



Alameda County Water District

Presentation to the Board of Directors
For the Fiscal Year Ended June 30, 2020

November 12, 2020



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SCOPE OF WORK

SCOPE OF WORK

For the fiscal year ended June 30, 2020:

- Audit of Comprehensive Annual Financial Report (CAFR)
- *Government Auditing Standards* Report
- Debt Compliance Report
- Required Communications Report to Board of Directors

For the fiscal year ended June 30, 2021:

- Appropriations Limit Agreed-Upon Procedures Report (GANN Limit)

OVERVIEW OF THE FINANCIAL STATEMENTS

Alameda County Water District
Statements of Net Position - Condensed
June 30, 2020 and 2019
(In Thousands)

	2020	2019	Change	% Change
Current Assets	\$ 235,941	\$ 204,839	\$ 31,102	15.2%
Noncurrent Assets	442,042	422,296	19,746	4.7%
Total Assets	<u>677,983</u>	<u>627,135</u>	<u>50,848</u>	<u>8.1%</u>
Deferred Outflows of Resources	28,512	29,044	(532)	-1.8%
Total Assets & Deferred Outflows	<u>706,495</u>	<u>656,179</u>	<u>50,316</u>	<u>7.7%</u>
Current Liabilities	33,575	31,465	2,110	6.7%
Noncurrent Liabilities	167,614	176,591	(8,977)	-5.1%
Total Liabilities	<u>201,189</u>	<u>208,056</u>	<u>(6,867)</u>	<u>-3.3%</u>
Deferred Inflows of Resources	8,498	8,987	(489)	-5.4%
Total Liabilities & Deferred Inflows	<u>209,687</u>	<u>217,043</u>	<u>(7,356)</u>	<u>-3.4%</u>
Net Position:				
Net investments in capital assets	370,256	346,877	23,379	6.7%
Restricted	-	2,721	(2,721)	-100.0%
Unrestricted	<u>126,552</u>	<u>89,538</u>	<u>37,014</u>	<u>41.3%</u>
Total Net Position	<u>\$ 496,808</u>	<u>\$ 439,136</u>	<u>\$ 57,672</u>	<u>13.1%</u>

Alameda County Water District
Statements of Revenues, Expenditures,
and Changes in Net Position - Condensed
For the Year Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Operating Revenues	\$ 130,914	\$ 120,587	\$ 10,327	8.6%
Operating Expenses	106,062	97,536	8,526	8.7%
Operating (Loss)	24,852	23,051	1,801	7.8%
Nonoperating Revenues (Expenses)	19,251	15,253	3,998	26.2%
Net Income before Capital Contribution	44,103	38,304	5,799	15.1%
Capital Contributions	13,569	8,313	5,256	63.2%
Changes in Net Position	<u>\$ 57,672</u>	<u>\$ 46,617</u>	<u>\$ 11,055</u>	<u>23.7%</u>

Alameda County Water District
Statements of Cash Flows - Condensed
For the Years Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>%Change</u>
Cash Provided by Operating Activities	\$ 30,138	\$ 25,849	\$ 4,289	16.6%
Cash Provided from Noncapital Financing Activities	11,749	10,707	1,042	9.7%
Cash Used in Capital and Related Financing Activities	(22,768)	(20,531)	(2,237)	10.9%
Cash Used in Investing Activities	(21,392)	(18,346)	(3,046)	16.6%
Net Change in Cash and Cash Equivalents	(2,273)	(2,321)	48	-2.1%
Beginning of Year	34,919	37,240	(2,321)	-6.2%
End of Year	<u>\$ 32,646</u>	<u>\$ 34,919</u>	<u>\$ (2,273)</u>	<u>-6.5%</u>

PENSION AND OPEB INFORMATION

Alameda County Water District
Pension and OPEB to Unrestricted Net Position Ratio
For the years ended June 30
(Amounts in Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pension and OPEB Liability to Unrestricted Net Position Ratio					
Net Pension	\$ 69,755	\$ 74,534	\$ 87,253	\$ 79,322	\$ 69,452
Net OPEB / MPC Liability	<u>27,738</u>	<u>29,259</u>	<u>32,863</u>	<u>37,395</u>	<u>38,569</u>
Total Net Pension / OPEB / MPC Liability	<u>\$ 97,493</u>	<u>\$ 103,793</u>	<u>\$ 120,116</u>	<u>\$ 116,717</u>	<u>\$ 108,021</u>
Unrestricted Net Position	<u>\$ 126,552</u>	<u>\$ 89,538</u>	<u>\$ 56,617</u>	<u>\$ 64,866</u>	<u>\$ 44,376</u>
Pension and OPEB Liability to Unrestricted Net Position Ratio	77.04%	115.92%	212.16%	179.94%	243.42%

**Alameda County Water District
 GASB 68 – The Pension Standards
 June 30, 2020
 (Amounts in Thousands)**

	CalPERS Plan		
Measurement Date: 6/30/19			
	-1%	Current	1%
Discount Rate	6.15%	7.15%	8.15%
Proportion Share of Net Pension Liability	\$107,120	\$69,755	\$38,968
Fiduciary Net Position as a Percentage of Total Pension Liability		74.43%	

**Alameda County Water District
 GASB 75 – The Other Postemployment Benefits Standard
 June 30, 2020
 (Amounts in Thousands)**

	CERBT Plan		
Measurement Date: 6/30/19	-1%	Current	+1%
Discount Rate	5.75%	6.75%	7.75%
Plan Net OPEB Liability	\$33,954	\$26,581	\$20,503
Fiduciary Net Position as a Percentage of Total OPEB Liability		53.69%	

AUDIT RESULTS

AUDIT RESULTS

- **Unmodified Opinion**
 - Financial Statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- **Other Results**
 - No material weaknesses or significant deficiencies in internal controls
 - GANN Report – No findings
 - Debt Compliance – No findings



HQ - ORANGE COUNTY

200 E. Sandpointe Avenue
Suite 600
Santa Ana, CA 92707

SAN DIEGO

4365 Executive Drive
Suite 710
San Diego, CA 92121

BAY AREA

2121 North California Blvd.
Suite 290
Walnut Creek, CA 94596

LAS VEGAS

1050 Indigo Drive
Suite 110
Las Vegas, NV 89145

PHOENIX

4742 North 24th Street
Suite 300
Phoenix, AZ 85016

Alameda County Water District

Fremont, California

Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule

For the Year Ended June 30, 2021





INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Alameda County Water District, California (the "District") and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) on assisting you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution for the year ending June 30, 2021. The District's management is responsible for the Appropriations Limit Schedule. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the District to calculate its appropriations limit for the year ending June 30, 2021, and verified the limits and annual calculation factors were adopted by resolution of the Board of Directors. We also determined that the population and inflation options were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and verified the resulting amount to the current year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We verified the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the District.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the appropriations limit presented in the accompanying Appropriations Limit Schedule to the appropriations limit adopted by the Board of Directors during the year.

Finding: No exceptions were noted as a result of our procedures.

To the Board of Directors
of the Alameda County Water district
Fremont, California
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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Walnut Creek, California
October 30, 2020

**Alameda County Water District
Appropriations Limit Schedule
For the Year Ended June 30, 2021**

	Amount	Source
A. Appropriations Limit FY 2019-20	\$ 82,317,790	Prior year appropriation limit adopted by the District
B. Calculation Factors:		
1) Population increase %	1.0045	California Department of Finance
2) Inflation increase %	1.0373	California Department of Finance
3) Total adjustment %	1.0420	(B1 x B2)
C. Annual Adjustment Increase	3,457,347	{(B3-1) x A}
D. Other Adjustments:		
1) Loss responsibility (-)	-	N/A
2) Transfer to private (-)	-	N/A
3) Transfer to fees (-)	-	N/A
4) Assumed responsibility (+)	-	N/A
E. Total Adjustments	3,457,347	(C+D)
F. Appropriations Limit FY 2020-2021	\$ 85,775,137	(A+E)

Alameda County Water District
Notes to the Appropriations Limit Schedule
For the Year Ended June 30, 2021

Note 1 – Purpose of Limited Procedures Review

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual financial audit.

Note 2 – Method of Calculation

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

Note 3 – Population Factors

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the District for the year ended June 30, 2021, represents the weighted annual population percent change in the cities of Fremont, Newark, and Union City.

Note 4 – Inflation Factors

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the California Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the District for the year ended June 30, 2021, represents the annual percentage change for per capita personal income.

Note 5 – Other Adjustments

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The District had no such adjustments for the year ended June 30, 2021.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alameda County Water District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Walnut Creek, California
October 30, 2020

October 30, 2020

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

We have audited the financial statements of the business-type activities of the Alameda County Water District (the “District”) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter with you dated May 1, 2020.

Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

- a) Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies used by the District are described in Note 2 to the basic financial statements.

As described in Note 2 to the financial statements, the District implemented the following accounting policy:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). The primary objective of GASB 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of provisions in certain GASB Statements and Implementation Guides which became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The District postponed the effective dates of the following GASB Statements:

- GASB Statement No. 84, Fiduciary Activities
 - GASB Statement No. 87, Leases
 - GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
 - GASB Statement No. 90, Majority Equity Interests
 - GASB Statement No. 91, Conduit Debt Obligations
 - GASB Statement No. 92, Omnibus 2020
 - GASB Statement No. 93, Replacement of Interbank Offered Rates
- b) No other new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.
- c) We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- d) Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to developing and determining the estimates and that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the District's financial statements are:
- Management estimates fair market value of its investments using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on certain valuation inputs used to measure fair value. The District's investments, except for LAIF and CAMP, is based on information provided by the US Bank, the custodian for the District's investments in U.S. Government securities and agency obligations, medium-term notes, municipal bonds and negotiable certificates of deposit. These investments are valued by use of matrix pricing techniques. LAIF and CAMP are valued based on the District's proportionate share of amortized cost.
 - Management's estimate for the allowance for doubtful accounts is based on the District's historical data with the collectability of its accounts receivable.
 - Management's estimate of the net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans.
 - Management's estimate of the annual other post-employment benefit ("OPEB") cost is based on the actuarial valuation.
- e) Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:
- Note 2 – Summary of Significant Accounting Policies
 - Note 3 – Cash and Investments
 - Note 7 – Long-Term Debt
 - Note 9 – Commitments
 - Note 10 – Pension Plans
 - Notes 11 & 12 – Other Post-Employment Benefits – Retiree Health Care/MCP Bonus Program
 - Note 14 – Contingencies – COVID-19 Pandemic

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

To the Board of Directors of Directors
of the Alameda County Water District
Fremont, California
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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion & Analysis, the Schedule of Changes in Net Pension Liability and Related Ratio for CalPERS Pension Plan, the Schedule of Contributions for CalPERS Pension Plan, the Schedule of Changes in OPEB Liability and Related Ratios – Other Post-Employment Benefits Plan, and Schedule of Contributions for Other Post-Employment Benefits Plan which is required supplementary information ("RSI") supplementing the basic financial statements. Our procedures consisted principally of inquiries of management regarding 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 audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory and Statistical Section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Alameda County Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Walnut Creek, California

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
of the Alameda County Water District
Fremont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Alameda County Water District ("District"), which comprise the statement of net position as of June 30, 2020, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. We performed auditing procedures over the District's compliance with laws, regulations and provisions of contract that the District complied with the terms, covenants, provisions, or conditions of the 2009 Water System Refunding Revenue Bonds and related Indenture ("2009 Indenture") dated October 1, 2009, the Water System Revenue Bonds Series 2012 dated January 24, 2012 and related 2012 Installment Purchase Contract ("2012 Revenue Bonds"), and the Water System Revenue Bonds, Series 2015 dated June 1, 2015 and related 2015 Installment Purchase Contract] ("2015 Revenue Bonds") insofar as they relate to accounting matters, and have issued our report thereon dated October 30, 2020

In connection with our audit, nothing came to our attention that caused us to believe that District failed to comply with the following terms, covenants, provisions, or conditions inclusive, of the 2009 Indenture dated October 1, 2009, Installment Purchase Contract dated February 1, 2012 or 2015 Installment Purchase Contract dated March 1, 2015, insofar as they relate to accounting matters.

The following terms, covenants, provisions or conditions are applicable to the 2009 Indenture through June 1, 2020 (the final payment date on the 2009 Indenture):

- **Section 4.02 - Bond Reserve Fund:** On or before the last day of each month, the District shall, from the remaining money in the Revenue Fund, thereafter transfer to the Trustee for deposit (on a parity with the deposits for the reserve funds for all other Installment Purchase Contracts and Bonds) in the Bond Reserve Fund that sum, if any, necessary to restore the Reserve Fund to an amount equal to the Reserve Requirement or to replenish any surety bond issued in lieu thereof.

The Indenture defines Reserve Requirement to be, as of any date of determination, the least of (a) ten percent (10%) of the initial offering price to the public of the Bonds, or (b) the maximum annual interest and principal payments on the Bonds payable in the current or any future one-year period ending on June 1, or (c) one hundred twenty-five percent (125%) of the average annual interest and principal payments on the Bonds payable in the current or any future one-year period ending on June 1, all as computed by the District under the Internal Revenue Code of 1986 (the "Code") and specified in writing to the Trustee.

- **Section 5.09 - Insurance:** The District will procure and maintain insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies.

- **Section 5.13 - Amount of Charges, Fees, and Rate:** The District will fix, prescribe and collect rates, fees and charges for the services and facilities furnished by the District's Water System during each fiscal year, which are at least sufficient to yield in each fiscal year Net Revenues equal to 125 percent of the Debt Service for such fiscal year, plus any amount necessary to restore the Bond Reserve Fund to the Reserve Requirement.
- **Section 5.17 - Continuing Disclosure:** The District will provide certain financial information and operating data relating to the District by not later than seven months after the end of the District's fiscal year (which is currently June 30) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will all be filed with the Municipal Securities Rulemaking Board.

The following terms, covenants, provisions or conditions are applicable to the 2012 Revenue Bonds Installment Purchase Contract:

- **Section 5.11 - Insurance:** The District will procure and maintain insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies.
- **Section 5.15 - Amount of Charges, Fees, and Rate:** The District will fix, prescribe and collect charges, fees and rates for the Water Service which are reasonably fair and nondiscriminatory and which will be at least sufficient to yield, during each Fiscal Year, Net Revenues equal to one hundred twenty-five per cent (125%) of the Debt Service for such Fiscal Year.
- **Section 5.20 - Continuing Disclosure:** The District will provide certain financial information and operating data relating to the District by not later than seven months after the end of the District's fiscal year (which is currently June 30) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will all be filed with the Municipal Securities Rulemaking Board.

The following terms, covenants, provisions or conditions are applicable to the 2015 Revenue Bonds Installment Purchase Contract:

- **Section 5.11 - Insurance:** The District will procure and maintain insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies.
- **Section 5.15 - Amount of Charges, Fees, and Rate:** The District will procure and maintain insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies.
- **Section 5.20 - Continuing Disclosure:** The District will provide certain financial information and operating data relating to the Water District by not later than seven months after the end of the District's fiscal year (which is currently June 30) in each year commencing with the report for the Fiscal Year 2014-15 (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will all be filed with the Municipal Securities Rulemaking Board.

To the Board of Directors and Management
of the Alameda County Water District
Fremont, California
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Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors, management of District and the District's bond trustee and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Walnut Creek, California
October 30, 2020