partners, including the District. All new and expanded facilities are expected to be constructed and operational by 2030. District costs will be dependent on its project benefits which will be negotiated with the Authority as part of a Service Agreement. The Authority is authorized to issue bonds and levy charges on its members in accordance with the terms of their Service Agreement. Until it signs a Service Agreement, which is expected to occur sometime in fiscal year ended June 30, 2023, the District may withdraw from the Authority with no obligation to participate in or fund the project.

The Memorandum of Understanding (“MOU”) for the Operating Engineers Local No. 3 AFL-CIO (OE3) expired on March 31, 2021. The union ratified a tentative agreement on October 29, 2021. The Board of Directors will consider approval at its November 17, 2021 meeting.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios*
(Dollars in thousands)

Defined Benefit Plan

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total pension liability							
Service cost	\$ 5,071	\$ 5,298	\$ 4,994	\$ 4,965	\$ 4,373	\$ 4,405	\$ 4,362
Interest on total pension liability	19,152	18,437	17,594	17,393	16,868	16,216	15,453
Changes in assumptions	-	-	(8,036)	14,961	-	(4,141)	-
Differences between expected and actual experience	(548)	999	(263)	(3,129)	(2,173)	(377)	-
Benefit payments, including refunds of employee contributions	(13,864)	(12,284)	(11,608)	(10,939)	(10,267)	(9,527)	(9,246)
Net change in total pension liability	9,811	12,450	2,681	23,251	8,801	6,576	10,569
Total pension liability - beginning	272,809	260,359	257,678	234,427	225,626	219,050	208,481
Total pension liability - ending	\$ 282,620	\$ 272,809	\$ 260,359	\$ 257,678	\$ 234,427	\$ 225,626	\$ 219,050
Plan fiduciary net position							
Contributions - Employer	\$ 14,718	\$ 14,935	\$ 10,882	\$ 7,130	\$ 6,518	\$ 6,023	\$ 5,747
Contributions - Employee	2,227	2,140	2,142	2,009	1,938	1,955	2,587
Net investment income	10,427	12,570	14,754	17,349	837	3,485	23,005
Benefit payments, including refunds of employee contributions	(13,864)	(12,284)	(11,608)	(10,939)	(10,267)	(9,527)	(9,246)
Administrative expense	(286)	(132)	(266)	(229)	(95)	(176)	-
Other miscellaneous expense	-	-	(504)	-	-	-	-
Net change in plan fiduciary net position	13,222	17,229	15,400	15,320	(1,069)	1,760	22,093
Plan fiduciary net position - beginning	203,054	185,825	170,425	155,105	156,174	154,414	132,321
Plan fiduciary net position - ending	\$ 216,276	\$ 203,054	\$ 185,825	\$ 170,425	\$ 155,105	\$ 156,174	\$ 154,414
Plan net pension liability - ending	\$ 66,344	\$ 69,755	\$ 74,534	\$ 87,253	\$ 79,322	\$ 69,452	\$ 64,636
Plan fiduciary net position as a percentage of the total pension liability	76.53%	74.43%	71.37%	66.14%	66.16%	69.22%	70.49%
Covered payroll	\$ 26,451	\$ 27,249	\$ 25,856	\$ 24,682	\$ 24,306	\$ 24,347	\$ 22,948
Plan net pension liability as a percentage of covered payroll	250.82%	255.99%	288.27%	353.51%	326.35%	285.26%	281.66%

Notes to Schedule:

Benefit changes – The figures above do not include any liability impact that may have resulted from plan changes, which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes in assumptions – None for fiscal year 2021 and 2020. In fiscal year 2019, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. Discount rate was changed as follows: fiscal year 2015 - 7.50 percent (net of administrative expense) fiscal years 2016 and 2017 - 7.65 percent (without a reduction for pension plan administrative expense), and fiscal years 2018 to 2021 - 7.15 percent.

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Fiscal year ended June 30, 2015 was the first year of implementation. Future years' information, up to ten years, will be displayed as information becomes available.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer Pension Contributions*
(Dollars in thousands)

Defined Benefit Plan

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (ADC)	\$ 9,166	\$ 8,773	\$ 8,059	\$ 7,861	\$ 7,130	\$ 6,518	\$ 6,023
Contributions in relation to the ADC	<u>(14,672)</u>	<u>(14,748)</u>	<u>(14,935)</u>	<u>(10,882)</u>	<u>(7,130)</u>	<u>(6,518)</u>	<u>(6,023)</u>
Contribution deficiency (excess)	<u>\$ (5,506)</u>	<u>\$ (5,975)</u>	<u>\$ (6,876)</u>	<u>\$ (3,021)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 28,665	\$ 26,451	\$ 27,249	\$ 25,856	\$ 24,682	\$ 24,306	\$ 24,347
Contributions as a percentage of covered payroll	51.185%	55.757%	54.810%	42.088%	28.888%	26.817%	24.739%

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

ADC for fiscal year	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Actuarial cost method	Entry Age Normal Cost Method						
Asset valuation method	15 year smoothed market						
Inflation	In fiscal year 2021, 2.5 percent, fiscal year 2020, 2.625 percent and in fiscal years 2015 to 2019, 2.75 percent.						
Salary increases	0.40% to 8.50% depending on Age, Service, and Type of Employment						
Investment rate of return	7.00% in fiscal year 2021, 7.25% in fiscal year 2020, 7.375 in fiscal year 2019, and 7.5% in fiscal years 2015 to 2018. All net of pension plan investment and administrative expenses.						
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.						
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include annual projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.						

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Fiscal year ended June 30, 2015 was the first year of implementation. Future years' information, up to ten years, will be displayed as information becomes available.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios*
(Dollars in thousands)

Other Postemployment Benefits – Retiree Health Care

Fiscal Year	2021	2020	2019	2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability				
Service cost	\$ 1,169	\$ 1,539	\$ 1,393	\$ 1,353
Interest on total OPEB liability	3,850	3,669	3,506	3,361
Benefit payments, including refunds of employee contributions	(3,052)	(1,935)	(2,633)	(2,581)
Net change in total OPEB liability	1,967	3,273	2,266	2,133
Total OPEB liability - beginning	57,400	54,127	51,861	49,728
Total OPEB liability - ending	\$ 59,367	\$ 57,400	\$ 54,127	\$ 51,861
Plan fiduciary net position				
Contributions - Employer	\$ 6,274	\$ 5,134	\$ 6,617	\$ 4,319
Net investment income	1,240	1,841	2,020	2,077
Benefit payments, including refunds of employee contributions	(3,052)	(2,616)	(2,633)	(2,581)
Administrative expense	(18)	(6)	(41)	(11)
Net change in plan fiduciary net position	4,444	4,353	5,963	3,804
Plan fiduciary net position - beginning	30,819	26,466	20,503	16,699
Plan fiduciary net position - ending	\$ 35,263	\$ 30,819	\$ 26,466	\$ 20,503
Plan net OPEB liability - ending	\$ 24,104	\$ 26,581	\$ 27,661	\$ 31,358
Plan fiduciary net position as a percentage of the total OPEB liability	59.40%	53.69%	48.90%	39.53%
Covered-employee payroll	\$ 34,876	\$ 36,032	\$ 32,481	\$ 32,825
Plan net OPEB liability as a percentage of covered-employee payroll	69.11%	73.77%	85.16%	95.53%

Notes to Schedule:

Benefit changes – The figures above do not include any liability impact that may have resulted from plan changes, which occurred after the measurement dates.

Changes in assumptions – In 2020, the mortality assumption was updated to MacLeod Watts Scale 2018 from the Scale MP-2017 used in 2019. There were no changes in assumptions in 2019 and 2018

* Historical information is required only for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation. For future years' information, up to ten years, will be displayed as information becomes available.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios (Continued)*
(Dollars in thousands)

Other Postemployment Benefits – MCP Bonus Program

Fiscal Year	2021	2020	2019	2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability				
Service cost	\$ 33	\$ 42	\$ 50	\$ 54
Interest on total OPEB liability	39	54	56	46
Changes in assumptions	36	(36)	(13)	(38)
Benefit payments, including refunds of employee contributions	(186)	(501)	-	(255)
Net change in total OPEB liability	(78)	(441)	93	(193)
Total OPEB liability - beginning	1,157	1,598	1,505	1,698
Total OPEB liability - ending	\$ 1,079	\$ 1,157	\$ 1,598	\$ 1,505
Covered-employee payroll	\$ 1,871	\$ 2,092	\$ 3,269	\$ 3,335
Plan net OPEB liability as a percentage of covered-employee payroll	57.67%	55.31%	48.88%	45.13%

Notes to Schedule:

Changes in assumptions – The change in assumptions reflect the effects of changes in the discount rate from 3.87 percent in 2019 to 3.51 percent in 2020. The discount rate changed from 3.58 percent in 2018 to 3.87 percent in 2019 and from 2.85 percent in 2017 to 3.58 in 2018. In addition, the inflation rate decreased from 2.75 percent in 2019 to 2.5 percent in 2020.

* Historical information is required only for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation. For future years' information, up to ten years, will be displayed as information becomes available.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer OPEB Contributions*
(Dollars in thousands)

Other Postemployment Benefits – Retiree Health Care

Fiscal Year	2021	2020	2019	2018	2017
Actuarially determined contribution (ADC)	\$ 3,408	\$ 3,308	\$ 3,503	\$ 4,101	\$ 3,972
Contributions in relation to the ADC	(4,558)	(6,274)	(5,134)	(6,617)	(4,319)
Contribution deficiency (excess)	<u>\$ (1,150)</u>	<u>\$ (2,966)</u>	<u>\$ (1,631)</u>	<u>\$ (2,516)</u>	<u>\$ (347)</u>
Covered-employee payroll	\$ 36,831	\$ 34,876	\$ 36,032	\$ 32,481	\$ 23,688
Contributions as a percentage of covered-employee payroll	9.254%	9.486%	9.723%	12.627%	18.234%

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

ADC for fiscal year	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date:	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2015	June 30, 2015
Actuarial cost method	Entry Age Normal Cost Method				
Asset valuation method	15 year smoothed market in 2018 to 2021 and 20 year fixed period in 2017				
Discount rate	6.50% in fiscal year 2021, 6.75% in fiscal years 2019 and 2020, and 7.25% in fiscal years 2017 and 2018.				
Inflation	2.50% in fiscal year 2021, 2.75% in fiscal years 2019 and 2020, and 3.00% in fiscal years 2017 and 2018.				
Payroll increases	Aggregate increases of 3.00% in fiscal years 2019 to 2021, 3.25% in fiscal years 2017 and 2018.				
Mortality	Based on CalPERS 1997-2015 experience study since 2018. In 2017, mortality was based on CalPERS 1997-2011 experience study				
Mortality improvement	Post-retirement mortality improvement Scale MP-2017 since 2018. In 2017, mortality was projected with Scale MP-14 with 15 year convergence in 2022.				

* Historical information is required only for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation. For future years' information, up to ten years, will be displayed as information becomes available.

Alameda County Water District
Required Supplementary Information (Unaudited)
Schedules of Employer OPEB Contributions (Continued)*
(Dollars in thousands)

Other Postemployment Benefits – MCP Bonus Program

Fiscal Year	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ -	\$ 186	\$ 501	\$ -
Contributions in relation to the ADC	-	(186)	(501)	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,953	\$ 1,871	\$ 2,092	\$ 3,269
Contributions as a percentage of covered-employee payroll	0.000%	9.942%	23.949%	0.000%

Methods and assumptions used to determine contributions:

ADC for each fiscal year was established by an actuarial valuation report for the fiscal years as follows:

ADC for fiscal year	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date:	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2016
Discount rate	2.75%			
Inflation	2.75%			
Payroll increases	Aggregate 3.00%			
Mortality	Derived using CalPERS' Membership data for all Funds			

* Historical information is required only for measurement periods for which GASB Statement No 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation. For future years' information, up to ten years, will be displayed as information becomes available.

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the Alameda County Water District's annual comprehensive 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.

Index

Page

Financial Trends

72

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

79

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.

Debt Capacity

84

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.

Demographic and Economic Information

87

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

89

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.

Alameda County Water District

Table 1

Ten Year Summary of Revenues, Expenses and Rate Increases (Unaudited) (in thousands)

	2011/12	2012/13	2013/14	2014/15	2015/16
OPERATING REVENUES:					
Water Sales	\$ 70,098	\$ 76,903	\$ 81,081	\$ 80,135	\$ 81,776
Facilities Connection Charges	2,118	1,977	3,494	1,920	5,186
Other Revenue	1,662	1,914	2,109	749	840
TOTAL OPERATING REVENUES	<u>73,878</u>	<u>80,794</u>	<u>86,684</u>	<u>82,804</u>	<u>87,802</u>
OPERATING EXPENSES:					
Source of Supply:					
Water Purchases	18,747	21,367	23,427	23,659	24,659
Pumping	3,338	2,954	2,763	1,876	1,588
Other	8,875	8,828	10,215	8,189	8,304
Water Treatment	12,119	12,586	12,584	15,646	13,884
Transmission and Distribution	10,953	10,650	10,934	13,552	15,365
Administration of Customer Accounts	1,390	1,680	1,832	1,793	1,473
Administration and General	9,679	11,965	13,090	10,551	11,063
Depreciation and Amortization	12,262	12,845	12,624	13,417	13,974
TOTAL OPERATING EXPENSES	<u>77,363</u>	<u>82,875</u>	<u>87,469</u>	<u>88,683</u>	<u>90,310</u>
NONOPERATING REVENUES (EXPENSES):					
Investment Income	672	(46)	1,217	1,098	2,521
Property Taxes	7,936	7,917	7,654	9,547	9,295
Other Revenues	215	68	47	11	310
Other Expenses/Loss on Disposal	(3,879)	(2,133)	(1,624)	(2,682)	(2,311)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,944</u>	<u>5,806</u>	<u>7,294</u>	<u>7,974</u>	<u>9,815</u>
Capital Contributions	<u>2,849</u>	<u>5,529</u>	<u>2,767</u>	<u>3,023</u>	<u>5,194</u>
Increase in Net Position	<u>\$ 4,308</u>	<u>\$ 9,254</u>	<u>\$ 9,276</u>	<u>\$ 5,118</u>	<u>\$ 12,501</u>
% Water Rate Increase (of latter FY)	8.00*	17.1*	7.00	8.00*	-
Number of Employees (1)	225	229	238	230	230

(1) Employees as of the end of the corresponding fiscal year.

Source: Alameda County Water District Finance Department

*Average residential customer increase (represents blended commodity and service charge adjustments and applicable surcharges). Refer to Table 8 - Historical Water Rates.

Alameda County Water District
Table 1 (Continued)
Ten Year Summary of Revenues, Expenses and Rate Increases (Unaudited)
(in thousands)

	2016/17	2017/18	2018/19	2019/20	2020/21
OPERATING REVENUES:					
Water Sales	\$ 86,263	\$ 104,447	\$ 108,576	\$ 116,230	\$ 122,388
Facilities Connection Charges	11,467	10,428	11,359	13,952	6,154
Other Revenue	1,099	736	652	732	1,848
TOTAL OPERATING REVENUES	<u>98,829</u>	<u>115,611</u>	<u>120,587</u>	<u>130,914</u>	<u>130,390</u>
OPERATING EXPENSES:					
Source of Supply:					
Water Purchases	23,833	25,559	26,219	29,579	34,408
Pumping	1,389	1,266	1,600	1,613	1,863
Other	8,861	8,615	8,693	9,041	10,074
Water Treatment	14,369	14,885	15,366	15,777	15,123
Transmission and Distribution	15,905	16,223	16,427	15,990	16,687
Administration of Customer Accounts	1,503	1,454	1,895	2,029	4,573
Administration and General	11,988	15,817	13,276	17,534	20,368
Depreciation and Amortization	14,479	13,950	14,060	14,499	14,734
TOTAL OPERATING EXPENSES	<u>92,327</u>	<u>97,769</u>	<u>97,536</u>	<u>106,062</u>	<u>117,830</u>
Investment Income	145	179	7,367	8,971	187
Property Taxes	10,472	11,289	9,746	12,023	12,542
Other Revenues	1,038	413	660	495	641
Other Expenses/Loss on Disposal	(2,512)	(2,725)	(2,520)	(2,238)	(1,518)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,143</u>	<u>9,156</u>	<u>15,253</u>	<u>19,251</u>	<u>11,852</u>
Capital Contributions	<u>4,112</u>	<u>4,089</u>	<u>8,313</u>	<u>13,569</u>	<u>21,129</u>
Increase in Net Position	<u>\$ 19,757</u>	<u>\$ 31,087</u>	<u>\$ 46,617</u>	<u>\$ 57,672</u>	<u>\$ 45,541</u>
% Water Rate Increase (of latter FY)	10.4*	5.00	4.00	4.00	-
Number of Employees (1)	230	230	233	236	236

(1) Employees as of the end of the corresponding fiscal year.

Source: Alameda County Water District Finance Department

*Average residential customer increase (represents blended commodity and service charge adjustments and applicable surcharges). Refer to Table 8 - Historical Water Rates.

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Alameda County Water District
Table 2
Ten Year Summary of Connection Fees (Unaudited)
(in thousands)

Fiscal Year Ending June 30	Connection Fees (000's)
2012	2,118
2013	1,977
2014	3,494
2015	1,920
2016	5,186
2017	11,467
2018	10,428
2019	11,359
2020	13,952
2021	6,154

Source: Alameda County Water District Finance Department

Alameda County Water District
Table 3
Ten Year Summary of Net Position (Unaudited)
(in thousands)

	2011/12 ⁽¹⁾	2012/13	2013/14	2014/15 ⁽²⁾	2015/16
NET POSITION:					
Net investment in capital assets	\$ 304,983	\$ 310,757	\$ 325,497	\$ 329,084	\$ 325,051
Restricted for debt service	2,639	2,656	2,669	2,585	2,688
Unrestricted	<u>98,757</u>	<u>102,220</u>	<u>96,743</u>	<u>27,945</u>	<u>44,376</u>
TOTAL	<u><u>\$ 406,379</u></u>	<u><u>\$ 415,633</u></u>	<u><u>\$ 424,909</u></u>	<u><u>\$ 359,614</u></u>	<u><u>\$ 372,115</u></u>

Note: ⁽¹⁾ The District restated its 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.

⁽²⁾ The District restated its 2014/15 net position balances to record the impact of the implementation of GASB Statement No. 68.

Source: Alameda County Water District Finance Department

Alameda County Water District
Table 3 (Continued)
Ten Year Summary of Net Position (Unaudited)
(in thousands)

	2016/17	2017/18 ⁽³⁾	2018/19	2019/20	2020/21
NET POSITION:					
Net investment in capital assets	\$ 324,383	\$ 333,274	\$ 346,877	\$ 370,256	\$ 411,811
Restricted for debt service	2,623	2,628	2,721	-	-
Unrestricted	<u>64,866</u>	<u>56,617</u>	<u>89,538</u>	<u>126,552</u>	<u>130,538</u>
TOTAL	<u><u>\$ 391,872</u></u>	<u><u>\$ 392,519</u></u>	<u><u>\$ 439,136</u></u>	<u><u>\$ 496,808</u></u>	<u><u>\$ 542,349</u></u>

Note: ⁽³⁾ The District restated its 2017/18 net position balances to record the impact of the implementation of GASB Statement No. 75.

Source: Alameda County Water District Finance Department

Alameda County Water District
Table 4
Ten Year Summary of Property Tax Levies/Collections (Unaudited)
(in thousands)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Levies:										
1% Tax Allocation	\$ 3,500	\$ 3,569	\$ 3,769	\$ 4,034	\$ 4,611	\$ 5,007	\$ 5,372	\$ 5,763	\$ 6,162	\$ 6,530
State Water Contract Tax	3,010	3,189	3,194	4,717	4,271	4,884	5,373	3,502	5,268	5,327
Total	\$ 6,510	\$ 6,758	\$ 6,963	\$ 8,751	\$ 8,882	\$ 9,891	\$ 10,745	\$ 9,264	\$ 11,430	\$ 11,857
Collections*:										
Collections in the First Period	\$ 8,317	\$ 8,050	\$ 8,400	\$ 9,535	\$ 9,300	\$ 10,332	\$ 10,630	\$ 10,080	\$ 12,478	\$ 12,534
Collection in the First Period Percentage of Levies (%)	128%	119%	121%	109%	105%	104%	99%	109%	109%	106%
Total Collections	\$ 8,317	\$ 8,050	\$ 8,400	\$ 9,535	\$ 9,300	\$ 10,332	\$ 10,630	\$ 10,080	\$ 12,478	\$ 12,534
Total Collections Percentage of Levies	128%	119%	121%	109%	105%	104%	99%	109%	109%	106%

Source: Alameda County Water District Finance Department

*Collections during the fiscal year include interest, penalties and collections from taxes levied in prior years.

Alameda County Water District
Table 5
Ten Year Summary of Assessed Valuation (Unaudited)
(in thousands)

Fiscal Year	Local Secured	Utility	Unsecured	Total
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
2014/15	49,570,672	54,995	3,040,221	52,665,889
2015/16	53,069,367	54,995	3,583,125	56,707,487
2016 /17	58,389,837	6,180	3,137,408	61,533,425
2017 /18	62,474,273	12,332	3,373,572	65,860,178
2018/19	67,212,187	12,332	3,346,586	70,571,105
2019/20	71,895,590	12,332	3,621,653	75,529,575
2020/21	76,254,891	11,297	4,075,303	80,341,491

Source: California Municipal Statistics, Inc. and Alameda County Auditor-Controller's Office.
Total may not add up due to rounding.

Alameda County Water District
Table 6
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>
2011/12	3,180	59	1.87
2012/13	3,048	29	0.95
2013/14	3,071	22	0.72
2014/15	4,642	35	0.76
2015/16	4,012	33	0.82
2016/17	5,151	29	0.57
2017/18	5,609	24	0.42
2018/19	5,409	48	0.89
2019/20	5,074	35	0.69
2020/21	5,088	29	0.57

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

Source: Alameda County Auditor-Controller

Alameda County Water District
Table 7
Ten Year Summary of Schedule of Base Water Rates
BiMonthly Readings and Billings (Unaudited)

	Eff. 2/1 2012	Eff. 2/1 2013	Eff. 2/1 2014	Eff. 5/1 2015	Eff. 4/1 2016	Eff. 3/1 2017	Eff. 3/1 2018	Eff. 3/1 2019	Eff. 3/1 2020	Eff. 3/1 2021
COMMODITY CHARGE/HCF:										
Inside District	\$ 3.152	\$ 3.152	\$ 3.373	\$ 3.373	\$ 3.373	\$ 4.047	\$ 4.249	\$ 4.419	\$ 4.596	\$ 4.596
Outside District	3.624	3.624	3.878	3.878	3.878	4.653	4.885	\$ 5.081	\$ 5.285	\$ 5.285
San Francisco	3.673	-*	-	-	-	-	-	-	-	-
BIMONTHLY METER SERVICE CHARGE:										
Inside District & SF Water Service										
5/8" & 3/4 "	\$ 14.93	\$ 29.86	\$ 31.95	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61
1	21.41	42.82	45.82	64.05	64.05	76.86	80.70	83.93	87.29	87.29
1-1/2	37.82	75.64	80.93	120.32	120.32	144.38	151.59	157.66	163.97	163.97
2	54.24	108.48	116.07	187.84	187.84	225.40	236.67	246.14	255.99	255.99
3	205.67	411.34	440.13	401.66	401.66	481.99	506.08	526.33	547.39	547.39
4	297.88	595.76	637.46	716.76	716.76	860.11	903.11	939.24	976.81	976.81
6	719.02	1,438.04	1,538.70	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48
8	1,052.85	2,105.70	2,253.10	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88
10	1,881.57	3,763.14	4,026.56	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99
Outside District Water Service										
5/8" & 3/4 " or less	\$ 17.17	\$ 34.34	\$ 36.74	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61
1	24.62	49.24	52.69	64.05	64.05	76.86	80.70	83.93	87.29	87.29
1-1/2	43.49	86.99	93.07	120.32	120.32	144.38	151.59	157.66	163.97	163.97
2	62.37	124.75	133.48	187.84	187.84	225.40	236.67	246.14	255.99	255.99
3	236.52	473.04	506.15	401.66	401.66	481.99	506.08	526.33	547.39	547.39
4	342.56	685.12	733.08	716.76	716.76	860.11	903.11	939.24	976.81	976.81
6	826.87	1,653.75	1,769.51	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48
8	1,210.78	2,421.56	2,591.07	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88
10	2,163.81	4,327.61	4,630.54	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99
BIMONTHLY CHARGE FOR PRIVATE FIRE										
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

Note: * 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.

Alameda County Water District
Table 8
Historical Water Rates¹ (Unaudited)

Effective Date	Actual/Approved									
	2/1/2013	2/1/2014	7/21/2014	5/1/2015	4/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021
Bi-monthly Commodity Charge	\$72.50	\$77.58	\$77.58	\$77.58	\$77.58	\$93.08	\$97.73	\$101.64	\$105.71	\$105.71
Bi-monthly Service Charge	29.86	31.95	31.95	41.54	41.54	49.84	52.33	54.43	56.61	56.61
Drought Surcharge	-	-	10.36	10.36	10.36	-	-	-	-	-
TOTAL	\$102.36	\$109.53	\$119.89	\$129.48	\$129.48	\$142.92	\$150.06	\$156.07	\$162.32	\$162.32

Note: ⁽¹⁾ 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

Alameda County Water District
Table 9
Ten Year Summary of Ten Largest Distribution Water Revenue Account (Unaudited)
Ten Year History

(1=Highest to 10=Lowest)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	FY 2021 Water Revenues (000's)
Tesla Motors, Inc.	-	-	7	3	2	3	2	3	3	1	\$ 1,436
City of Fremont	2	1	1	1	1	1	1	1	1	2	1,434
Fremont Unified School District	3	2	2	2	3	2	3	2	2	3	1,129
Western Digital Technologies	1	4	4	5	4	5	5	4	4	4	771
Lam Research Corporation	-	-	-	-	-	9	8	5	5	5	704
City of Union City	6	6	5	6	6	6	6	6	7	6	648
Prologis Trust	4	3	3	4	5	4	4	7	6	7	612
Ardenwood Forest Apartments	-	8	8	9	8	7	7	8	8	8	570
Contempo Homeowners Association	8	7	6	7	7	8	9	9	9	9	529
Cargill Salt	-	-	-	-	-	-	-	-	10	10	450
City of Newark	-	10	-	-	10	10	-	10	-	-	n/a
New Haven School District	10	9	9	10	-	-	10	-	-	-	n/a
Equity Residential Properties Trust	-	-	-	-	-	-	-	-	-	-	n/a
Newark Unified School District	5	5	10	-	-	-	-	-	-	-	n/a
School for the Deaf	7	-	-	-	-	-	-	-	-	-	n/a
Seagate Magnetics	9	-	-	-	9	-	-	-	-	-	n/a
Cook Engineering Inc.	-	-	-	8	-	-	-	-	-	-	n/a

Source: Alameda County Water District Finance Department

Alameda County Water District

Table 10

Ten Year Summary of Historical Net Revenues and Debt Service Coverage (Unaudited) (in thousands)

	2011/12	2012/13	2013/14	2014/15	2015/16
Revenues					
Water Sales	\$ 70,098	\$ 76,903	\$ 81,081	\$ 80,135	\$ 81,776
Investment Income (1)	672	(46)	1,217	1,098	2,521
Property Taxes (2)	4,207	4,529	4,138	4,678	4,807
Facilities Connection Charges	2,118	1,977	3,494	1,920	5,186
Other Revenue (3)	1,877	1,982	2,156	759	978
Total Revenues	<u>78,972</u>	<u>85,345</u>	<u>92,086</u>	<u>88,590</u>	<u>95,268</u>
Maintenance and Operation Costs					
Pumping Power Costs	3,338	2,954	2,763	1,876	1,588
Other Operating Expenses	7,272	7,841	10,252	8,079	7,689
Labor Costs	35,744	37,868	38,403	41,255	42,401
Purchased Water (2)	15,018	17,979	19,911	19,187	19,906
Total Expenses	<u>61,372</u>	<u>66,642</u>	<u>71,329</u>	<u>70,397</u>	<u>71,584</u>
Net Revenues	<u>\$ 17,600</u>	<u>\$ 18,703</u>	<u>\$ 20,757</u>	<u>\$ 18,193</u>	<u>\$ 23,684</u>
Annual Debt Service on Revenue Certificates and Bond					
2003 Certificates of Participation	\$ 822	\$ -	\$ -	\$ -	-
2009 Refunding Revenue Bonds	2,664	2,669	2,866	2,868	2,863
2012 Revenue Bonds	523	1,891	1,893	1,891	1,893
2015 Revenue Bonds	-	-	-	240	1,625
Total Debt Service	<u>\$ 4,009</u>	<u>\$ 4,560</u>	<u>\$ 4,759</u>	<u>\$ 4,999</u>	<u>\$ 6,381</u>
Ratio of Net Revenues to Annual Debt Service on Revenue Certificates					
	4.39x	4.10x	4.36x	3.64x	3.71x

Notes:

- (1) Investment loss in FY2012/13 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) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

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

Alameda County Water District
Table 10 (Continued)
Ten Year Summary of Historical Net Revenues and Debt Service Coverage (Unaudited)
(in thousands)

	2016/17	2017/18	2018/19	2019/20	2020/21
Revenues					
Water Sales	\$ 86,263	\$ 104,447	\$ 108,576	\$ 116,230	\$ 122,388
Investment Income (1)	145	179	7,367	8,971	187
Property Taxes (2)	5,350	5,704	6,131	6,580	6,937
Facilities Connection Charges	11,467	10,428	11,359	13,952	6,154
Other Revenue (3)	1,993	1,101	1,275	1,167	1,848
Total Revenues	105,218	121,859	134,708	146,900	137,514
Maintenance and Operation Costs					
Pumping Power Costs	1,389	1,266	1,600	1,613	1,863
Other Operating Expenses	8,470	14,901	11,978	18,344	23,802
Labor Costs	44,156	46,098	48,052	47,869	49,152
Purchased Water (2)	19,190	21,554	21,846	23,737	28,279
Total Expenses	73,205	83,819	83,476	91,563	103,096
Net Revenues	\$ 32,013	\$ 38,040	\$ 51,232	\$ 55,337	\$ 34,418
Annual Debt Service on Revenue Certificates and Bond					
2003 Certificates of Participation	\$ -	\$ -	\$ -	\$ -	-
2009 Refunding Revenue Bonds	2,867	2,864	2,863	2,866	-
2012 Revenue Bonds	1,892	1,887	1,885	1,884	3,905
2015 Revenue Bonds	1,628	1,622	1,623	1,627	1,624
Total Debt Service	\$ 6,387	\$ 6,373	\$ 6,371	\$ 6,377	\$ 5,529
Ratio of Net Revenues to Annual Debt Service on Revenue Certificates					
	5.01x	5.97x	8.04x	8.68x	6.22x

Notes:

- (1) Investment loss in FY2012/13 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) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

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

Alameda County Water District
Table 11
Ten Year Summary of Outstanding Debt (Unaudited)
(in thousands)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Revenue Bonds										
2009 Refunding Revenue Bonds 2.0% - 5.0% Maturity: FY 2019-20	\$ 20,801	\$ 18,608	\$ 16,154	\$ 13,641	\$ 11,068	\$ 8,425	\$ 5,707	\$ 2,899	\$ -	\$ -
2012 Revenue Bonds 3.0% - 5.0% Maturity: FY 2040-41	\$ 48,032	\$ 47,696	\$ 47,349	\$ 46,998	\$ 46,637	\$ 46,266	\$ 45,890	\$ 45,504	\$ 45,108	\$ 42,678
2015 Revenue Bonds 4.0% - 5.0% Maturity: FY 2044-45	-	-	-	\$ 30,521	\$ 29,975	\$ 29,404	\$ 28,813	\$ 28,197	\$ 27,551	\$ 26,880
Total	\$ 68,833	\$ 66,304	\$ 63,503	\$ 91,160	\$ 87,680	\$ 84,095	\$ 80,410	\$ 76,600	\$ 72,659	\$ 69,558
Total Outstanding Debt to										
Personal Income (1)	61.04%	80.96%	80.96%	N/A						
Total Debt Per Capita	\$ 211.14	\$ 202.15	\$ 191.85	\$ 272.12	\$ 257.88	\$ 244.46	\$ 231.73	\$ 217.00	\$ 205.83	\$ 195.94

Sources: Alameda County Water District Finance Department

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

Alameda County Water District
Table 12
Largest Employers Within the District (Unaudited)
Comparison with Ten Years Ago

CITY OF FREMONT⁽¹⁾					
<u>2020*</u>			<u>2011</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Tesla Motors, Inc.	13,000	12.12 %	Fremont Unified School District	3,000	3.27 %
Fremont Unified School District	3,000	2.80	Washington Hospital	1,817	1.98
LAM Research	2,500	2.33	Boston Scientific	1,200	1.31
Washington Hospital	2,200	2.05	Western Digital	1,200	1.20
Kaiser Permanente Medical Group	1,700	1.58	Seagate Magnetics	1,060	1.16
Synnex Corporation	1,250	1.17	AXT Incorporated	972	1.06
Western Digital	1,000	0.93	LAM Research	920	1.00
City of Fremont	956	0.89	City of Fremont	848	0.93
Boston Scientific	800	0.75	DMS Facility Services, Inc	800	0.87
Ohlone College	750	0.70	Solyndra	800	0.87
Total City Employment	107,758		Total City Employment	100,669	

CITY OF UNION CITY⁽²⁾					
<u>2019 *</u>			<u>2010</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
New Haven Unified School District	1,196	3.23 %	Axygen Bioscience Inc	1,200	3.96 %
Southern Glazer's Wine & Spirits	600	1.62	New Haven Unified School District	1,139	3.76
Wal-Mart	534	1.44	Wal-Mart	500	1.65
Masonic Home For Adults	498	1.35	Young's Market Co LLC	400	1.32
Abaxis Inc	400	1.08	City of Union City	353	1.17
Mizuho OSI, Inc.	400	1.08	American Licorice	350	1.16
Sterling Foods	400	1.08	Southern Wine & Spirits	350	1.16
City of Union City	313	0.85	Hearst Corp	300	0.99
Emerald Packaging	245	0.66	Rapid Displays	300	0.99
American Licorice	239	0.65	Hearst Communications Inc	300	0.99
Total City Employment	37,000		Total City Employment	30,300	

CITY OF NEWARK⁽³⁾					
<u>2020*</u>			<u>2017</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Newark Unified School District	889	3.72 %	Newark Unified School District	953	3.99 %
Logitech	606	2.54	Logitech	634	2.65
Risk Management Solutions	290	1.21	Risk Management Solutions	285	1.19
WorldPac, Inc	251	1.05	VM Services, Inc.	270	1.13
VM Services, Inc.	241	1.01	Amazon Fulfillment Center	250	1.05
Nordstrom Distribution Center	220	0.92	WorldPac	218	0.91
Cargill Salt	217	0.91	Smart Modular Technologies	212	0.89
Smart Modular Technologies, Inc	214	0.90	Cargill Salt	210	0.88
Amazon Fulfillment Center	200	0.84		n/a	n/a
Valassis Direct Mall Inc (formerly ADVO)	148	0.62		n/a	n/a
Total City Employment	23,900		Total City Employment	23,900	

Note: * Number of Employees and Percent of Total Employment unavailable for 2021.

** City of Newark ten year comparison was not available. The city only provided data for the last three years.

Source: (1) Year 2020 - City of Fremont, Comprehensive Annual Financial Report FY 2019/20; U.S. Dept of Labor, Bureau of Labor Statistics

(2) City of Union City, Comprehensive Annual Financial Report FY 2018/2019

(3) City of Newark, Comprehensive Annual Financial Report FY 2019/20

Alameda County Water District
Table 13
Ten Year Summary of Demographic and Economics Statistics (Unaudited)
(in thousands)

Calendar Year	Population As of 1/1 (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	328	76	50	8.3
2012	331	85	55	7.2
2013	335	87	55	5.9
2014	340	91	56	4.8
2015	344	101	62	3.9
2016	347	109	66	3.5
2017	353	119	71	3.5
2018	352	128	77	2.7
2019	345	135	81	2.3
2020	355	N/A*	N/A*	7.4

* 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

Alameda County Water District
Table 14
Ten Years Summary of Property, Plant & Equipment (Unaudited)
(in thousands)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
UTILITY PLANT:										
Land	\$ 9,727	\$ 9,727	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,609	\$ 9,601
Source of Supply	51,092	51,092	57,782	64,229	68,993	68,050	68,404	81,563	81,630	85,685
Pumping Plant	21,324	21,469	24,152	24,217	24,549	24,983	25,130	25,353	25,585	26,401
Water Treatment	152,302	152,296	157,393	160,238	160,610	160,735	161,192	166,153	166,705	167,555
Transmission and Distribution	253,908	262,957	275,001	300,836	320,721	329,208	337,274	347,969	358,378	373,565
General	46,075	48,114	48,172	49,684	50,836	52,005	52,682	52,910	54,180	56,001
Construction in Progress	10,282	21,612	31,930	18,938	16,320	19,793	29,305	23,982	45,436	75,518
	544,710	567,267	604,040	627,752	651,639	664,384	683,597	707,540	741,523	794,326
Less Accumulated Depreciation	211,110	223,098	231,715	244,254	257,356	269,759	282,826	296,035	309,636	323,241
NET UTILITY PLANT	\$ 333,600	\$ 344,169	\$ 372,325	\$ 383,498	\$ 394,283	\$ 394,625	\$ 400,771	\$ 411,505	\$ 431,887	\$ 471,085

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

Alameda County Water District
Table 15
Ten Year Summary of Water Demand (Unaudited)

<u>Fiscal Year</u>	<u>Million Gallons Per Day (MGD)</u>
2011/12	39.23
2012/13	41.68
2013/14	40.52
2014/15	31.94
2015/16	28.47
2016/17	32.55
2017/18	33.96
2018/19	33.48
2019/20	34.58
2020/21	36.45

Source: Alameda County Water District Finance Department

Alameda County Water District
Table 16
Ten Year Summary of Metered Accounts (Unaudited)

Fiscal Year Ended June 30	Number of Meters
2012	81,005
2013	81,432
2014	81,700
2015	82,049
2016	82,492
2017	83,398
2018	84,255
2019	85,108
2020	85,959
2021	86,468

Source: Alameda County Water District Finance Department

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