



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, 2021, 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 November 10, 2021. 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 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 November 10, 2021.

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 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 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 – Collection of Charges, Fees, and Rates:** 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 Water District covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Under the Continuing Disclosure Agreement, 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 Rates:** 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 Water District covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Under the Continuing Disclosure Agreement, 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.

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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
November 10, 2021

Alameda County Water District

Fremont, California

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

For the Year Ended June 30, 2022



**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 to the accompanying Appropriations Limit Schedule of Alameda County Water District for the year ended June 30, 2022. Alameda County Water District's management is responsible for the Appropriations Limit Schedule.

Alameda county Water District (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) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution for the year ending June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed worksheets used by the District to calculate its appropriations limit for the year ending June 30, 2022, and verified the limits and annual calculation factors were adopted by resolution 21-025 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 these 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 these 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 these 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 these procedures.

To the Board of Directors
of the Alameda County Water district
Fremont, California
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We were engaged by Alameda County Water District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Schedule for the year ended June 30, 2022. 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.

We are required to be independent of Alameda County Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 those specified parties.

The PwC Group, LLP

Walnut Creek, California
November 10, 2021

Alameda County Water District
Appropriations Limit Schedule
For the Year Ended June 30, 2022

	Amount	Source
A. Appropriations Limit FY 2020-21	\$ 85,775,137	Prior year appropriation limit adopted by the District
B. Calculation Factors:		
1) Population increase %	1.0025	California Department of Finance
2) Inflation increase %	1.0573	California Department of Finance
3) Total adjustment %	1.0599	(B1 x B2)
C. Annual Adjustment Increase	5,137,931	{(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	5,137,931	(C+D)
F. Appropriations Limit FY 2021-2022	\$ 90,913,068	(A+E)

Alameda County Water District
Notes to the Appropriations Limit Schedule
For the Year Ended June 30, 2022

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 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, 2022, represents the weighted average 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, 2022, 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, 2022.



November 10, 2021

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, 2021. 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, 2021.

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 policies:

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.

GASB Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61 (GASB Statement No. 90) is 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.

- 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.

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- 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 November 10, 2021.

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,

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California



**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2021.

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.

To the Board of Directors
of the Alameda County Water District
Fremont, California
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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
November 10, 2021