



# Annual Comprehensive Financial Report

Year Ended ~ June 30, 2023 and June 30, 2022

Fremont, California.

# **Alameda County Water District**

Fremont, California

## **Annual Comprehensive Financial Report**

*For the Fiscal Years Ended June 30, 2023 and 2022*

PREPARED BY THE FINANCE AND ADMINISTRATION DEPARTMENT

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For the Fiscal Years Ended June 30, 2023 and 2022  
Table of Contents**

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal .....	i
GFOA Certificate of Achievement .....	xviii
Directory of District Officials .....	xix
Functional Organizational Chart .....	xx
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors’ Report .....</b>	<b>1</b>
<b>Management’s Discussion and Analysis – Required Supplementary Information (Unaudited).....</b>	<b>4</b>
<b>Basic Financial Statements:</b>	
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 .....	17
<b>Required Supplementary Information (Unaudited):</b>	
Schedules of Changes in Net Pension Liability and Related Ratios.....	67
Schedules of Employer Pension Contributions.....	69
Schedules of Changes in Net OPEB Liability and Related Ratios – Retiree Health Care .....	70
Schedules of Changes in Net OPEB Liability and Related Ratios – MCP Bonus Program.....	71
Schedules of Employer OPEB Contributions – Retiree Health Care.....	72
Schedules of Employer OPEB Contributions – MCP Bonus Program.....	73
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	
Index .....	76
Ten Year Summary of Revenues, Expenses and Rate Increases .....	77
Ten Year Summary of Connection Fees.....	80
Ten Year Summary of Net Position.....	81
Ten Year Summary of Property Tax Levies/Collections .....	83
Ten Year Summary of Assessed Valuation .....	84
Ten Year Summary of Secured Tax Charges and Delinquencies .....	85
Ten Year Summary of Schedule of Base Water Rates-Bimonthly Readings and Billings.....	86
Historical Water Rates.....	87
Ten Year Summary of Ten Largest Distribution Water Revenue Accounts .....	88
Ten Year Summary of Historical Net Revenues and Debt Service Coverage .....	89
Ten Year Summary of Outstanding Debt .....	91
Largest Employers within the District .....	92
Ten Year Summary of Demographic and Economic Statistics .....	93
Ten Year Summary of Property, Plant & Equipment .....	94
Ten Year Summary of Billed Water Demand.....	95
Ten Year Summary of Metered Accounts .....	96

## **INTRODUCTORY SECTION**



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November 3, 2023

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 Fiscal Years (FYs) ended June 30, 2022 and 2023.

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 FYs 2021/22 and 2022/23. 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 344,000 people in southern Alameda County. The District covers approximately 105 square miles and, as of June 2023, provided water service through approximately 87,346 connections.

The District's water production was approximately 36,930 acre-feet in FY 2022/23 and is expected to be approximately 40,600 acre-feet in FY 2023/24. This increase in customer demand is anticipated as a result of (a) the end of the drought and related actions, including the end of the drought surcharge that was billed to customers, the end of water-use restrictions, and a shift in public messaging away from a drought emergency with a focus on the value of ongoing, efficient water use; and (b) ongoing development in the

service area and increasing numbers of service connections.

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 (SWP); 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) previously elected at-large from within the District's service area. Beginning with the 2022 election, Board members are elected from wards each representing one-fifth of the service area. Two Board members were elected from wards 2 and 3 in 2022 and the remaining three Board seats will be elected from wards 1, 4, and 5 in 2024. 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 & Administration, 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 244 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, 2015, and 2022 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 2022 – one workshop focused on the budget and three focused on rates and charges. At the rates workshops, the Board reviewed the District's financial status and a potential increase in water rates and charges, rate setting requirements including a

water rates update and financial plan, the allocation between fixed and variable charges in collecting revenues, the approach to funding the capital improvement program, the State Water Project override tax, and water shortage emergency stage rates, commonly called drought surcharges, that could be utilized to maintain the District's financial stability during a water shortage emergency, such as a drought. The Board also reviewed the use of the property tax roll for billing and collecting on delinquent accounts. At the conclusion of the rates process, the Board provided policy direction to have the needed revenue increase applied uniformly to the service charge, the commodity rate, and the drought surcharge which was in effect at the time, with a 4% across-the-board increase. The District mailed the notices to customers, held a public hearing, and implemented the rate increase effective March 1, 2023. 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 include the field charge, damaged angle stop charge, reconnection charge, backflow inspection and testing fees, and meter installation charges. The District added meter tampering charges related to customer tampering of AMI meters. These fee revisions were effective March 1, 2023, except the meter installation charges were effective May 1, 2023. The District also implemented an inflationary update to development fees and the year five phase-in (out of a five-year plan) of the new buy-in component of these fees effective May 2023. The District will review development fees again in FY 2023/24. The District also completed an updated fringe and overhead rate study and revised its overhead rate to reflect actual costs.

In April 2022 the District, through the Alameda County Water District Financing Authority, successfully completed a competitive sale of \$43.6 million of tax-exempt bonds to fund various capital projects and refund the District's outstanding 2012 Water Revenue Bonds. The bonds sale resulted in a true interest cost of 2.66% and produced savings of over \$2.5 million to the District. The District continues to maintain a AAA rating by Standard & Poor's and a Aa1 rating by Moody's Investor Service. Primary factors considered by the rating agencies in making their decisions included the District's stable and diverse service area with above average income levels, robust debt service coverage and liquidity levels supported by prudent fiscal management, and a diverse water supply portfolio including local and wholesale sources with ample storage, and low debt burden.

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 review of the District's investment policy which did not require changes because the District's policy was already compliant with recent changes in California Government Code. Due to increasing interest rates, late in FY 2021/22 the District allocated a subset of its investment portfolio to a longer duration strategy and began purchasing investments of up to 10 years until maturity as authorized by California Government Code and District policy for certain asset classes. During FY 2022/23, the District completed implementation of the longer duration strategy for this subset of District funds.

### ***Customer Service***

The District implemented a new customer portal, My Smart Water Connect, on December 7, 2022 that allows customers to view their bill, chat with live agents, make payments and, for AMI customers, view their up-to-date consumption in 15-minute intervals and receive leak and high usage alerts. The iOS and Android apps of My Smart Water Connect were launched a couple of weeks later. Currently, 83% of customers pay their water bills electronically. Since launching the mobile app December 2022, about 10% of customers have downloaded and utilized the app to pay, view and manage their accounts.

On January 12, 2023, the District revised the Collection and Residential Water Service Termination Policy to include assigning past due balances to the Alameda County Tax Assessor's Office. Balances over 60 days past due for owner occupied, single family residential accounts will be levied against the property tax.

On June 1, 2023, 337 letters, representing a total of \$40,939.31 in past due balances, were sent to customers who met the criteria warning customers of the potential of past due balances being assessed to the property tax if left unpaid. Additionally, on July 3, 2023, 88 letters, representing \$10,166.41, were sent to customers notifying them that their past due balance was scheduled to be levied to the property tax roll. On August 1, 2023, 13 accounts, totaling \$1,610.39, were assigned to the Alameda County Tax Assessor's Office. The District anticipates these numbers may increase the next fiscal year since a more conservative approach to assigning past due balances to the property tax was taken during this initial implementation to establish internal processes.

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, despite efforts to maximize 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 cover 100% of the ¾" or 5/8" meter bi-monthly service charge, currently \$61.30, effective March 1, 2023. As of June 30, 2023, there were 1,566 customers enrolled in the program.

The District continues to sponsor a program for 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 2023, there were 9,154 customers enrolled in the program and 2,478 repairs/replacements had been completed since the start of the program in 2012.

### ***Labor Agreements***

The District was successful in completing labor negotiations with its two labor unions during FY 2021/22. The successor agreement with the District's largest union, the Operating Engineers Local No. 3 AFL-CIO, was approved in November 2021 and expires March 31, 2025. The agreement with the ACWD Operators' Association expired June 30, 2021 and the District was successful in negotiating a successor Memorandum of Understanding which was approved in July 2021, and expires June 30, 2025. The District successfully bargained with both unions to implement changes to position classifications and compensation based upon a comprehensive classification and compensation study. Implementation of the study is a multi-year process that continued in FY 2022/23 and is nearly complete.

### ***COVID-19 Response***

The District, as with all organizations, has been dealing with COVID-19 pandemic response, including creating a workplace safety plan for our employees, and continuing to provide services to our customers. The District has a robust plan that allows for rapid response to ever changing COVID-19 surge issues. The District has implemented a COVID-19 testing protocol, and conducts workplace contact tracing. Further, the District has developed a segmented work plan, which allows for a quicker contact tracing process for the safety of our employees and for operational reliability. The District implemented its current telecommuting policy in FY 2022/23 with applicable District employees now working onsite at least three days per week. The District continues to comply with all federal, State, local and Cal/OSHA COVID-19 regulations.

### ***Water Supply***

Although weather forecasts for FY 2022/23 originally called for continued below average rainfall, changed conditions in the Pacific Ocean toward the end of 2022 triggered the onset of an historic series of Atmospheric River (AR) events which reversed the rain season outlook and ultimately brought an end to the historic multi-year drought California had been facing since FY 2019/20. As a result, the District ended

the rain season with groundwater storage within normal operating ranges, above average supply from Lake Del Valle, an end of water shortage restrictions from the San Francisco Public Utilities Commission (SFPUC) on April 11, 2023, and a full contractual water allocation from the SWP, or “100% Table A.” This year marks the first time since more stringent regulatory restrictions were put into place in 2008 and 2009 that the SWP has provided a 100% Table A allocation.

With the reversal of hydrologic conditions, the District shifted from drought to surplus operations including sending water to the Semitropic Water Bank, which the District utilizes to store surplus SWP supplies during wet years to meet customer demands and maintain sufficient levels in the local groundwater basin in future dry years. Prior to this turnaround, 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. This action helped ensure delivery of State Water Project supplies even under worsening drought conditions. The District is projecting an additional surplus of state water supply at the end of calendar year 2023 of between 10,000 and 20,000 AF and is actively pursuing additional opportunities to either store or potentially sell this surplus. Barring these options, this water will revert to the State Water Project in 2024, along with several hundred thousand acre-feet of surpluses from other SWP users.

Based on the improved water supply conditions, on April 11, 2023, the District’s Board of Directors voted unanimously to rescind its water shortage emergency ordinance and restrictions effective immediately once the State Water Resources Control Board’s drought emergency regulations were rescinded or expired on June 10, 2023; the key elements of these regulations were rescinded by the State on June 5, 2023. The rescission of the District’s water shortage emergency ordinance eliminated restrictions on outdoor irrigation, using decorative fountains, draining and refilling swimming pools, and other outdoor water uses. While the repeal eased some water use restrictions, the wasteful use of water remains prohibited.

In FY 2022/23, the District completed a Climate Change Adaptation Plan (CAP) which included a detailed climate vulnerability and risk assessment and recommended adaptation strategies, much of which are for future technical studies which will be included in future water supply planning work. During FY 2023/24, the District will commence Phase 1 project work on a new Water Supply Master Plan (WSMP), which may update, revise, or replace the existing 1995 Integrated Resources Plan (IRP) in its entirety. Phase 1 will focus on scoping objectives, goals, and criteria for the new WSMP, and will heavily engage public stakeholders in a series of public meetings and workshops.

Despite the recent COVID-era reduction in population and water demand, the District anticipates demand growth through the planned redevelopment and intensification of existing developed lands with a significant number of new, high-density housing units. The District’s planning is aligned with land-use plans of all cities in the District service area as well as the Association of Bay Area Governments / Metropolitan Transportation Commission (ABAG/MTC). However, the District expects that demand growth will be somewhat tempered by actions taken during the latest drought, both by the District and its customers, as well as by policies and regulations on water use efficiency established by the State of California. These factors will be continuously monitored and included in the 2025-2030 Urban Water Management Plan update.

Future water supply uncertainties include pending decisions related to the Bay-Delta Water Quality Control Plan and the potential impacts of climate change. To address uncertainty, the District continues to look ahead and evaluate 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; 4) participation in the Bay Area Regional Reliability (BARR) Partnership; and 5) exploring dry year transfer options for future droughts.

### ***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.

### ***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 qualified 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 surpass all federal and state drinking water quality and treatment regulations, including those for lead. In FY 2022/23, 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 to confirm the District’s water system is in good condition, operated by qualified and conscientious staff, and capable of providing potable water which meets all applicable primary and secondary drinking water standards.

In FY 2022/23, the District received orders from DDW to monitor for Per- and Polyfluoroalkyl substances (PFAS) at ground water sources. Additionally, the District continues to voluntarily monitor for PFAS at surface water sources and distribution system entry points. This monitoring effort is ongoing and will prepare the District for PFAS regulations that are being developed by regulatory agencies. 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 designing a PFAS treatment system for the Peralta-Tyson Blending Facility.

In FY 2022/23, the District continued to develop an inventory of service line materials as part of the District’s efforts to comply with the federal Lead and Copper Rule Revisions (LCRR). The LCRR was implemented to better protect communities and children in elementary schools and childcare facilities from the impacts of lead exposure. The LCRR includes several requirements for compliance and became effective in December 2021 with a compliance deadline of October 2024. To date, the District has found no lead service lines in its service line inventory.

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. During FY 2022/23, due to drought conditions, the District modified its Main Cleaning Program to use 50% less water. Pending continuation of improved water supply availability, the District plans to resume normal comprehensive water main cleaning in 2024.

### ***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 the District's distribution storage and production facilities.

As part of the MRSIP, the District has invested over \$44 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 serve 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 32,000 feet of pipeline and plans to invest an average of \$10 million per year with increasing investments over time to renew pipeline infrastructure to improve system hydraulics and enhance reliability by limiting the number of pipeline failures while minimizing overall costs in the long term.

The District is developing designs for the second phase of the Alvarado Niles transmission pipeline project which is expected to be bid in early FY 2023/2024. Additionally, the District is completing the design work for the upgrade of a 1.5 mile pipeline on Driscoll Road to be bid for construction in early FY 2023/2024. The District is also working on a small diameter water main replacement and upgrade program as part of the MRSIP which, over the course of the next several years, will replace and upgrade water mains in various parts of the service area. The Souza-Concord project, the first component of the small diameter pipeline replacement program, includes one mile of pipeline renewal and was completed in December 2022.

The District continues its multi-year program of replacing and upgrading the control systems for its water production and distribution systems. In FY 2021/22, the District commissioned a pilot implementation of upgrades to the System Control and Data Acquisition (SCADA) systems including installing improved hardware and a new SCADA system application. These improvements will result in operational effectiveness, improved efficiencies, enhanced system security, and service reliability. In FY 2022/23, the District completed construction for the Avalon Tank Hillside Slope Erosion Protection and advanced construction for the Curtner Road Booster Station Project, and started construction for the Alameda Reservoir roof replacement project, which will help the District meet its strategic objective of providing reliable water supply to customers. In addition, the District progressed the design plans for the interim PFAS treatment facility which is expected to be in construction in FY 2023/24. Also in FY 2022/23, a series of the District's landmark Capital Improvement Program (CIP) projects, the Alameda Creek Fish Passage Improvement program, received the Project of the Year Award from the Construction Management Association of America (CMAA) Northern California Chapter. The program also received numerous other awards including the prestigious Clair A. Hill award from the Association of California Water Agencies (ACWA).

### ***Groundwater Resources***

On average, local groundwater accounts for approximately one-third 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 ending June 30, 2023, the District accomplished the following groundwater management and protection initiatives:

- Adopted a 4.9% 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 in February 2023 and also issued the 2022 Groundwater Monitoring Report in support of the replenishment assessment rate increase.
- Issued the District's annual report pursuant to requirements of SGMA on March 29, 2023.
- Closed four cases in the Groundwater Protection Program as part of ongoing efforts to protect the quality of the District's groundwater resources.
- Conducted 620 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."
- Issued 10 water well destruction permits as part of the District's well search and well destruction program.

### ***Productivity and Efficiency***

To support a more mobile workforce and a secure work from home environment, the District continued the adoption of mobile devices as part of its ongoing personal computer hardware renewal and replacement program. The District continued with improvements and upgrades to its information technology (IT) programs and practices in accordance with its 2018 Information Technology Master Plan. During FY 2022/23, the District upgraded the foundational platform of JD Edwards, its Enterprise Resource Planning software. The District also completed an upgrade of the Cityworks and GIS platforms and initiated an enhancement to the Cityworks Asset Management System to convert additional paper-based processes to electronic workflows. The District continued the implementation of Cityworks Permits Licensing and Land (PLL) for its Groundwater Resources Division.

The District continued with several IT infrastructure and cybersecurity enhancements including implementation of remediation measures for vulnerabilities identified in a penetration testing project, development of a Cybersecurity incident response plan, and conducting a cyber-incident tabletop exercise. District staff continues to be involved in ongoing cybersecurity education and training including phishing attack simulations. The District issued an RFP for Virtual Chief Information Security Officer (vCISO) services and plans to onboard a vCISO services vendor in FY 2023/24. The District also initiated several cybersecurity related services with the federal Cybersecurity and Infrastructure Security Agency (CISA).

The District's end user computing devices were upgraded to a newer version of the Windows 10 Operating System and the project to upgrade and replace Windows 2012 server Operating System across various systems was initiated. The District also initiated a project to replace its core network infrastructure and plans to complete this initiative in FY 2023/24. The District was awarded the 2022 Excellence in Information Technology Practices award by the Municipal Information Systems Association of California (MISAC). The Excellence in IT Practices Award recognizes outstanding governance and operational practices. The submission and evaluation process requires the submission of a detailed survey that examines IT practices across twelve different subject areas.

The District issued its second employee engagement survey in the spring of 2021 and the results were presented internally in the summer of 2021. The District is currently in the process of implementing an Employee Engagement Action Plan in response to the survey and conducted employee focus group sessions to inform development of the plan. Primary features of the plan include a communications plan, which was formally implemented during FY 2022/23, change management guidelines that are under development, and a formal employee feedback or suggestion program.

Similarly, resulting from feedback from the previous employee engagement survey, the District is currently piloting an innovative employee performance and professional development review system for unrepresented positions. The District plans to implement this new review system beginning in calendar year 2024.

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 2022/23, the District advanced its full deployment of the 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 87,000 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 development of 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 was implemented in FY 2022/23 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 integrated with the District's existing Customer Information System (CIS) system, Electronic Bill Payment and Presentment (EBPP) system, and the AMI meter data management 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:

- Partnered with Save Our Water and six other regional water agencies to host a joint media event to encourage outdoor water use efficiency during the drought
- Issued 7 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
- Hosted two public tours of Water Treatment Plant No. 2
- Partnered with Fremont Unified School District to host FUSD Garden Network event at District headquarters
- Promoted the launch of My Smart Water Connect customer portal and mobile app, including:
  - Postcards
  - Bill inserts
  - Email campaign
  - Website banner
- Continued drought messaging to educate customers on water use restrictions and sprinkler use limitations. Outreach included the following:
  - Updates posted to a dedicated drought and water conservation resource webpage
  - A postcard mailer
  - Developed Pro-Tip cards with functional resources and conservation messaging
  - Distributed “Please Save Water” buckets to encourage water conservation
  - Digital ads and public service announcements
  - Expanded customer outreach at several community events
  - Stakeholder outreach, mailers, and coordination meetings
- Water efficiency literature was distributed to customers when requested
- Water efficient landscape planning and conversion workshops were held in partnership with other agencies
- Continued to monitor water waste reports and sent notices to customers when it was determined that water waste was occurring. Also monitored for compliance with water use restrictions per the Ordinance of the Alameda County Water District Declaring a Water Shortage Emergency and Adopting Water Use Regulations, Restrictions, and Guidelines for the Water Shortage Emergency (Ordinance 2021-01) declared on December 9, 2021, until rescinded on June 5, 2023, when state regulations expired

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, 2023, the District continued its educational outreach within its service area by:

- Hosting the District’s fourth annual ACWD WaterClips Student Video Contest with over 100 student entries with awards presented during a Board meeting followed by an awards reception
- Presenting student awards for the Alameda County Science and Engineering Fair’s Excellence in Water, Wastewater and Recycled Water award
- Distributing over 19,682 pieces of printed educational material to teachers and students
- Sponsoring 75 informative, interactive, and participatory water conservation theater program school assemblies (in-person and live stream) reaching 19,358 students
- Hosting one Project WET, Water Education Today, workshop
- Hosting in-class lessons for 300 students at Newark Junior High School for Groundwater Awareness Week for ACWD’s commitment to Newark Unified School District’s Environmental Literacy program
- Hosting a Wonders of Water workshop for the City of Union City’s Recreation Program’s Summer day camp session

- Serving as a community partner co-sponsor of Newark Unified School District’s Family Science Day event at Lincoln and Kennedy Elementary Schools

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. With the significant shift from drought to surplus over FY 2022/23 as described above, the focus of water use efficiency activities has also shifted from drought restrictions and dry year education and customer support, to a focus on encouraging water use efficiency for the long-term. During the fiscal year ended June 30, 2023, the District continued and expanded upon the following water use efficiency measures:

- Water use efficiency customer service assistance in-person and via phone and email correspondence
- Several of the District’s rebate and survey offerings were streamlined, expanded upon, and converted to online approval processes to account for COVID-19 precautions and drought. Streamlined online approval processes remain, with in-person support as needed
- 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 were offered to multifamily sites, businesses, and organizations
- Rebates for rain barrels, irrigation controllers, irrigation hardware, and the replacement of turf grass with water efficient plants were offered to all customers
- Water efficient low-flow devices and measures (showerheads, faucet aerators, flappers, 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 was distributed to customers through the District’s customer newsletter, the ACWD Aqueduct, other community newsletters (Tri-City Ecology, Fremont Green Challenge, and Local Ecology and Agriculture Fremont newsletters), the District website, virtual workshops, in-person workshops, and through the District’s Tri-City Voice weekly ad space
- The District offered “Virtual Office Hours with a Water Use Efficiency Specialist” twice a week for customers to discuss conservation, drought, and rebate programs via Zoom
- Online landscape water use budgets were provided to customers with dedicated landscape accounts each billing period. 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 697 customer notifications. Additional leak detection notifications were sent to customers with AMI meters through email and text messages via the My Smart Water Connect customer portal
- 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, leak detection and repair, informing customers about water conservation tips and the District’s programs, and installing cold water saving measures. In FY 2022/23, the leak repair program services expanded to include sprinkler irrigation valves
- The District continued to implement the Water Efficiency Master Plan (WEMP), which identified strategies to meet the District’s short-term water use efficiency goals and long-term water supply needs. New and expanded water use efficiency measures launched in FY 2022/23 that were identified in the Plan include the Water Efficient Technology (WET) incentive for commercial, industrial, and institutional customers and AMI Portal Data Analysis. Additional efficiency measures identified for FY 2023/24 by the WEMP include: School Building Retrofit Program and Indoor and Outdoor Surveys for residential customers

- Outreach, education, and technical assistance related to drought, water conservation and water supply were communicated to customers in efforts to reduce water use
- The District communicated and enforced Ordinance 2021-01, which formally declared the District’s water shortage emergency and imposed water-use restrictions, to encourage water conservation and achieve its water reduction goals. The District also communicated once the water shortage emergency and water use restrictions were lifted
- The District continues to monitor water waste and enforce Ordinance 2008-01, which prohibits actions resulting in wasteful use of water, such as irrigation runoff and leaks
- The District communicated the State of California’s extension of emergency regulations that prohibit irrigation of non-functional turf with potable water in the commercial, industrial, and institutional sector (including HOA common areas) through targeted marketing

The District continued to follow implementation of a statewide framework that will establish new water use objectives to improve water use efficiency and “Make Water Conservation a California Way of Life”. 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 Central Coast 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 District’s 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 was completed during FY 2022/23 with startup and commissioning work as well as staff trainings continuing through FY 2023/24 . The program scope consists of the following infrastructure:

- 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.

In mid FY 2022/23, the newly constructed fish passage improvements and existing rubber dam facilities suffered damage and disruption due to the unusually severe atmospheric river events in late 2022 and

early 2023. The District is currently evaluating possible solutions and seeking permits and potential funding opportunities to address these issues.

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 the first phase of the program, photovoltaic systems will be installed at Headquarters, Mayhew Reservoir, Newark Desalination Facility, and Whitfield Reservoir. In FY 2022/23, the Energy developer that the District contracted with completed preliminary designs for Phase 1 facilities. Final plans are anticipated in FY 2023/24. Depending upon potential energy cost savings, a second phase of the program will be implemented at Alameda and Decoto Reservoirs. Implementation of this program 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 and all related Board meeting documents 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 COVID-19 pandemic on employment and the economy have improved over the last year. However, uncertainty remains as the labor market and economy recover in this increasing interest rate environment. As of May 2023, the unemployment rates for the United States and California were 3.7% and 4.5%, respectively. As of May 2023, the unemployment rates for the cities of Fremont, Newark and Union City were 3.5%, 3.5%, and 3.7% respectively. Assessed property values within the District increased 9.0% in FY 2022/23 and are anticipated to increase another 8.4% in FY 2023/24. The District's overall customer base is anticipated to change slightly in size and income. Last calendar year, population grew 0.2% to 229,467 for the City of Fremont, 0.7% to 47,459 for the City of Newark, and declined 1.4% to 66,754 for the City of Union City. The most recent five-year Census estimates showed that median household income grew 7.8% to \$153,475 for the City of Fremont, 12.8% to \$144,011 for the City of Newark, and 5.8% to \$127,828 for the City of Union City compared to the prior five-year estimates.

Development activity in the District's service area is anticipated to remain strong for the next few years with a continued shift in the type of development to more in-fill and mixed-use higher density projects

(market rate, mixed-rate and affordable) as well as an increase in commercial/warehouse buildings being constructed. There is also an increase in the number of Accessory Dwelling Units (ADUs) being constructed in the service area. Fremont continues to grow, 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 and the new Lila Bringhurst elementary school and community park completed. Located in this area is the Tesla Fremont Factory, 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, the new elementary school, and a new hotel to the 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 has been completed and a 240-unit construction, new Fremont Bank headquarters, and other adjacent downtown-area housing. 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. Several 100-unit developments are now in construction, including several affordable housing and mixed income projects. In total, Osgood Road is anticipated to have approximately 850 new residential units. 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 Transit Oriented Development (TOD) 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 began in FY 2022 and a mixed-use development with 81 new affordable residential rental units along Mission Boulevard is proposed. Additionally, the City has begun a planning effort to build the Quarry Lakes Parkway, a near 2-mile road between Mission Boulevard, Alvarado-Niles Road, and Paseo Padre Parkway. This roadway will tie-in to proposed housing developments, the Union City BART station area, and nearby freeways.

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. The first phase, for Costco, has started construction, including water main relocations and newly installed water mains within NewPark Mall Road. A 319-unit mixed-use development and large retail building are currently under construction and construction of two new hotels has been completed. Additionally, a transit-oriented development, Bayside Newark, consisting of up to 2,500 residential units has been under construction for a number of years and is nearing completion. 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 three public financial workshops in July 2022, August 2022, and September 2022 to comprehensively review the District’s financial plan, operating costs, capital improvement plan, miscellaneous fees, sources of revenue, water rates, and water rate structures. The District also reviewed water shortage emergency stage rates, referred to as drought surcharges, to improve revenue stability during a water shortage emergency, such as a drought. As mentioned previously, at the conclusion of these workshops, staff received Board policy direction 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 Baker Tilly US, 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, 2022. This was the 24th consecutive year 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 such certification.

### ***Achievement of Excellence in Procurement Award***

The District has been awarded the prestigious 2023 Annual Achievement of Excellence in Procurement® (AEP) from the National Procurement Institute, Inc. The AEP Award is earned by 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.

### ***Distinguished Budget Presentation Award***

The District was awarded the Distinguished Budget Presentation Award from the GFOA for the FY 2021/22 and FY 2022/23 Adopted Budget. This award is the highest form of recognition in government budgeting and recognizes the District's commitment to transparency and industry best practices for budget preparation. Its attainment represents a significant achievement by the District. This was the first year that the District achieved this prestigious award. The award is valid for two years. The District plans to continue to participate in the program and submit its next adopted biennial budget document for consideration.

***Acknowledgments***

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

Respectfully submitted,



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Ed Stevenson  
General Manager



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Jonathan Wunderlich  
Director of Finance & Administration



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Alameda County Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

*Alameda County Water District*

*Board of Directors*

*Paul Sethy*  
President

*James G. Gunther*  
Vice President

*Judy C. Huang*  
Director

*John H. Weed*  
Director

*Aziz Akbari*  
Director

*Principal Management Personnel*

*Ed Stevenson*  
General Manager

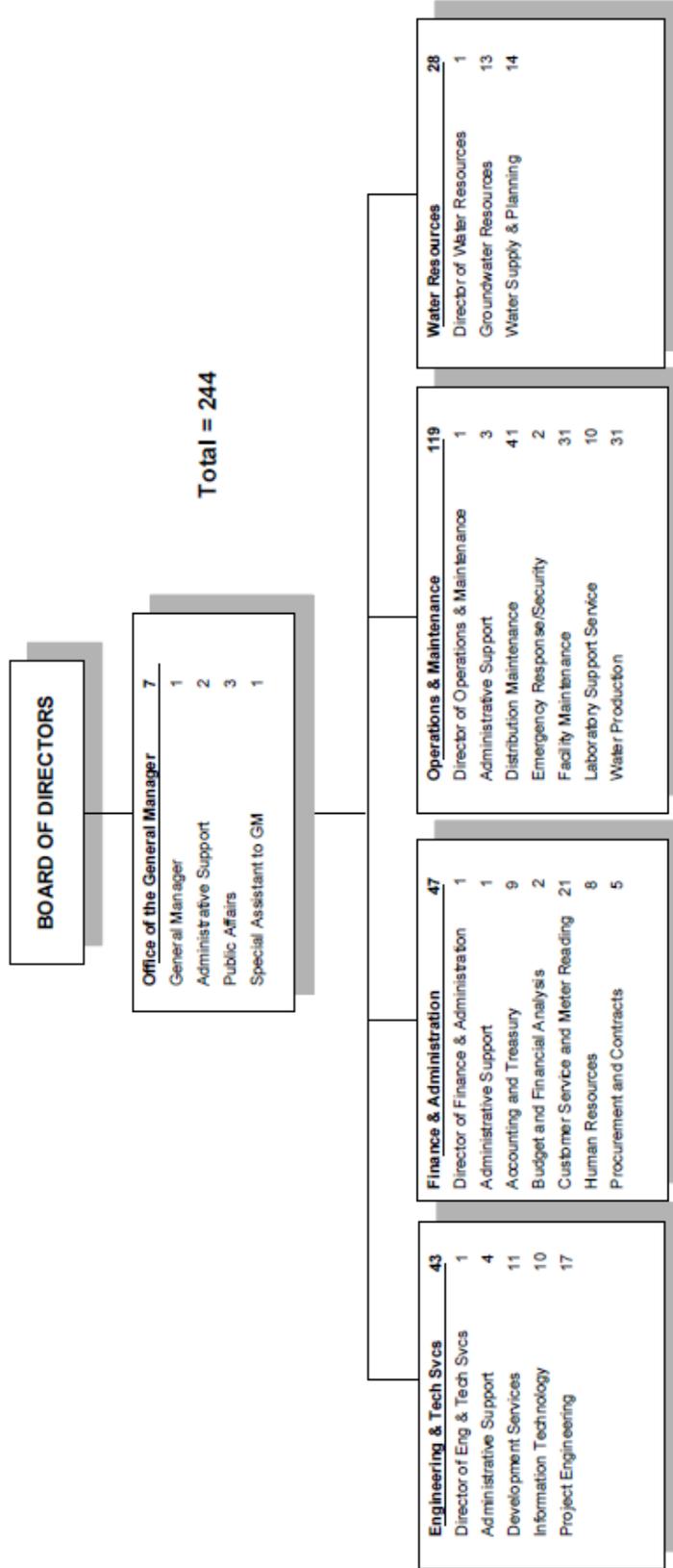
*Jonathan Wunderlich*  
Director of Finance and Administration

*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 23/24**



## **FINANCIAL SECTION**

## Independent Auditors' Report

To the Board of Directors of  
Alameda County Water District

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Alameda County Water District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Note 2, the District adopted the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, effective July 1, 2022. Accordingly, the accounting changes have been retroactively applied to prior period presented. Our opinion is not modified with respect to this matter.

#### **Other Matters**

The financial statements of the District as of and for the year ended June 30, 2022, were audited by other auditors whose report dated December 1, 2022, expressed an unmodified opinion on those statements.

As part of the audit of the June 30, 2023 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the June 30, 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2022 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2022 financial statements as a whole.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit 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**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory and Statistical Sections, as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023 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.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin  
November 3, 2023

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**Alameda County Water District**  
**Management’s Discussion and Analysis (Unaudited)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

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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 fiscal years ended June 30, 2023 and 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The District’s net position increased by \$43.5 million or 7.4 percent from \$590.0 million to \$633.5 million mainly due to increases in capital assets of \$38.9 million for the the fiscal year ended June 30, 2023.
- Nonoperating revenues increased by \$10.1 million or 155.4 percent from \$6.5 million to \$16.6 million primarily due to an increase in investment income caused by a increase in the value of investments for the fiscal year ended June 30, 2023.
- Operating expenses increased by \$15.9 million or 14.7 percent from \$107.8 million to \$123.7 million mainly due to an increase of \$9.9 million in administrative and general expenses as a result of adjustments to the pension and other post employment benefits expense due to the negative 6.1 percent investment return from the CalPERS plan. There was also an increase of \$4.0 million in source of supply for the fiscal year ended June 30, 2023.

**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, 2023 and 2022. 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 statements are 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, 2023 and 2022**

**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)

	2022		2023 vs. 2022		2022 vs. 2021		
	2023	(As restated)	\$ Change	% Change	2021	\$ Change	% Change
Current and other assets	\$ 234.6	\$ 240.9	\$ (6.3)	-2.6%	\$ 238.8	\$ 2.1	0.9%
Capital assets	543.6	504.7	38.9	7.7%	481.3	23.4	4.9%
<b>Total assets</b>	<b>778.2</b>	<b>745.6</b>	<b>32.6</b>	<b>4.4%</b>	<b>720.1</b>	<b>25.5</b>	<b>3.5%</b>
<b>Deferred outflows of resources</b>	<b>42.1</b>	<b>25.2</b>	<b>16.9</b>	<b>67.1%</b>	<b>24.5</b>	<b>0.7</b>	<b>2.9%</b>
Other current liabilities	26.1	25.8	0.3	1.2%	32.7	(6.9)	-21.1%
Long-term debt, noncurrent	68.5	72.0	(3.5)	-4.9%	66.4	5.6	8.4%
Net pension liability	58.0	25.5	32.5	127.5%	66.3	(40.8)	-61.5%
Net OPEB liability	25.1	17.4	7.7	44.3%	25.2	(7.8)	-31.0%
Other noncurrent liabilities	2.8	2.0	0.8	40.0%	1.7	0.3	17.6%
<b>Total liabilities</b>	<b>180.5</b>	<b>142.7</b>	<b>37.8</b>	<b>26.5%</b>	<b>192.3</b>	<b>(49.6)</b>	<b>-25.8%</b>
<b>Deferred inflows of resources</b>	<b>6.3</b>	<b>38.1</b>	<b>(31.8)</b>	<b>-83.5%</b>	<b>7.6</b>	<b>30.5</b>	<b>401.3%</b>
Net investment in capital assets	468.1	427.9	40.2	9.4%	411.8	16.1	3.9%
Unrestricted	165.4	162.1	3.3	2.0%	132.9	29.2	22.0%
<b>Total net position</b>	<b>\$ 633.5</b>	<b>\$ 590.0</b>	<b>\$ 43.5</b>	<b>7.4%</b>	<b>\$ 544.7</b>	<b>\$ 45.3</b>	<b>8.3%</b>

As the above table indicates, total assets increased by \$32.6 million from \$745.6 million to \$778.2 million during the fiscal year ended June 30, 2023. This increase is due to a \$38.9 million increase in capital assets at the end of the fiscal year, which is offset by a decrease of \$4.4 million in grants receivable. For the fiscal year ended June 30, 2022, total assets increased by \$25.5 million from \$720.1 million to \$745.6 million. This increase is due to a \$23.4 million increase in capital assets at the end of the fiscal year.

Deferred outflows of resources is 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 pension benefits (GASB Statement No. 68) at June 30, 2023 and 2022 were \$30.3 million and \$15.5 million, respectively. The deferred outflows of resources due to OPEB (GASB Statement No. 75) at June 30, 2023 and 2022 were \$11.8 million and \$9.7 million, respectively.

For the fiscal year ended June 30, 2023, total liabilities reflect an increase of \$37.8 million due to several factors including increases in net pension liabilities of \$32.5 million and net OPEB liabilities of \$7.7 million. The increase was partially offset by a decrease of \$3.2 million in long-term debt due to scheduled debt service payments. For fiscal year ended June 30, 2022, total liabilities reflect a decrease of \$49.6 million due to decreases in net pension liabilities of \$40.8 million, net OPEB liabilities of \$7.8 million and other liabilities of \$6.6 million. The decrease was partially offset by an increase of \$5.6 million in long-term debt as a result of the 2022 water system revenue bonds issuance.

**Alameda County Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT (Continued)**

Deferred inflows of resources is the result of the unamortized deferred gain on debt refunding, deferred lease revenue and the effect of pension and OPEB accounting which 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. These changes will be amortized as a component of pension, OPEB and rent expense in future years. The deferred inflows of resources due to the unamortized deferred gain on refunding at June 30, 2023 and 2022 were \$0.4 million and \$0.5 million, respectively. The deferred inflows of resources due to leases at June 30, 2023 and 2022 were \$3.0 million and \$3.3 million, respectively. The deferred inflows of resources due to pension at June 30, 2023 and 2022 were \$1.1 million and \$25.6 million, respectively. The decrease is a result of changes arising from differences between the projected and actual pension plan investment earnings. The deferred inflows of resources due to OPEB at June 30, 2023 and 2022 were \$1.8 million and \$8.7 million, respectively.

Total net position increased by \$43.5 million from \$590.0 million to \$633.5 million, mainly due an increase in capital assets of \$38.9 million or 7.7 percent for the fiscal year ended June 30, 2023. Total net position increased by \$45.3 million from \$544.7 million to \$590.0 million in the fiscal year ended June 30, 2022, mainly due to an increase in capital assets of \$23.4 million or 4.9 percent. The changes in net position for the fiscal years ended June 30, 2023 and 2022 are also attributed to changes in revenues and expenses as a result of operations, which is discussed in the next section.

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

	2022		2023 vs. 2022		2021	2022 vs. 2021	
	2023	(As restated)	\$ Change	% Change		\$ Change	% Change
<b>Operating revenues</b>							
Water sales	\$ 119.8	\$ 121.3	\$ (1.5)	-1.2%	\$ 122.4	\$ (1.1)	-0.9%
Other operating revenues	13.8	13.5	0.3	2.2%	8.0	5.5	68.8%
<b>Total operating revenues</b>	<u>133.6</u>	<u>134.8</u>	<u>(1.2)</u>	<u>-0.9%</u>	<u>130.4</u>	<u>4.4</u>	<u>3.4%</u>
<b>Nonoperating revenues</b>							
Property taxes	14.4	13.6	0.8	5.9%	12.5	1.1	8.8%
Investment income (loss)	1.1	(7.8)	8.9	-114.1%	0.2	(8.0)	-4000.0%
Other nonoperating revenues	1.1	0.7	0.4	57.1%	0.6	0.1	16.7%
<b>Total nonoperating revenues</b>	<u>16.6</u>	<u>6.5</u>	<u>10.1</u>	<u>155.4%</u>	<u>13.3</u>	<u>(6.8)</u>	<u>-51.1%</u>
<b>TOTAL REVENUES</b>	<u>150.2</u>	<u>141.3</u>	<u>8.9</u>	<u>6.3%</u>	<u>143.7</u>	<u>(2.4)</u>	<u>-1.7%</u>
<b>Depreciation and amortization expense</b>	15.6	15.1	0.5	3.3%	14.7	0.4	2.7%
<b>Other operating expenses</b>	108.1	92.7	15.4	16.6%	103.0	(10.3)	-10.0%
<b>Nonoperating expenses</b>	2.9	2.2	0.7	31.8%	1.5	0.7	46.7%
<b>TOTAL EXPENSES</b>	<u>126.6</u>	<u>110.0</u>	<u>16.6</u>	<u>15.1%</u>	<u>119.2</u>	<u>(9.2)</u>	<u>-7.7%</u>
<b>Income before capital contributions</b>	23.6	31.3	(7.7)	-24.6%	24.5	6.8	27.8%
Capital contributions	19.9	14.0	5.9	42.1%	21.1	(7.1)	-33.6%
<b>Changes in net position</b>	<u>43.5</u>	<u>45.3</u>	<u>(1.8)</u>	<u>-4.0%</u>	<u>45.6</u>	<u>(0.3)</u>	<u>-0.7%</u>
Beginning net position	590.0	544.7	45.3	8.3%	496.8	47.9	9.6%
Prior period adjustments	-	-	-	n/a	2.3	(2.3)	-100.0%
Beginning net position, as restated	<u>590.0</u>	<u>544.7</u>	<u>45.3</u>	<u>8.3%</u>	<u>499.1</u>	<u>45.6</u>	<u>9.1%</u>
<b>Ending net position</b>	<u>\$ 633.5</u>	<u>\$ 590.0</u>	<u>\$ 43.5</u>	<u>7.4%</u>	<u>\$ 544.7</u>	<u>\$ 45.3</u>	<u>8.3%</u>

**Alameda County Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

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**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 \$23.6 million and capital contributions of \$19.9 million resulted in an overall increase of \$43.5 million in net position for the fiscal year ended June 30, 2023.

In fiscal year ended June 30, 2022, income before capital contributions of \$31.3 million and capital contributions of \$14.0 million resulted in an overall increase of \$45.3 million in net position.

For fiscal year ended June 30, 2023, Table 2 indicates that the District's total revenues increased by \$8.9 million or 6.3 percent to \$150.2 million from \$141.3 million in the prior fiscal year. Nonoperating revenues increased by \$10.1 million or 155.4 percent to \$16.6 million from \$6.5 million. This was due to an \$8.9 million increase in investment income as a result of an increase in the value of the investments held by the District at June 30, 2023. This does not affect the value of investments held to maturity, which is a typical District practice.

Total expenses increased by \$16.6 million or 15.1 percent to \$126.6 million from \$110.0 million in the prior fiscal year due mainly to increases of \$9.9 million in administrative and general expenses as a result of adjustments made to the pension and OPEB expenses per the requirements of GASB Statements 68 and 75.

For fiscal year ended June 30, 2022, Table 2 indicates that the District's total revenues decreased by \$2.4 million or 1.7 percent to \$141.3 million from \$143.7 million in the prior fiscal year. Nonoperating revenues decreased by \$6.8 million or 51.1 percent to \$6.5 million from \$13.3 million. This was due to an \$8.0 million decrease in investment income as a result of increases in interest rates which resulted in a decrease in the value of the investments held by the District at June 30, 2022. This does not affect the value of investments held to maturity, which is a typical District practice.

For fiscal year ended June 30, 2022, total expenses decreased by \$9.2 million or 7.7 percent to \$110.0 million from \$119.2 million in the prior fiscal year due mainly to decreases of \$13.9 million in administrative and general expenses as a result of adjustments made to the pension and OPEB expenses per the requirements of GASB Statements 68 and 75.

**CAPITAL ASSETS**

As of June 30, 2023, the District's investment in capital assets totaled \$543.6 million, which is an increase of \$38.9 million or 7.7 percent over the capital asset balance of \$504.7 million at June 30, 2022. The net increase in capital assets was primarily due to increases in construction in progress of \$18.4 million and capitalized assets in the amount of \$35.5 million less \$15.0 million net increase in accumulated depreciation.

As of June 30, 2022, the District's investment in capital assets totaled \$504.7 million, which is an increase of \$23.4 million or 4.9 percent over the capital asset balance of \$481.3 million at June 30, 2021. The net increase in capital assets was primarily due to increases in construction in progress of \$23.1 million and capitalized assets in the amount of \$15.2 million less \$14.9 million net increase in accumulated depreciation.

**Alameda County Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**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)

	2022		2023 vs. 2022		2021	2022 vs. 2021	
	2023	(As restated)	\$ Change	% Change		\$ Change	% Change
Land	\$ 9.6	\$ 9.6	\$ -	0.0%	\$ 9.6	\$ -	0.0%
Construction in progress	117.0	98.6	18.4	18.7%	75.5	23.1	30.6%
Source of supply	89.8	89.7	0.1	0.1%	85.7	4.0	4.7%
Pumping plant	29.0	26.5	2.5	9.4%	26.4	0.1	0.4%
Water treatment	170.7	169.6	1.1	0.6%	167.5	2.1	1.3%
Transmission and distribution	409.8	381.7	28.1	7.4%	373.6	8.1	2.2%
General	61.3	57.6	3.7	6.4%	56.7	0.9	1.6%
Supplemental water supply storage	20.9	20.9	-	0.0%	20.9	-	0.0%
Subtotal	908.1	854.2	53.9	6.3%	815.9	38.3	4.7%
Less accumulated depreciation/amortization	(364.5)	(349.5)	(15.0)	4.3%	(334.6)	(14.9)	4.5%
Capital assets, net	<u>\$ 543.6</u>	<u>\$ 504.7</u>	<u>\$ 38.9</u>	<u>7.7%</u>	<u>\$ 481.3</u>	<u>\$ 23.4</u>	<u>4.9%</u>

There were several capital projects completed during the fiscal year ended June 30, 2023. These included the Avalon Tank Hillside Slope Erosion Project, Canyon Heights Booster Station Upgrade, 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, 2023. These projects include Rubber Dam #1 Fish Ladder, Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Advanced Metering Infrastructure, Curtner Road Booster Station upgrade, Water Treatment Plant No. 2 Programmable Logic Controller Upgrade Phase 3, Groundwater PFAS Treatment Facility, Driscroll Road Pipeline Rehabilitation, Central Newark Pipeline Improvements, and various other capital projects.

There were several capital projects completed during the fiscal year ended June 30, 2022. These included the Vallecitos Channel Betterments, Newark Desal Reverse Osmosis Membrane Replacement, Emergency Service Line 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, 2022. These projects include Rubber Dam #1 Fish Ladder, Shinn Pond Fish Screen, Alvarado-Niles Spine Main, Advanced Metering Infrastructure, Water Treatment Plant No. 2 Programmable Logic Controller Upgrade Phase 2, Driscroll Road Pipeline Rehabilitation, Canyon Heights Booster Station Upgrade, Central Newark Pipeline Improvements, and various other capital projects.

At June 30, 2023, the District had construction commitments in the amount of \$53.0 million of which \$24.3 million is for the Advanced Metering Infrastructure project and \$17.2 million is for the Alameda Reservoir Roof Replacement project. Additional information on the District's capital assets and construction commitments is provided in Note 5 starting on page 32 of the financial statements.

**Alameda County Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

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**LONG-TERM DEBT**

As of June 30, 2023, the District had \$72.0 million in outstanding debt compared to \$75.2 million on June 30, 2022 and \$69.6 million on June 30, 2021. The decrease in fiscal year ended June 30, 2023 is due to scheduled debt service payments. The increase in fiscal year ended June 30, 2022 was due to the issuance of the 2022 water system revenue bonds in April 2022 which refunded the 2012 water system revenue bonds and issued \$10.0 million in new money. The increase was offset by the scheduled debt service payments.

Additional information on the District's long-term debt is provided in Note 7 starting on page 36 of the financial statements.

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

The Board of Directors adopted the District's two-year budget on June 8, 2023. 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, 2024 and 2025.

The District's water rates are periodically reviewed by the Board and typically adjusted annually. On February 9, 2023, the Board adopted a rate increase of 4 percent to the bi-monthly fixed service charge and the per-unit consumption charge effective March 1, 2023 and another 4% increase effective March 1, 2024, and a corresponding 4% increase for the drought surcharges (formerly called water shortage emergency stage rates.). The drought surcharges were rescinded April 1, 2023 due to improving water supply conditions. 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 and Administration at 43885 South Grimmer Boulevard, Fremont, CA 94538.

## **BASIC FINANCIAL STATEMENTS**

**Alameda County Water District**  
**Statements of Net Position**  
**June 30, 2023 and 2022**  
**(In thousands)**

	2023	2022 (As restated)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments (Note 3)	\$ 206,812	\$ 204,951
Customer and other accounts receivable, net (Note 4)	9,587	11,609
Accrued unbilled revenue	9,806	12,129
Grants receivable	625	4,986
Taxes receivable	97	127
Interest receivable	959	671
Lease receivable (Note 4)	231	219
Material and supplies	3,426	2,923
Prepaid expenses	77	107
Total current assets	231,620	237,722
<b>Noncurrent assets:</b>		
Capital assets: (Note 5)		
Nondepreciable	126,539	108,182
Depreciable, net	417,020	396,471
Total capital assets, net	543,559	504,653
Lease receivable (note 4)	2,983	3,218
Total noncurrent assets	546,542	507,871
<b>Total assets</b>	<b>778,162</b>	<b>745,593</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred items related to pensions (Note 10)	30,375	15,500
Deferred items related to OPEB (Notes 11 and 12)	11,764	9,695
<b>Total deferred outflows of resources</b>	<b>42,139</b>	<b>25,195</b>

(Continued)

**Alameda County Water District**  
**Statements of Net Position (Continued)**  
**June 30, 2023 and 2022**  
**(In thousands)**

	2023	2022 (As restated)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Note 6)	12,746	12,757
Accrued payroll and related liabilities (Note 6)	2,932	2,179
Contractor and customer deposits	6,091	7,248
Interest payable	274	278
Unearned revenue	5	5
Lease liability - due within one year (Note 7)	145	50
SBITA liability - due within one year (Note 7)	367	166
Long-term debt - due within one year (Note 7)	3,527	3,132
Total current liabilities	26,087	25,815
<b>Noncurrent liabilities:</b>		
Accrued payroll and related liabilities (Note 6)	309	1,084
Lease liability - due in more than one year (Note 7)	986	687
SBITA liability - due in more than one year (Note 7)	1,526	235
Long-term debt - due in more than one year (Note 7)	68,507	72,034
Net pension liability (Note 10)	57,950	25,486
Net OPEB liability (Notes 11 and 12)	25,127	17,366
Total noncurrent liabilities	154,405	116,892
<b>Total liabilities</b>	180,492	142,707
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred charge on refunding	418	442
Deferred items related to leases (Note 4)	3,057	3,324
Deferred items related to pensions (Note 10)	1,051	25,623
Deferred items related to OPEB (Notes 11 and 12)	1,760	8,703
Total deferred inflows of resources	6,286	38,092
<b>NET POSITION</b>		
Net investment in capital assets	468,083	427,907
Unrestricted	165,440	162,082
<b>Total net position</b>	\$ 633,523	\$ 589,989

**Alameda County Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(In thousands)**

	2023	2022 (As restated)
<b>OPERATING REVENUES:</b>		
Water sales	\$ 119,797	\$ 121,311
Facilities connection charges	11,165	9,631
Fees and rental	2,371	2,667
Other	282	1,203
<b>Total operating revenues</b>	<b>133,615</b>	<b>134,812</b>
<b>OPERATING EXPENSES:</b>		
Sources of supply:		
Water purchases	38,757	35,776
Pumping	2,160	1,904
Other	11,077	10,354
Total sources of supply	51,994	48,034
Water treatment	15,641	15,056
Transmission and distribution	19,093	18,623
Administration of customer accounts	5,335	4,780
Administration and general	16,069	6,169
Depreciation and amortization	15,552	15,157
<b>Total operating expenses</b>	<b>123,684</b>	<b>107,819</b>
<b>Operating income</b>	<b>9,931</b>	<b>26,993</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income (loss)	1,148	(7,736)
Property taxes	14,383	13,603
Other nonoperating revenues	847	595
Gain on disposal of capital assets	210	73
Cost of issuance expense	(40)	(554)
Interest expense	(2,838)	(1,659)
<b>Total nonoperating revenues (expenses)</b>	<b>13,710</b>	<b>4,322</b>
<b>Income before capital contributions</b>	<b>23,641</b>	<b>31,315</b>
Capital contributions	19,893	14,000
<b>Change in net position</b>	<b>43,534</b>	<b>45,315</b>
<b>NET POSITION:</b>		
Beginning of year	589,989	544,674
End of year	<u>\$ 633,523</u>	<u>\$ 589,989</u>

See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(In thousands)**

	2023	2022 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 137,382	\$ 135,020
Cash receipts from others	847	590
Cash payments to suppliers for goods and services	(50,688)	(61,791)
Cash payments for employees pension benefits	(14,698)	(14,659)
Cash payments for employees OPEB benefits	(4,752)	(5,016)
Cash payments to employees for salaries and other benefits	(48,409)	(37,787)
<b>Net cash provided by operating activities</b>	<b>19,682</b>	<b>16,357</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes received	14,413	13,592
<b>Net cash provided by noncapital financing activities</b>	<b>14,413</b>	<b>13,592</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisitions of capital assets	(31,338)	(24,801)
Capital grants received restricted for capital purposes	4,718	-
Proceeds from sale of capital assets	222	137
Revenue bonds proceeds	-	49,052
Bond issuance costs paid	(40)	(554)
Principal paid on debt	(2,770)	(610)
Refunding of debt	-	(40,750)
Principal paid on leases	(109)	(5)
Principal paid on SBITA	(530)	(176)
Interest paid on debt and contracts	(3,228)	(2,464)
<b>Net cash (used in) capital and related financing activities</b>	<b>(33,075)</b>	<b>(20,171)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	38,129	47,581
Purchases of investments	(58,915)	(52,448)
Investment income received	3,874	2,617
<b>Net cash (used in) investing activities</b>	<b>(16,912)</b>	<b>(2,250)</b>
<b>Net change in cash and cash equivalents</b>	<b>(15,892)</b>	<b>7,528</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	40,673	33,145
End of year	<u>\$ 24,781</u>	<u>\$ 40,673</u>
<b>RECONCILIATION TO STATEMENTS OF NET POSITION:</b>		
Cash and investments	\$ 206,812	\$ 204,951
Less investments not meeting the definition of cash equivalents (Note 2B)	(182,031)	(164,278)
<b>Total cash and cash equivalents</b>	<u>\$ 24,781</u>	<u>\$ 40,673</u>

(Continued)

**Alameda County Water District**  
**Statements of Cash Flows (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(In thousands)**

	2023	2022 (As restated)
<b>RECONCILIATION OF OPERATING INCOME TO</b>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 9,931	\$ 26,993
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,552	15,157
Other nonoperating revenues	847	595
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Customer and other accounts receivable	2,541	3,344
Accrued unbilled receivable	2,323	(623)
Materials and supplies	(503)	(346)
Prepaid expenses	30	(35)
Accounts payable and accrued expenses	(1,686)	(6,694)
Accrued payroll and related liabilities	(22)	280
Contractor and customer deposits	(1,071)	(2,513)
Unearned revenue	-	(5)
Lease receivable and liability	(26)	-
Net pension liability and related pension deferred outflows/inflows of resources	(6,983)	(17,970)
Net OPEB liability and related OPEB deferred outflows/inflows of resources	(1,251)	(1,826)
Net cash provided by operating activities	<u>\$ 19,682</u>	<u>\$ 16,357</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Amortization of premiums and loss and gain on debt refunding	\$ 386	\$ (877)
Capital contributions	18,931	11,323
Lease and SBITA asset additions	2,525	414
Changes in capital related assets and liabilities:		
Grants receivable	(519)	2,677
Accounts payable and retention payable	2,492	1,894
<b>NONCASH INVESTING ACTIVITIES:</b>		
Change in fair value of investments	(10,081)	10,302

See accompanying Notes to the Basic Financial Statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Alameda County Water District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 1 – Description of the Reporting Entity**

**A. Description of Operations**

The Alameda County Water District (District) was organized under the California County Water District Act of 1913 and is governed by a five-person Board of Directors (Board). 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 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 (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 2015 and 2022 Water System Revenue Bonds were enabled by the formation of this entity.

Condensed financial statements for the Authority can be found in Note 14. 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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 in the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP) have maturities of one year or less at time of purchase and 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 and an estimated useful life of more than one year. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits and overhead. 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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 par 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 or inflows 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 (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, 2023 and 2022, the District recognized \$8,059 and \$7,315 of its share of the 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 under or over collections of tax revenue, and actual prior year's State water purchase cost. For the years ended June 30, 2023 and 2022, the District recognized \$6,324 and \$6,288 of this State water property tax.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**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 or inflows 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 other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, 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. Deferred Outflows and Inflows of Resources***

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

***N. Leases and Subscription Based Information Technology Arrangements (SBITAs)***

**Lessee** - The District is a lessee for leased vehicles and land. The District is also committed under various SBITAs. The District recognizes lease and SBITA liabilities with an initial, individual value of \$5 or more with a term greater than one year. Variable payments based on future performance of the District or usage of the underlying asset are not included in the measurement of the lease or SBITA liability.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***N. Leases and Subscription Based Information Technology Arrangements (SBITAs) (Continued)***

At the commencement of a lease or SBITA, the District initially measures the lease or SBITA liability at the present value of payments expected to be made during the lease or subscription term. Subsequently, the liability is reduced by the principal portion of lease or subscription payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. SBITA assets are recorded at the amount of initial measurement of the SBITA liabilities plus capitalizable initial implementation costs. Lease and SBITA assets are amortized using the straight-line method over the shorter of the lease/subscription term or the useful life of the underlying asset. If the lease contains a purchase option that the District has determined is reasonably certain of being exercised, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases and SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease or subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The District uses the interest rate charged by the lessor or vendor as the discount rate. When the interest rate charged by the lessor or vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs.
- The lease or subscription term includes the noncancellable period of the lease or subscription. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and payments for penalties for terminating the SBITA.

Lease and SBITA assets are reported as right to use along with other capital assets.

The District monitors changes in circumstances that would require a remeasurement of its lease or SBITAs and will remeasure any leased and SBITA assets and liabilities, if certain changes occur that are expected to significantly affect the amount of the lease and SBITA assets and liabilities.

**Lessor** - The District is a lessor for leases of office and commercial space, and land. The District recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***N. Leases and Subscription Based Information Technology Arrangements (SBITAs) (Continued)***

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any leased receivable and deferred inflows of resources related to leases, if certain changes occur that are expected to significantly affect the amount of the lease receivable.

***O. 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.

***P. New GASB Pronouncements Adopted***

During the fiscal year ended June 30, 2023, the District implemented the following accounting standards:

- 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. The implementation of this statement did not have a significant impact to the District's financial statements.
- 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). The implementation of this statement did not have a significant impact to the District's financial statements.
- 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

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***P. New GASB Pronouncements Adopted (Continued)***

other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Refer to Note 7 for additional information on the District’s SBITAs.

- In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB Statement No. 99), to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this statement did not have a significant impact to the District’s financial statements.

***Q. 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 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* (GASB Statement No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 100 is effective for the District’s fiscal year ending June 30, 2024.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 100 is effective for the District’s fiscal year ending June 30, 2025.

**Note 3 – Cash and Investments**

***A. Summary of 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, 2023 and 2022, the District did not have funds reported as restricted investments.

	2023	2022
Unrestricted cash and bank deposits	\$ 7,902	\$ 10,010
Unrestricted investments	198,910	194,941
Total cash and investments	\$ 206,812	\$ 204,951

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**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 2023, 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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 \$7,902 and \$10,010 and the bank balances were \$9,405 and \$11,841 at June 30, 2023 and 2022, 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, 2023 and 2022.

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. 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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, 2023 and 2022 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, 2023 and 2022, the District had unrestricted cash and investments of \$114 and \$12,509, respectively, invested in LAIF, which had invested 2.78% and 1.88% 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 \$178.4 billion and \$234.5 billion in its investment portfolio as of June 30, 2023 and 2022, respectively. The District valued its investments in LAIF as of June 30, 2023 and 2022, 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 0.984828499 and 0.987125414 as of June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the District had unrestricted cash and investments in the CAMP pool of \$16,765 and \$18,154, respectively. The total amount invested by all public agencies in CAMP at June 30, 2023 and 2022 was \$15.9 billion and \$7.3 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, 2023 and 2022**  
**(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, 2023 and 2022:

<b>Investments by Fair Value Level</b>	<b>June 30, 2023</b>	<b>Fair Value Measurements Using Significant Other Observable Inputs (Level 2)</b>
U.S. Treasury securities	\$ 56,903	\$ 56,903
U.S. Government agency obligations	40,692	40,692
Medium-term notes	47,576	47,576
Municipal bonds	5,435	5,435
Asset-Backed securities	19,250	19,250
Supranational securities	12,175	12,175
Total investments by fair value level	182,031	\$ 182,031
Investments not subject to fair value hierarchy:		
Local Agency Investment Fund	114	
California Asset Management Program	16,765	
Total investments not subject to fair value hierarchy	16,879	
Total investments	\$ 198,910	

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 3 – Cash and Investments (Continued)**

**D. Investments (Continued)**

	<b>June 30, 2022</b>	<b>Fair Value Measurements Using Significant Other Observable Inputs (Level 2)</b>
<b>Investments by Fair Value Level</b>		
U.S. Treasury securities	\$ 41,098	\$ 41,098
U.S. Government agency obligations	43,950	43,950
Medium-term notes	40,353	40,353
Municipal bonds	3,713	3,713
Asset-Backed securities	20,087	20,087
Supranational securities	12,317	12,317
Negotiable certificates of deposit	2,760	2,760
Total investments by fair value level	164,278	\$ 164,278
<b>Investments not subject to fair value hierarchy:</b>		
Local Agency Investment Fund	12,509	
California Asset Management Program	18,154	
Total investments not subject to fair value hierarchy	30,663	
Total investments	\$ 194,941	

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. The Local Agency Investment Fund and the California Asset Management Program are reported at amortized cost and are exempt from the fair value hierarchy.

**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 for those securities for which the California Government Code does not specify a maximum maturity limit. At June 30, 2023 and 2022, the District's investment pool had a weighted average maturity of 2.85 years and 2.61 years, respectively. The District invested \$47,576 and \$40,353 in corporate medium-term notes at June 30, 2023 and 2022, respectively and of this amount \$25,006 and \$21,869 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.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 3 – Cash and Investments (Continued)**

**E. Investment Risks (Continued)**

*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 Standard & Poor’s (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, which 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 that are explicitly guaranteed by the U.S. Government. 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. The District’s third-party custodian is U.S. Bank.

**F. Cash and Investments Composition**

As of June 30, 2023, 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	More than 5 years
Unrestricted investments:						
U.S. Treasury securities	Aaa / AA+	\$ 56,903	\$ 780	\$ 16,736	\$ 30,147	\$ 9,240
U.S. Government agency obligations	Aaa / AA+	40,692	5,628	23,966	4,171	6,927
Medium-term notes	A 1 to Aaa/BBB+ to AA+	47,576	3,578	21,610	22,388	-
Municipal bonds	Aa1 to Aaa / AA- to AAA	5,435	1,502	125	-	3,808
Asset-Backed securities	Aaa / AAA	19,250	324	10,315	8,611	-
Supranational	Aaa / AAA	12,175	-	12,175	-	-
Local Agency Investment Fund	Not Rated	114	114	-	-	-
California Asset Management Program	Not Rated / AAAm	16,765	16,765	-	-	-
Total unrestricted investments		198,910	28,691	84,927	65,317	19,975
Total investments		\$ 198,910	\$ 28,691	\$ 84,927	\$ 65,317	\$ 19,975

As of June 30, 2023, 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, 2023 and 2022**  
**(Dollars in thousands)**

**Note 3 – Cash and Investments (Continued)**

**F. Cash and Investments Composition (Continued)**

As of June 30, 2022, 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	More than 5 years
Unrestricted investments:						
U.S. Treasury securities	Aaa / AA+	\$ 41,098	\$ -	\$ 20,728	\$ 17,836	\$ 2,534
U.S. Government agency obligations	Aaa / AA+	43,950	5,964	28,711	7,357	1,918
Medium-term notes	A3 to Aaa / BBB+ to AAA	40,353	2,973	23,358	14,022	-
Municipal bonds	Aa1 / AAA	3,713	-	1,626	-	2,087
Asset-Backed securities	Aaa / AAA	20,087	-	10,410	9,677	-
Supranational	Aaa / AAA	12,317	-	4,198	8,119	-
Negotiable certificates of deposit	Aa3 /A+	2,760	2,760	-	-	-
Local Agency Investment Fund	Not Rated	12,509	12,509	-	-	-
California Asset Management Program	Not Rated / AAAM	18,154	18,154	-	-	-
Total unrestricted investments		<u>194,941</u>	<u>42,360</u>	<u>89,031</u>	<u>57,011</u>	<u>6,539</u>
Total investments		<u>\$ 194,941</u>	<u>\$ 42,360</u>	<u>\$ 89,031</u>	<u>\$ 57,011</u>	<u>\$ 6,539</u>

As of June 30, 2022, 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 – Accounts Receivable**

**A. Customer and Other Accounts Receivable**

Customer and other accounts receivable were as follows:

	2023	2022
Utility service	\$ 6,708	\$ 7,869
Other	2,865	3,770
Groundwater replenishment	48	9
Allowance for doubtful accounts	(34)	(39)
Total customer and other accounts receivable, net	<u>\$ 9,587</u>	<u>\$ 11,609</u>

Other accounts receivable balance of \$2,865 and \$3,770 for June 30, 2023 and 2022, 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, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 4 – Accounts Receivable (Continued)**

***B. Lease Receivable***

Portions of the District’s property is leased to others. Such property includes office and commercial space, and land. Lease receivable and the corresponding deferred inflow consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the District. The terms of the arrangements range from 3 to 30 years with an interest rate of 0.55%. The lease receivable is reduced annually by the lease payments received and the deferred inflow represents the lease revenue over the lease term which will be recognized in future years. At June 30, 2023 and 2022, lease receivable was \$3,214 and \$3,437, respectively. For the fiscal year ended June 30, 2023 and 2022, the District recognized \$267 and \$267 in lease revenue, and \$18 and \$20 in interest revenue, respectively.

A summary of changes in the deferred inflow of resources for the fiscal years ended June 30, 2023 and 2022 are as follows:

Beginning Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2023</u>
\$ 3,324	\$ -	\$ (267)	\$ 3,057

Beginning Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2022</u>
\$ 3,591	\$ -	\$ (267)	\$ 3,324

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 5 – Capital Assets**

**A. Summary of Capital Asset Activity**

Capital asset activity, including lease assets, for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 9,601	\$ -	\$ -	\$ -	\$ 9,601
Construction in progress	98,581	35,591	-	(17,234)	116,938
Capital assets, not being depreciated	<u>108,182</u>	<u>35,591</u>	<u>-</u>	<u>(17,234)</u>	<u>126,539</u>
Capital assets, being depreciated					
Source of supply	89,741	38	-	60	89,839
Pumping plant	26,518	47	-	2,411	28,976
Water treatment	169,609	33	-	1,062	170,704
Transmission and distribution	381,679	16,204	(76)	11,935	409,742
General	56,209	-	(582)	1,418	57,045
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated	<u>744,616</u>	<u>16,322</u>	<u>(658)</u>	<u>16,886</u>	<u>777,166</u>
Less accumulated depreciation					
Source of supply	(48,957)	(1,556)	-	-	(50,513)
Pumping plant	(20,079)	(566)	-	-	(20,645)
Water treatment	(72,693)	(3,369)	-	-	(76,062)
Transmission and distribution	(160,998)	(7,274)	64	-	(168,208)
General	(34,614)	(1,735)	582	-	(35,767)
Supplemental water supply storage	(11,977)	(580)	-	-	(12,557)
Less accumulated depreciation	<u>(349,318)</u>	<u>(15,080)</u>	<u>646</u>	<u>-</u>	<u>(363,752)</u>
Lease assets					
General - vehicles, property, and equipment	805	503	-	-	1,308
General - SBITA	617	2,054	-	348	3,019
Total lease assets	<u>1,422</u>	<u>2,557</u>	<u>-</u>	<u>348</u>	<u>4,327</u>
Less accumulated amortization					
General - vehicles, property, and equipment	(92)	(125)	-	-	(217)
General - SBITA	(157)	(347)	-	-	(504)
Total accumulated amortization	<u>(249)</u>	<u>(472)</u>	<u>-</u>	<u>-</u>	<u>(721)</u>
Capital assets, being depreciated, net	<u>396,471</u>	<u>3,327</u>	<u>(12)</u>	<u>17,234</u>	<u>417,020</u>
Total capital assets, net	<u>\$ 504,653</u>	<u>\$ 38,918</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 543,559</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 5 – Capital Assets (Continued)**

**A. Summary of Capital Asset Activity (Continued)**

The District had various active construction projects as of June 30, 2023 including the following:

Advance Metering Infrastructure	\$ 18,970
Rubber Dam #1 Fish Ladder	36,421
Alvarado-Niles Spine Main	19,407
Shinn Pond Fish Screen	15,572
Curtner Road Booster Station U	6,717
Various Other Active Projects (individually less than \$700)	2,611
Distribution PLC Replacement Phase 3	2,126
Groundwater PFAS Treatment Facility	2,120
SCADA Replacements Project	2,005
Driscoll Road Pipeline Rehabilitation	1,919
Alameda Reservoir Roof Replacement	1,606
Niles Cone Groundwater Basin	1,472
Central Newark Pipeline Improvements	1,459
Rubber Dam No. 1 Repl.	1,385
Customer Installation Jobs	1,261
Blending Facility Low Flow Control Modifications	1,002
Kaiser Pond Diversion Pipe Improvements	885
Total	<u>\$ 116,938</u>

At June 30, 2023, the District had construction commitments for the acquisition and construction of capital assets in the amount of \$53,030.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2022 was as follows:

	Balance July 1, 2021 (as restated)	Additions	Retirements	Transfers	Balance June 30, 2022 (as restated)
Capital assets, not being depreciated:					
Land	\$ 9,601	\$ -	\$ -	\$ -	\$ 9,601
Construction in progress	75,518	33,338	-	(10,275)	98,581
Capital assets, not being depreciated	<u>85,119</u>	<u>33,338</u>	<u>-</u>	<u>(10,275)</u>	<u>108,182</u>
Capital assets, being depreciated					
Source of supply	85,693	-	-	4,048	89,741
Pumping plant	26,398	-	(57)	177	26,518
Water treatment	167,555	48	-	2,006	169,609
Transmission and distribution	373,543	4,495	(33)	3,674	381,679
General	56,018	11	(190)	370	56,209
Supplemental water supply storage	20,860	-	-	-	20,860
Capital assets, being depreciated	<u>730,067</u>	<u>4,554</u>	<u>(280)</u>	<u>10,275</u>	<u>744,616</u>
Less accumulated depreciation					
Source of supply	(47,491)	(1,466)	-	-	(48,957)
Pumping plant	(19,523)	(556)	-	-	(20,079)
Water treatment	(69,344)	(3,349)	-	-	(72,693)
Transmission and distribution	(154,052)	(6,971)	25	-	(160,998)
General	(32,831)	(1,973)	190	-	(34,614)
Supplemental water supply storage	(11,341)	(636)	-	-	(11,977)
Less accumulated depreciation	<u>(334,582)</u>	<u>(14,951)</u>	<u>215</u>	<u>-</u>	<u>(349,318)</u>
Lease assets					
General - vehicles, property, and equipment	719	86	-	-	805
General - SBITA	163	454	-	-	617
Total lease assets	<u>882</u>	<u>540</u>	<u>-</u>	<u>-</u>	<u>1,422</u>
Less accumulated amortization					
General - vehicles and equipment	(43)	(49)	-	-	(92)
General - SBITA	-	(157)	-	-	(157)
Total accumulated amortization	<u>(43)</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>(249)</u>
Capital assets, being depreciated, net	<u>396,324</u>	<u>(10,063)</u>	<u>(65)</u>	<u>10,275</u>	<u>396,471</u>
Total capital assets, net	<u>\$ 481,443</u>	<u>\$ 23,275</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ 504,653</u>

Depreciation and amortization expense for capital assets for the years ended June 30, 2023 and 2022 were \$15,552 and \$15,157, respectively.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**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, 2023 and 2022 are amortized over the remaining life of the agreement. The District recognized amortization expense in the amount of \$580 and \$636 for the years ended June 30, 2023 and 2022.

The District has a storage allocation of 150,000 acre-feet and had stored approximately 110,049 and 113,276 acre-feet of water at June 30, 2023 and 2022, 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. The carrying value of the MSJ Plant was \$9,167 and \$9,459 as of June 30, 2023 and 2022, respectively.

**Note 6 – Accounts Payable, Accrued Expenses and Accrued Payroll**

Accounts payable and accrued expenses were as follows:

	2023	2022
Vendors	\$ 8,166	\$ 7,580
Retention payable	50	866
Installer's reimbursement	3,875	3,762
Other	655	549
Total	\$ 12,746	\$ 12,757

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, 2023 and 2022, were \$3,875 and \$3,762, 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, 2023 and 2022**  
**(Dollars in thousands)**

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

Accrued payroll and related liabilities were as follows:

	2023	2022
Accrued payroll	\$ 607	\$ 505
Accrued vacation	2,147	2,292
Accrued leave and other	487	466
Total	3,241	3,263
Less current portion	(2,932)	(2,179)
Long-term portion	\$ 309	\$ 1,084

Accrued vacation activity is as follows:

	2023	2022
Balance, beginning of year	\$ 2,292	\$ 2,300
Additions	2,082	2,090
Reduction	(2,227)	(2,098)
Balance, end of year	\$ 2,147	\$ 2,292

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 Liability**

**A. Long-Term Debt**

Long-term debt activities for the fiscal year ended June 30, 2023 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
2015 Water System Revenue Bonds	4.00 to 5.00	2045	\$ 27,810	\$ 24,105	\$ -	\$ (640)	\$ 23,465	\$ 675	\$ 22,790
Unamortized premium				2,075	-	(90)	1,985	90	1,895
2022 Water System Revenue Bonds	3.00 to 5.00	2042	43,575	43,575	-	(2,130)	41,445	2,490	38,955
Unamortized premium				5,411	-	(272)	5,139	272	4,867
Total Long-term Debt			\$ 71,385	\$ 75,166	\$ -	\$ (3,132)	\$ 72,034	\$ 3,527	\$ 68,507

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 7 – Long-Term Liability (Continued)**

**A. Long-Term Debt (Continued)**

Long-term debt activities for the fiscal year ended June 30, 2022 were as follows:

Description	Interest Rate	Fiscal Year Maturity	Original Amount	Beginning	Additions	Reductions	Ending	Current	Noncurrent
				Balance July 1, 2021			Balance June 30, 2022		
2012 Water System Revenue Bonds	3.00 to 5.00%	2041	\$ 45,240	\$ 40,750	\$ -	\$ (40,750)	\$ -	\$ -	\$ -
Unamortized premium				1,928	-	(1,928)	-	-	-
2015 Water System Revenue Bonds	4.00 to 5.00	2045	27,810	24,715	-	(610)	24,105	640	23,465
Unamortized premium				2,165	-	(90)	2,075	90	1,985
2022 Water System Revenue Bonds	3.00 to 5.00	2042	43,575	-	43,575	-	43,575	2,130	41,445
Unamortized premium				-	5,477	(66)	5,411	272	5,139
Total Long-term Debt			<u>\$ 116,625</u>	<u>\$ 69,558</u>	<u>\$ 49,052</u>	<u>\$ (43,444)</u>	<u>\$ 75,166</u>	<u>\$ 3,132</u>	<u>\$ 72,034</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 \$92,903. Principal and interest paid for the year ended June 30, 2023 and total net revenues as defined in the bond indentures were \$5,965 and \$34,690, respectively. Principal and interest paid for the year ended, June 30, 2022 and total net revenues as defined in the bond indentures were \$4,752 and \$41,729 respectively.

On April 5, 2022, the 2022 Water System Revenue Bonds (2022 Bonds) were issued in the total par amount of \$43,575 with interest rates ranging from 3% to 5% payable in annual installments through June 2042. The Bonds were issued to refund the 2012 Water System Revenue Bonds (2012 Bonds) and to also provide new money to finance other capital projects.

The 2022 Water System Revenue Bonds were sold for a total price of \$51,971; equal to the \$43,575 par amount, plus \$2,919 available funds from the District and \$5,477 in net original issue premium. The District realized an economic gain of \$2,000 (the difference between the present value of the debt service payments on the old debt and the present value of the debt service payments on the new debt) by reducing its aggregate debt service payments with a savings of \$2,513. The refunding resulted in an accounting deferred gain of \$442 that will be amortized annually through June 1, 2042. This debt is payable solely from and secured by the revenues received from the operations of the District’s water system.

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.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 7 – Long-Term Liability (Continued)**

**A. Long-Term Debt (Continued)**

The debt service requirements for the Water System Revenue Bonds at June 30, 2023 were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,165	\$ 2,759	\$ 5,924
2025	3,310	2,601	5,911
2026	3,455	2,435	5,890
2027	3,635	2,270	5,905
2028	3,815	2,096	5,911
2029-2033	13,145	8,399	21,544
2034-2038	16,380	5,246	21,626
2039-2043	14,935	2,002	16,937
2044-2045	3,070	185	3,255
Total	<u>\$ 64,910</u>	<u>\$ 27,993</u>	<u>\$ 92,903</u>

**B. Lease Liability**

The District leases space to install and operate communication equipment to enhance the reliability of the District’s network communications between its critical facilities. In addition, the District leases vehicles which are used in the District’s operations. The terms of the agreements range from 5 to 15 years and the interest rates range between 0.55% to 5.42%.

Lease liability activities for the fiscal year ended June 30, 2023 and 2022 were as follows:

Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
\$ 737	\$ 502	\$ (108)	\$ 1,131	\$ 145	\$ 986

Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Current	Noncurrent
\$ 689	\$ 86	\$ (38)	\$ 737	\$ 50	\$ 687

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 7 – Long-Term Liability (Continued)**

**B. Lease Liability (Continued)**

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 145	\$ 23	\$ 168
2025	151	18	169
2026	158	13	171
2027	158	8	166
2028	81	3	84
2029-2033	230	9	239
2034-2038	163	3	166
2039-2040	45	1	46
Total	<u>\$ 1,131</u>	<u>\$ 78</u>	<u>\$ 1,209</u>

**C. Subscription Based Information Technology Arrangements (SBITA) Liability**

At June 30, 2023 and 2022, the District has six qualifying SBITAs under GASB 96. The terms of the agreements range from 2 to 10 years and the interest rates range between 3.53% to 5.41%.

SBITA liability activities for the fiscal year ended June 30, 2023 and 2022 were as follows:

Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current	Noncurrent
\$ 401	\$ 2,022	\$ (530)	\$ 1,893	\$ 367	\$ 1,526

Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Current	Noncurrent
\$ 163	\$ 415	\$ (177)	\$ 401	\$ 166	\$ 235

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 367	\$ 100	\$ 467
2025	350	82	432
2026	208	64	272
2027	140	54	194
2028	148	46	194
2029-2033	680	97	777
Total	<u>\$ 1,893</u>	<u>\$ 443</u>	<u>\$ 2,336</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 7 – Long-Term Liability (Continued)**

***D. 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 five times and the most recent amendment on December 9, 2022 extended the line of credit through December 23, 2027. With the fifth amendment, the commitment fee rate assessed against any unused portion of the line of credit decreased from 0.57 percent to 0.50 percent. Any funds borrowed must be repaid by the end of the line of credit term unless a later date is negotiated. Interest will be assessed on any funds borrowed under the line of credit at 80 percent of the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 0.50 percent. The District did not borrow against the line of credit as of June 30, 2023 and 2022.

***E. 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, 2023 and 2022.

**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, 2023 are as follows:

Coverage Description	Deductibles	Coverage
General, Auto & Public Officials Errors & Omissions Liability	\$ -	\$ 55,000
Cyber	\$ 100	\$ 3,000
Property	\$ 25	\$ 500,000
Workers' Compensation	\$ -	Statutory
Employers Liability	\$ -	\$ 4,000
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, 2023 and 2022**  
**(Dollars in thousands)**

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**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 costs to the District for water purchased under this contract for the fiscal years ended June 30, 2023 and 2022 were approximately \$11,182 and \$10,463, respectively, and were charged to operations as incurred. These costs for water purchased fall into two categories: fixed costs and variable costs. The fixed costs make up approximately 90% of the total costs, are determined by California Department of Water Resources (DWR) and are paid on an annual basis, regardless of the quantity of Table A water available in a given year. The variable costs make up approximately the remaining 10% of the total costs, and represent the costs to move water within the State Water Project (SWP) system. Therefore, the annual costs represent the fixed costs calculated for the given year as well as the variable costs to move any combination of Table A water, SWP Article 56 “Carryover” water stored in San Luis Reservoir, water either previously stored or newly banked in the District’s Semitropic Water Storage District bank using the SWP system, and costs to wheel non-SWP water on the SWP system. The volumes of water the District moved within the SWP system for delivery for the fiscal years ended June 30, 2023 and 2022 were approximately 33,634 and 20,874 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 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 \$60,075 as of June 30, 2023.

Year Ending June 30,	State Water Purchase Commitment
2024	\$ 8,484
2025	5,023
2026	4,574
2027	4,577
2028	4,555
2029 - 2033	22,010
2034 - 2035	10,852
Total Water Purchase	\$ 60,075

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**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, 2023 and 2022 were approximately \$24,517 and \$20,378, 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 10,840 and 10,504 acre-feet of water for the fiscal years ended June 30, 2023 and 2022, respectively. For the fiscal year ending June 30, 2024, the District expects to purchase 11,392 acre-feet (which represents the District’s proportionate share of the water shortage allocation from SFPUC’s voluntary 11% reduction in Regional Water System deliveries for the fiscal year ending June 30, 2023) at an estimated cost of \$28,144.

**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 in excess of \$200. In October 2021, BAWSCA completed the pricing and sale of \$134.3 million in bonds to refund the callable portion of the 2013 bonds based on a tax-exempt forward delivery, realizing a present value savings of approximately \$25.1 million over the term of the bonds among all member agencies. In January 2023, BAWSCA completed the settlement of the 2023A refunding bonds based on a tax-exempt forward delivery, which will result in about \$27.1 million in net present value savings over the term of the bonds. Beginning in March 2023, SFPUC’s monthly bills included a mid-year reduction in agencies’ monthly bond surcharge to reflect refund savings.

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, 2023 is \$22,160. 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, 2023, will be included in the fiscal year end June 30, 2025, and the actual fiscal year ended June 30, 2024 water use will be included in the fiscal year ending June 30, 2026 bond surcharge. The District’s fiscal year ended June 30, 2023 bond surcharge was \$1,785, which includes a true-up adjustment of \$224. The District’s estimated bond surcharge for fiscal year ending June 30, 2024 is \$1,953, which includes a true-up adjustment of \$353. The fiscal year ending in June 30, 2024, also includes a true-up adjustment from fiscal year ending in June 30, 2022. 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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 on August 20, 2020. On July 27, 2022, DWR released the Draft Environment Impact Report (Draft EIR) and made the Draft EIR available from July 27, 2022, through December 16, 2022, for public comment (the deadline was extended from July 27, 2022). No decisions will be made to approve the project until the end of the environmental review process (i.e., issuances of a Final EIR). State and federal permitting processes are currently expected to be completed in mid-2024.

**Badger Meter, Inc.** – On June 3, 2020, the District entered into an agreement with Badger Meter, Inc. As part of the agreement, Badger Meter will deploy Advanced Metering Infrastructure (AMI) technology throughout the District’s service area. Deployment of AMI meter reading equipment, upgrade and replacement of metering equipment, provision of software and network systems to collect, store, and analyze meter data, provision of ongoing network and software services, and system installation and integration are required in order to successfully implement the project. The agreement includes ongoing Software as a Service and Network as a Service services in an amount not to exceed \$11,565 for a 20 year term following final project completion. Once final project completion is achieved, a SBITA asset and corresponding liability will be recognized.

**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 comprehensive financial report are available on the CalPERS website at [www.calpers.ca.gov/](http://www.calpers.ca.gov/) under Forms and Publications or may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 10 – Pension Plans (continued)**

**A. General Information about the Pension Plans (continued)**

Effective January 1, 2009, the District implemented an employer paid member contribution (EPMC) agreement for employees in its Management, Confidential and Professional group 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, 2023 and 2022, the District’s EPMC was \$254 and \$259, 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%

**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, 2023 and 2022 are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
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, 2023 <sup>(2)</sup>	21.570%	14.870%
Required employer contribution rates, June 30, 2022 <sup>(2)</sup>	21.610%	15.040%

(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, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees receiving benefits	221	221
Inactive employees entitled to but not yet receiving benefits	107	108
Active members	331	329
Total	<u>659</u>	<u>658</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 10 – Pension Plans (Continued)**

**A. General Information about the Pension Plans (continued)**

**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.

**B. Net Pension Liability**

Active plan members are required by state statute to contribute 8% of their annual covered payroll for classic members and 7% for new members. The District actuarially determined rate for the fiscal years ended June 30, 2023 and 2022 was 21.570% and 21.610% for classic members, and 14.870% and 15.040% for new members which amounted to a contribution of \$9,096 and \$9,194, respectively. In addition to the required contributions, the District made supplementary payments in the fiscal years ended June 30, 2023 and 2022 of \$5,602 and \$5,465, 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, 2023 and 2022 were measured as of June 30, 2022 and 2021 (measurement date), using an annual actuarial valuation of June 30, 2021 and 2020 (valuation date), respectively.

**Actuarial Assumptions** – For the years ended June 30, 2023 and 2022, 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:

	2023	2022
Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	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 2021 CalPERS Experience Study from 2001 to 2019 <sup>(1)</sup>	Based on the 2017 CalPERS Experience Study from 1997 to 2015 <sup>(2)</sup>
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.

<sup>(1)</sup>The mortality table used was developed based on CalPERS’ specific data. The table includes generational mortality improvement using the Society of Actuaries 80% of Scale MP-2020.

<sup>(2)</sup>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.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 10 – Pension Plans (Continued)**

**B. Net Pension Liability (Continued)**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of an actuarial experience study for the period from 2001 to 2019 and 1997 to 2015, respectively, 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](http://www.calpers.ca.gov) under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability at June 30, 2023 and 2022 was 6.90 percent and 7.15 percent, respectively. 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 and 6.90 percent and 7.15 percent is applied to all plans in the Public Employees Retirement Fund agent multiple-employer plan for the June 30, 2022 and 2021 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 10 basis points. The discount rate of 6.90 percent and 7.15 percent used for the June 30, 2022 and June 30, 2021 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 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. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the next 20 years building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2022 measurement date were as follows:

Asset Class	Assumed Asset Allocation	Real Return <sup>(1)(2)</sup>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

The assumed asset allocation and expected real rates of return by asset class for the June 30, 2021 measurement date were as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Public 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

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 10 – Pension Plans (Continued)**

**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, 2023:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at July 1, 2022</b>	\$ 294,678	\$ 269,192	\$ 25,486
<b>Changes in the year:</b>			
Service cost	5,794	-	5,794
Interest on the total pension liability	20,189	-	20,189
Changes in assumptions	3,744	-	3,744
Differences between expected and actual experience	(1,285)	-	(1,285)
Contributions from the employer	-	14,652	(14,652)
Contributions from employees	-	2,220	(2,220)
Net investment income	-	(20,726)	20,726
Benefit payments, including refunds of employee contributions	(14,886)	(14,886)	-
Administrative expense	-	(168)	168
<b>Net changes</b>	<u>13,556</u>	<u>(18,908)</u>	<u>32,464</u>
<b>Balance at June 30, 2023</b>	<u>\$ 308,234</u>	<u>\$ 250,284</u>	<u>\$ 57,950</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2022:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at July 1, 2021</b>	\$ 282,620	\$ 216,276	\$ 66,344
<b>Changes in the year:</b>			
Service cost	5,233	-	5,233
Interest on the total pension liability	19,954	-	19,954
Differences between expected and actual experience	809	-	809
Contributions from the employer	-	14,659	(14,659)
Contributions from employees	-	2,199	(2,199)
Net investment income	-	50,212	(50,212)
Benefit payments, including refunds of employee contributions	(13,938)	(13,938)	-
Administrative expense	-	(216)	216
<b>Net changes</b>	<b>12,058</b>	<b>52,916</b>	<b>(40,858)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 294,678</b>	<b>\$ 269,192</b>	<b>\$ 25,486</b>

**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, 2022 and 2021 measurement dates, calculated using the discount rate of 6.90 and 7.15, respectively, 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%
	5.90%	6.90%	7.90%
June 30, 2022 measurement date	\$ 99,825	\$ 57,950	\$ 23,454
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	6.15%	7.15%	8.15%
June 30, 2021 measurement date	\$ 65,088	\$ 25,486	\$ (7,191)

**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, 2023 and 2022**  
**(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, 2023 and 2022, the District recognized a pension expense of \$7,714 and \$(1,793) for the Plan, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,698	\$ -
Changes of assumptions	2,759	-
Differences between expected and actual experience	371	(1,051)
Net differences between projected and actual earnings on plan investments	12,547	-
Total	<u>\$ 30,375</u>	<u>\$ (1,051)</u>
June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,659	\$ -
Changes of assumptions	-	-
Differences between expected and actual experience	841	(252)
Net differences between projected and actual earnings on plan investments	-	(25,371)
Total	<u>\$ 15,500</u>	<u>\$ (25,623)</u>

The \$14,698 and \$14,659 reported as deferred outflows of resources at June 30, 2023 and 2022, 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, 2024 and 2023, 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:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,716
2025	2,579
2026	1,459
2027	7,872
2028	-
Total	<u>\$ 14,626</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**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 (401(a) Plan), a defined contribution plan. The 401(a) Plan provides retirement benefits to District employees. The employees vest upon joining the 401(a) 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 \$209 and \$202 in the fiscal years ended June 30, 2023 and 2022, 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 for represented employees 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 Retiree Health Care 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/](http://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, 2023 and 2022**  
**(Dollars in thousands)**

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**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, 2023 and 2022, the District contributed \$150 and \$125 to the RHRA, respectively.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries receiving benefits	217	212
Inactive employees entitled to but not yet receiving benefits	7	6
Active members	191	200
Total	415	418

**Contributions** – The District makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). For the fiscal years ended June 30, 2023 and June 30, 2022, the District contributed \$2,994 and \$3,078, 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, 2023 and 2022 of \$1,650 and \$1,518, 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, 2023 and 2022**  
**(Dollars in thousands)**

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**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, 2023 and 2022 were measured as of June 30, 2022 and 2021 (measurement date), using a bi-annual actuarial valuation as of June 30, 2021 (valuation date), respectively. 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:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Assumptions:		
Discount Rate	6.10%	6.18%
Inflation	2.50%	2.50%
Medical trend	5.7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years	5.7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Investment Rate of Return <sup>(1)</sup>	6.10%	6.18%
Mortality <sup>(2)</sup>	Derived using the MacLeod Watts Scale 2020	Derived using the MacLeod Watts Scale 2020

<sup>(1)</sup> Net of plan investment expenses

<sup>(2)</sup> The MacLeod Watts Scale 2020 was developed from a blending of data and methodologies from two published sources: 1) the Society of Actuaries Mortality Improvement Scale MP-2021 report and 2) the 2021 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, 2023 and June 30, 2022 was 6.10% and 6.18%, respectively. 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 the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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 6.10% and 6.18% for fiscal years ended June 30, 2023 and 2022, respectively. The asset class target allocation and geometric real rates of return for each major asset class as of June 30, 2022 measurement date is summarized in the following table.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 5*	Real Return Years 6-20*
Global Equity	49.00%	4.40%	4.50%
Fixed Income	23.00%	-1.00%	2.20%
REITs	20.00%	3.00%	3.90%
TIPS	5.00%	-1.80%	1.30%
Commodities	3.00%	0.80%	1.20%
Total	<u>100.00%</u>		

\*An assumed inflation of 2.40% used for this period

The asset class target allocation and geometric real rates of return for each major asset class as of June 30, 2021 measurement date is summarized in the following table.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 5*	Real Return Years 6+*
Global Equity	49.00%	4.40%	4.50%
Fixed Income	23.00%	-1.50%	0.40%
REITs	20.00%	3.00%	3.70%
TIPS	5.00%	-1.80%	0.50%
Commodities	3.00%	0.80%	1.10%
Total	<u>100.00%</u>		

\*An assumed inflation of 2.50% used for this period

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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

**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, 2023.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2022</b>	\$ 63,710	\$ 47,493	\$ 16,217
<b>Changes in the year:</b>			
Service cost	1,420	-	1,420
Interest on the total OPEB liability	3,926	-	3,926
Changes in assumptions	648	-	648
Contributions from the employer	-	4,596	(4,596)
Net investment income	-	(6,744)	6,744
Benefit payments, including refunds of employee contributions	(3,212)	(3,212)	-
Administrative expense	-	(13)	13
<b>Net changes</b>	<b>2,782</b>	<b>(5,373)</b>	<b>8,155</b>
<b>Balance at June 30, 2023</b>	<b>\$ 66,492</b>	<b>\$ 42,120</b>	<b>\$ 24,372</b>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2022:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2021</b>	\$ 59,367	\$ 35,263	\$ 24,104
<b>Changes in the year:</b>			
Service cost	1,204	-	1,204
Interest on the total OPEB liability	3,983	-	3,983
Differences between expected and actual experience	(1,752)	-	(1,752)
Changes in assumptions	4,026	-	4,026
Contributions from the employer	-	4,558	(4,558)
Net investment income	-	10,805	(10,805)
Benefit payments, including refunds of employee contributions	(3,118)	(3,118)	-
Administrative expense	-	(15)	15
<b>Net changes</b>	<u>4,343</u>	<u>12,230</u>	<u>(7,887)</u>
<b>Balance at June 30, 2022</b>	<u>\$ 63,710</u>	<u>\$ 47,493</u>	<u>\$ 16,217</u>

**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 June 30, 2022 and June 30, 2021 measurement dates, calculated using the discount rate of 6.10 percent and 6.18 percent as of the measurement dates, 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 rate at the measurement dates:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
<u>Net OPEB Liability</u>	<u>5.10%</u>	<u>6.10%</u>	<u>7.10%</u>
June 30, 2022 measurement date	\$ 33,377	\$ 24,372	\$ 16,932
<u>Net OPEB Liability</u>	<u>5.18%</u>	<u>6.18%</u>	<u>7.18%</u>
June 30, 2021 measurement date	\$ 24,879	\$ 16,217	\$ 9,070

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.

	Healthcare Trend Rate - 1%	Healthcare Cost Trend Rate	Healthcare Trend Rate + 1%
<u>Net OPEB Liability</u>			
June 30, 2022 measurement date	\$ 16,611	\$ 24,372	\$ 33,861
June 30, 2021 measurement date	\$ 8,781	\$ 16,217	\$ 25,309

**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 the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(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, 2023 and 2022, the District recognized OPEB expense of \$3,462 and \$1,612 for the Retiree Health Care OPEB plan, and \$40 and \$58 for the MCP Bonus Program, respectively. Total OPEB expense for all plans for fiscal years ended June 30, 2023 and 2022 was \$3,502 and \$1,670, respectively. Refer to Note 12 for more information on the MCP Bonus Program.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,644	\$ -
Changes of Assumptions	3,853	-
Differences between expected and actual experiences	-	(1,720)
Net differences between projected and actual earnings on plan investments	3,136	-
Total	<u>\$ 11,633</u>	<u>\$ (1,720)</u>
June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,596	\$ -
Changes of Assumptions	4,651	-
Differences between expected and actual experiences	-	(2,498)
Net differences between projected and actual earnings on plan investments	-	(6,172)
Total	<u>\$ 9,247</u>	<u>\$ (8,670)</u>

The \$4,644 and \$4,596 reported as deferred outflows of resources at June 30, 2023 and 2022, 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, 2024 and 2023, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources will be amortized annually and recognized as an increase or reduction to OPEB expense, for the years ending June 30 as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,133
2025	1,045
2026	810
2027	2,233
2028	48
Total	<u>\$ 5,269</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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**Note 12 – Other Postemployment Benefits – MCP Bonus Program**

**A. General Information about the MCP Bonus Program**

**Plan Description** - The MCP Bonus Program (Program) is a single-employer defined benefit plan, which provides a retirement bonus to eligible employees in the Management/ Confidential/ Professional (MCP) group hired or promoted by the District before January 1, 2001. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided** - The retirement 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 program to new participants. Employees hired or promoted to MCP classifications prior to January 1, 2001 are still eligible for the retirement bonus. At June 30, 2023 and 2022, the District had 6 and 7 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 retirement bonus to the employee upon termination of employment with the District. For the fiscal years ended June 30, 2023 and June 30, 2022, the District contributed \$108 and \$420, respectively. District employees are not required to contribute to the program.

**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, 2023 and 2022 were measured as of June 30, 2022 and 2021(measurement date), using a bi-annual actuarial valuation of June 30, 2021, respectively. 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:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Assumptions:		
Discount Rate	3.54%	2.16%
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 General Obligation 20-Municipal Bond Index.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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

**B. 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, 2023.

	Net OPEB Liability
<b>Balance at July 1, 2022</b>	<b>\$ 1,149</b>
<b>Changes in the year:</b>	
Service cost	30
Interest on the total OPEB liability	21
Differences between expected and actual experience	(25)
Benefit payments	(420)
<b>Net changes</b>	<b>(394)</b>
<b>Balance at June 30, 2023</b>	<b>\$ 755</b>

The following table shows the changes in the net OPEB liability for the Program for the fiscal year ended June 30, 2022.

	Net OPEB Liability
<b>Balance at July 1, 2021</b>	<b>\$ 1,079</b>
<b>Changes in the year:</b>	
Service cost	41
Interest on the total OPEB liability	25
Differences between expected and actual experience	4
<b>Net changes</b>	<b>70</b>
<b>Balance at June 30, 2022</b>	<b>\$ 1,149</b>

**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, 2022 and 2021 measurement dates, calculated using the discount rate of 3.54 and 2.16 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 dates:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
Net OPEB Liability	2.54%	3.54%	4.54%
June 30, 2022 measurement date	\$ 774	\$ 755	\$ 735
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
Net OPEB Liability	1.16%	2.16%	3.16%
June 30, 2021 measurement date	\$ 1,171	\$ 1,149	\$ 1,126

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

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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

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

For the fiscal years ended June 30, 2023 and 2022, the District recognized an OPEB expense of \$40 and \$58, respectively, for the Program. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 108	\$ -
Changes of assumptions	20	(40)
Differences between expected and actual experiences	3	-
Total	<u>\$ 131</u>	<u>\$ (40)</u>
June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 420	\$ -
Changes of assumptions	25	(33)
Differences between expected and actual experiences	3	-
Total	<u>\$ 448</u>	<u>\$ (33)</u>

The \$108 and \$420 reported as deferred outflows at June 30, 2023 and 2022, respectively, 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, 2024 and 2023, respectively.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Program will be recognized in future OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (8)
2025	(4)
2026	-
2027	(2)
2028	(3)
Total	<u>\$ (17)</u>

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

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

***D. Summary of Other Postemployment Benefits – Retiree Health Care and MCP Bonus Program***

The table below summarizes the OPEB balances and related deferred items for the Retiree Health Care and MCP Bonus Program.

	As of June 30, 2023			As of June 30, 2022		
	Retiree Health Care	MCP Bonus Program	Total	Retiree Health Care	MCP Bonus Program	Total
OPEB Liability	\$ 24,372	\$ 755	\$ 25,127	\$ 16,217	\$ 1,149	\$ 17,366
Deferred Outflows related to OPEB						
OPEB contributions subsequent to measurement date	\$ 4,644	\$ 108	\$ 4,752	\$ 4,596	\$ 420	\$ 5,016
Changes of assumptions	3,853	20	3,873	4,651	25	4,676
Differences between expected and actual experience	-	3	3	-	3	3
Net differences between projected and actual earnings	3,136	-	3,136	-	-	-
Total Deferred Outflows related to OPEB	\$ 11,633	\$ 131	\$ 11,764	\$ 9,247	\$ 448	\$ 9,695
Deferred Inflows related to OPEB						
Changes of assumptions	\$ -	\$ (40)	\$ (40)	\$ -	\$ (33)	\$ (33)
Differences between expected and actual experience	(1,720)	-	(1,720)	(2,498)	-	(2,498)
Net differences between projected and actual earnings	-	-	-	(6,172)	-	(6,172)
Total Deferred Inflows related to OPEB	\$ (1,720)	\$ (40)	\$ (1,760)	\$ (8,670)	\$ (33)	\$ (8,703)

**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.

In the normal course of business, the District is also sometimes the plaintiff in various lawsuits. Possible financial gains to the District as a result of such litigation are uncertain and not determinable at this time. Of note, the District is a plaintiff in multi-district litigation against 3M Company, DuPont De Nemours and Company, and other defendants seeking to recover damages caused by the defendants as a result of PFAS chemicals in the District’s water supply. At this point, the amount of potential damages that the District might recover is uncertain.

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 14 – Summarized Financial Information of Blended Component Units**

The Alameda County Water District Financing Authority (Authority) is a joint powers authority that issues debt for the benefit of the District and is accounted for as a component unit of the District. The revenues and expenses of the Authority are eliminated upon consolidation with the District. The Authority's summary financial information as of June 30, 2023 and 2022 and for the years then ended is as follows:

	<b>2023</b>	<b>2022</b>
Assets:		
Current Assets	\$ 234	\$ 266
Debt service installment receivable, current	3,527	3,132
Debt service installment receivable, noncurrent	68,925	72,476
Total Assets	72,686	75,874
Liabilities		
Current Liabilities	234	266
Long-term debt, due within one year	3,527	3,132
Long-term debt, due in more than one year	68,507	72,034
Total Liabilities	72,268	75,432
Deferred Inflows of resources		
Deferred charge on refunding	418	442
Net Position		
	\$ -	\$ -
Revenues and expenses:		
Revenues:		
Debt service contributions	\$ 5,964	\$ 5,271
Interest Income	5	-
Total Revenues	5,969	5,271
Interest expense and amortization	5,969	4,762
Cost of issuance expense	-	509
Total Expenses	5,969	5,271
Change in Net Position	-	-
Net Position, beginning	-	-
Net position, ending	\$ -	\$ -
Cash Flows:		
Net cash used by noncapital financing activities		
Bond Proceeds	\$ -	\$ 49,052
Principal Paid on debt	(2,770)	(610)
Refunding on debt	-	(41,463)
Interest paid on bonds	(3,195)	(1,742)
Bond Issuance costs	-	(509)
Debt Service Contributions	5,965	5,272
Transfer to ACWD	(1)	(10,000)
Net cash used by noncapital financing activities	(1)	-
Net cash provided by investing activities	5	-
Net change in cash and cash equivalents	4	-
Cash and cash equivalents, beginning	-	-
Cash and cash equivalents, ending	\$ 4	\$ -

**Alameda County Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**  
**(Dollars in thousands)**

**Note 15 – PRIOR PERIOD ADJUSTMENTS**

The District implemented GASB Statement 96 – *Subscription Based Information Technology Arrangements (SBITA)*, which requires recognition of certain right-to-use subscription assets and corresponding subscription liabilities using the facts and circumstances that existed at the beginning of earliest period presented. As a result, the District’s restated amounts of the affected balances within the financial statements for the period ended June 30, 2022, as follows:

	Originally Reported	Adjustments	June 30, 2022 As Restated
<b>Statement of Net Position</b>			
Capital assets, Nondepreciable	\$ 108,160	\$ 22	\$ 108,182
Capital assets, Depreciable	396,011	460	396,471
Interest Payable	266	12	278
SBITA liability - current	-	166	166
SBITA liability - noncurrent	-	235	235
Net investment in capital assets	427,826	81	427,907
Unrestricted	162,094	(12)	162,082
<b>Statements of Revenues, Expenses and Changes in Net Position</b>			
Administration and general	6,412	(243)	6,169
Depreciation and amortization	15,000	157	15,157
Interest expenses	(1,642)	(17)	(1,659)
Changes in net position	45,246	69	45,315
Net Position, End of Year	589,920	69	589,989
<b>Statements of Cash Flows</b>			
Cash payments to suppliers for goods and services	(62,034)	243	(61,791)
Acquisitions of capital assets	(24,739)	(62)	(24,801)
Principal paid on SBITA	-	(176)	(176)
Interest paid on debt and leases	(2,459)	(5)	(2,464)

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**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	2023	2022	2021	2020	2019
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
<b>Total pension liability</b>					
Service cost	\$ 5,794	\$ 5,233	\$ 5,071	\$ 5,298	\$ 4,994
Interest on total pension liability	20,189	19,954	19,152	18,437	17,594
Changes in assumptions	3,744	-	-	-	(8,036)
Differences between expected and actual experience	(1,285)	809	(548)	999	(263)
Benefit payments, including refunds of employee contributions	(14,886)	(13,938)	(13,864)	(12,284)	(11,608)
<b>Net change in total pension liability</b>	<b>13,556</b>	<b>12,058</b>	<b>9,811</b>	<b>12,450</b>	<b>2,681</b>
<b>Total pension liability - beginning</b>	<b>294,678</b>	<b>282,620</b>	<b>272,809</b>	<b>260,359</b>	<b>257,678</b>
<b>Total pension liability - ending</b>	<b>\$ 308,234</b>	<b>\$ 294,678</b>	<b>\$ 282,620</b>	<b>\$ 272,809</b>	<b>\$ 260,359</b>
<b>Plan fiduciary net position</b>					
Contributions - Employer	\$ 14,652	\$ 14,659	\$ 14,718	\$ 14,935	\$ 10,882
Contributions - Employee	2,220	2,199	2,227	2,140	2,142
Net investment income	(20,726)	50,212	10,427	12,570	14,754
Benefit payments, including refunds of employee contributions	(14,886)	(13,938)	(13,864)	(12,284)	(11,608)
Administrative expense	(168)	(216)	(286)	(132)	(266)
Other miscellaneous expense	-	-	-	-	(504)
<b>Net change in plan fiduciary net position</b>	<b>(18,908)</b>	<b>52,916</b>	<b>13,222</b>	<b>17,229</b>	<b>15,400</b>
<b>Plan fiduciary net position - beginning</b>	<b>269,192</b>	<b>216,276</b>	<b>203,054</b>	<b>185,825</b>	<b>170,425</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 250,284</b>	<b>\$ 269,192</b>	<b>\$ 216,276</b>	<b>\$ 203,054</b>	<b>\$ 185,825</b>
<b>Plan net pension liability - ending</b>	<b>\$ 57,950</b>	<b>\$ 25,486</b>	<b>\$ 66,344</b>	<b>\$ 69,755</b>	<b>\$ 74,534</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>81.20%</b>	<b>91.35%</b>	<b>76.53%</b>	<b>74.43%</b>	<b>71.37%</b>
<b>Covered payroll</b>	<b>\$ 28,885</b>	<b>\$ 27,835</b>	<b>\$ 26,451</b>	<b>\$ 27,249</b>	<b>\$ 25,856</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>200.62%</b>	<b>91.56%</b>	<b>250.82%</b>	<b>255.99%</b>	<b>288.27%</b>

**Notes to Schedule:**

**Benefit changes** – The figures above generally include any liability impact that may have resulted from voluntary benefit changes, which occurred on or before the measurement dates. However, offers of Two Years Additional Service Credit (a.k.a Golden Handshakes) that occurred after the Valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

**Changes in assumptions** – In fiscal year 2023, demographic assumptions and inflation rates were changed in accordance to the 2021 CalPERS Experience Study. The discount rate was changed to 6.90%.

No changes for fiscal years 2020 to 2022. 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. The discount rate was changed as follows: Fiscal year 2015 based on 7.50 percent (net of administrative expense), fiscal years 2016 and 2017 increased to 7.65 percent (without a reduction for pension plan administrative expense). Fiscal years 2018 to 2022 reduced to 7.15 percent.

\* Historical information is presented 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 Pension Liability and Related Ratios\***  
**(Dollars in thousands)**

**Defined Benefit Plan, Continued**

Fiscal Year	2018	2017	2016	2015
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total pension liability</b>				
Service cost	\$ 4,965	\$ 4,373	\$ 4,405	\$ 4,362
Interest on total pension liability	17,393	16,868	16,216	15,453
Changes in assumptions	14,961	-	(4,141)	-
Differences between expected and actual experience	(3,129)	(2,173)	(377)	-
Benefit payments, including refunds of employee contributions	(10,939)	(10,267)	(9,527)	(9,246)
<b>Net change in total pension liability</b>	<b>23,251</b>	<b>8,801</b>	<b>6,576</b>	<b>10,569</b>
<b>Total pension liability - beginning</b>	<b>234,427</b>	<b>225,626</b>	<b>219,050</b>	<b>208,481</b>
<b>Total pension liability - ending</b>	<b>\$ 257,678</b>	<b>\$ 234,427</b>	<b>\$ 225,626</b>	<b>\$ 219,050</b>
<b>Plan fiduciary net position</b>				
Contributions - Employer	\$ 7,130	\$ 6,518	\$ 6,023	\$ 5,747
Contributions - Employee	2,009	1,938	1,955	2,587
Net investment income	17,349	837	3,485	23,005
Benefit payments, including refunds of employee contributions	(10,939)	(10,267)	(9,527)	(9,246)
Administrative expense	(229)	(95)	(176)	-
Other miscellaneous expense	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>15,320</b>	<b>(1,069)</b>	<b>1,760</b>	<b>22,093</b>
<b>Plan fiduciary net position - beginning</b>	<b>155,105</b>	<b>156,174</b>	<b>154,414</b>	<b>132,321</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 170,425</b>	<b>\$ 155,105</b>	<b>\$ 156,174</b>	<b>\$ 154,414</b>
<b>Plan net pension liability - ending</b>	<b>\$ 87,253</b>	<b>\$ 79,322</b>	<b>\$ 69,452</b>	<b>\$ 64,636</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>66.14%</b>	<b>66.16%</b>	<b>69.22%</b>	<b>70.49%</b>
<b>Covered payroll</b>	<b>\$ 24,682</b>	<b>\$ 24,306</b>	<b>\$ 24,347</b>	<b>\$ 22,948</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>353.51%</b>	<b>326.35%</b>	<b>285.26%</b>	<b>281.66%</b>

**Notes to Schedule:**

**Benefit changes** – The figures above generally include any liability impact that may have resulted from voluntary benefit changes, which occurred on or before the measurement dates. However, offers of Two Years Additional Service Credit (a.k.a Golden Handshakes) that occurred after the Valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

**Changes in assumptions** – In fiscal year 2023, demographic assumptions and inflation rates were changed in accordance to the 2021 CalPERS Experience Study. The discount rate was changed to 6.90%.

No changes for fiscal years 2020 to 2022. 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. The discount rate was changed as follows: Fiscal year 2015 based on 7.50 percent (net of administrative expense), fiscal years 2016 and 2017 increased to 7.65 percent (without a reduction for pension plan administrative expense). Fiscal years 2018 to 2022 reduced to 7.15 percent.

\* Historical information is presented 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	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (ADC)	\$ 9,096	\$ 9,187	\$ 9,153	\$ 8,743	\$ 8,059	\$ 7,861	\$ 7,130	\$ 6,518	\$ 6,023
Contributions in relation to the ADC	<u>(14,698)</u>	<u>(14,652)</u>	<u>(14,659)</u>	<u>(14,718)</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>\$ (5,602)</u>	<u>\$ (5,465)</u>	<u>\$ (5,506)</u>	<u>\$ (5,975)</u>	<u>\$ (6,876)</u>	<u>\$ (3,021)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 29,441	\$ 28,885	\$ 27,835	\$ 26,451	\$ 27,249	\$ 25,856	\$ 24,682	\$ 24,306	\$ 24,347
Contributions as a percentage of covered payroll	49.925%	50.726%	52.665%	55.644%	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, 2023	June 30, 2022	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, 2020	June 30, 2019	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								
Inflation	In fiscal years 2023, 2022 and 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 years 2023, 2022 and 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 presented 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	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Total OPEB liability</b>						
Service cost	\$ 1,420	\$ 1,204	\$ 1,169	\$ 1,539	\$ 1,393	\$ 1,353
Interest on total OPEB liability	3,926	3,983	3,850	3,669	3,506	3,361
Changes in assumptions	648	4,026	-	3,112	-	-
Differences between expected and actual experience	-	(1,752)	-	(2,431)	-	-
Benefit payments, including refunds of employee contributions	(3,211)	(3,118)	(3,052)	(2,616)	(2,633)	(2,581)
<b>Net change in total OPEB liability</b>	<b>2,783</b>	<b>4,343</b>	<b>1,967</b>	<b>3,273</b>	<b>2,266</b>	<b>2,133</b>
<b>Total OPEB liability - beginning</b>	<b>63,710</b>	<b>59,367</b>	<b>57,400</b>	<b>54,127</b>	<b>51,861</b>	<b>49,728</b>
<b>Total OPEB liability - ending</b>	<b>\$ 66,493</b>	<b>\$ 63,710</b>	<b>\$ 59,367</b>	<b>\$ 57,400</b>	<b>\$ 54,127</b>	<b>\$ 51,861</b>
<b>Plan fiduciary net position</b>						
Contributions - Employer	\$ 4,596	\$ 4,558	\$ 6,274	\$ 5,134	\$ 6,617	\$ 4,319
Net investment income	(6,744)	10,805	1,240	1,841	2,020	2,077
Benefit payments, including refunds of employee contributions	(3,211)	(3,118)	(3,052)	(2,616)	(2,633)	(2,581)
Administrative expense	(13)	(15)	(18)	(6)	(41)	(11)
<b>Net change in plan fiduciary net position</b>	<b>(5,372)</b>	<b>12,230</b>	<b>4,444</b>	<b>4,353</b>	<b>5,963</b>	<b>3,804</b>
<b>Plan fiduciary net position - beginning</b>	<b>47,493</b>	<b>35,263</b>	<b>30,819</b>	<b>26,466</b>	<b>20,503</b>	<b>16,699</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 42,121</b>	<b>\$ 47,493</b>	<b>\$ 35,263</b>	<b>\$ 30,819</b>	<b>\$ 26,466</b>	<b>\$ 20,503</b>
<b>Plan net OPEB liability - ending</b>	<b>\$ 24,372</b>	<b>\$ 16,217</b>	<b>\$ 24,104</b>	<b>\$ 26,581</b>	<b>\$ 27,661</b>	<b>\$ 31,358</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>63.35%</b>	<b>74.55%</b>	<b>59.40%</b>	<b>53.69%</b>	<b>48.90%</b>	<b>39.53%</b>
<b>Covered-employee payroll</b>	<b>\$ 39,176</b>	<b>\$ 36,831</b>	<b>\$ 34,876</b>	<b>\$ 36,032</b>	<b>\$ 32,481</b>	<b>\$ 32,825</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>62.21%</b>	<b>44.03%</b>	<b>69.11%</b>	<b>73.77%</b>	<b>85.16%</b>	<b>95.53%</b>

**Notes to Schedule:**

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

**Changes in assumptions** – In fiscal year 2022, the mortality assumption was updated to MacLeod Watts Scale 2020 from the MacLeod Watts Scale 2018.

In fiscal year 2021, the mortality assumption was updated to MacLeod Watts Scale 2018 from the Scale MP-2017 used in fiscal year 2020.

The discount rate changed to 6.10 percent in fiscal year 2023 from 6.18 percent in fiscal year 2022.

The discount rate changed to 6.18 percent in fiscal year 2022 from 6.75 percent in fiscal year 2021.

There were no changes in assumptions in fiscal year 2020 to fiscal year 2018.

\* Historical information is presented 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	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Total OPEB liability</b>						
Service cost	\$ 30	\$ 41	\$ 33	\$ 42	\$ 50	\$ 54
Interest on total OPEB liability	21	25	39	54	56	46
Changes in assumptions	(25)	-	36	(36)	(13)	(38)
Differences between expected and actual experience	-	4	-	-	-	-
Benefit payments, including refunds of employee contributions	(420)	-	(186)	(501)	-	(255)
<b>Net change in total OPEB liability</b>	<b>(394)</b>	<b>70</b>	<b>(78)</b>	<b>(441)</b>	<b>93</b>	<b>(193)</b>
<b>Total OPEB liability - beginning</b>	<b>1,149</b>	<b>1,079</b>	<b>1,157</b>	<b>1,598</b>	<b>1,505</b>	<b>1,698</b>
<b>Total OPEB liability - ending</b>	<b>\$ 755</b>	<b>\$ 1,149</b>	<b>\$ 1,079</b>	<b>\$ 1,157</b>	<b>\$ 1,598</b>	<b>\$ 1,505</b>
<b>Covered-employee payroll</b>	<b>\$ 1,195</b>	<b>\$ 1,953</b>	<b>\$ 1,871</b>	<b>\$ 2,092</b>	<b>\$ 3,269</b>	<b>\$ 3,335</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>63.18%</b>	<b>58.83%</b>	<b>57.67%</b>	<b>55.31%</b>	<b>48.88%</b>	<b>45.13%</b>

**Notes to Schedule:**

**Changes in assumptions** – The change in assumptions reflect the effects of changes in the discount rate from 2.16 percent in fiscal year 2022 to 3.54 percent in fiscal year 2023. The discount rate changed from 2.21 percent in fiscal year 2021 to 2.16 percent in fiscal year 2022, from 3.51 percent in fiscal year 2020 to 2.21 percent in fiscal year 2021, 3.87 percent in fiscal year 2019 to 3.51 percent in fiscal year 2020, and 3.58 percent in fiscal year 2018 to 3.87 percent in fiscal year 2019. In addition, the inflation rate decreased from 2.75 percent in fiscal year 2019 to 2.5 percent in fiscal year 2020.

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the MCP Bonus Program.

\* Historical information is presented 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	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 2,919	\$ 3,078	\$ 3,408	\$ 3,308	\$ 3,503	\$ 4,101
Contributions in relation to the ADC	(4,644)	(4,596)	(4,558)	(6,274)	(5,134)	(6,617)
Contribution deficiency (excess)	<u>\$ (1,725)</u>	<u>\$ (1,518)</u>	<u>\$ (1,150)</u>	<u>\$ (2,966)</u>	<u>\$ (1,631)</u>	<u>\$ (2,516)</u>
Covered-employee payroll	\$ 38,150	\$ 39,176	\$ 36,831	\$ 34,876	\$ 36,032	\$ 32,481
Contributions as a percentage of covered-employee payroll	12.17%	11.73%	12.38%	17.99%	14.25%	20.37%

**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, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date:	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2015

Actuarial cost method           Entry Age Normal

Asset valuation method       15 year smoothed market in 2018 to 2023.

Discount rate                 6.75% in fiscal years 2019 to 2023, and 7.25% in fiscal year 2018.

Inflation                       2.50% in fiscal years 2019 to 2023, and 3.00% in fiscal year 2018.

Payroll increases             Aggregate increases of 3.00% in fiscal years 2019 to 2023, 3.25% in fiscal year 2018.

Mortality                       Fiscal year 2022 to fiscal year 2023, mortality was based on the MacLeod Watts Scale 2020. Fiscal year 2020 to 2021, mortality was based on the MacLeod Watts Scale 2018. Fiscal year 2019 was based on CalPERS 1997-2015 experience study and fiscal year 2018 was based on CalPERS 1997-2011 experience study.

Mortality improvement       Post-retirement mortality improvement for fiscal year 2022 and fiscal year 2023 was projected with MacLeod Watts Scale 2020. Fiscal years 2020 and 2021 was projected with MacLeod Watts Scale 2018. Fiscal year 2019, mortality was projects with Scale MP-2017. Fiscal year 2018, mortality was projected with Scale MP-14 with 15 year convergence in 2022.

\* Historical information is presented 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	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 108	\$ 420	\$ -	\$ 186	\$ 501	\$ -
Contributions in relation to the ADC	(108)	(420)	-	(186)	(501)	-
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 1,365	\$ 1,195	\$ 1,953	\$ 1,871	\$ 2,092	\$ 3,269
Contributions as a percentage of covered-employee payroll	7.912%	35.146%	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, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date:	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2015
Discount rate	3.54% in fiscal year 2023, 2.16% in fiscal year 2022, 2.21% in fiscal year 2021, 3.51% in fiscal year 2020, 3.51% in fiscal years 2019 and 3.87% in fiscal year 2018.					
Inflation	2.50%					
Payroll increases	Aggregate 3.00%					
Mortality	Lump sum payable at retirement					

**Notes:**

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the MCP Bonus Program.

\* Historical information is presented 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

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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

77

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

83

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

89

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

92

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

94

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)**

	2013/14	2014/15	2015/16	2016/17	2017/18
<b>OPERATING REVENUES:</b>					
Water Sales	\$ 81,081	\$ 80,135	\$ 81,776	\$ 86,263	\$ 104,447
Facilities Connection Charges	3,494	1,920	5,186	11,467	10,428
Other Revenue	2,109	749	840	1,099	736
<b>TOTAL OPERATING REVENUES</b>	<u>86,684</u>	<u>82,804</u>	<u>87,802</u>	<u>98,829</u>	<u>115,611</u>
<b>OPERATING EXPENSES:</b>					
Source of Supply:					
Water Purchases	23,427	23,659	24,659	23,833	25,559
Pumping	2,763	1,876	1,588	1,389	1,266
Other	10,215	8,189	8,304	8,861	8,615
Water Treatment	12,584	15,646	13,884	14,369	14,885
Transmission and Distribution	10,934	13,552	15,365	15,905	16,223
Administration of Customer Accounts	1,832	1,793	1,473	1,503	1,454
Administration and General	13,090	10,551	11,063	11,988	15,817
Depreciation and Amortization	12,624	13,417	13,974	14,479	13,950
<b>TOTAL OPERATING EXPENSES</b>	<u>87,469</u>	<u>88,683</u>	<u>90,310</u>	<u>92,327</u>	<u>97,769</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Income (loss)	1,217	1,098	2,521	145	179
Property Taxes	7,654	9,547	9,295	10,472	11,289
Other Revenues	47	11	310	1,038	413
Other Expenses/Loss on Disposal	(1,624)	(2,682)	(2,311)	(2,512)	(2,725)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>7,294</u>	<u>7,974</u>	<u>9,815</u>	<u>9,143</u>	<u>9,156</u>
<b>Capital Contributions</b>	<u>2,767</u>	<u>3,023</u>	<u>5,194</u>	<u>4,112</u>	<u>4,089</u>
<b>Increase in Net Position</b>	<u>\$ 9,276</u>	<u>\$ 5,118</u>	<u>\$ 12,501</u>	<u>\$ 19,757</u>	<u>\$ 31,087</u>
% Water Rate Increase (of latter FY)	7.00	8.00*	-	10.4*	5.00
<b>Number of Employees (1)</b>	238	230	230	230	230

Source: Alameda County Water District Finance and Administration Department

<sup>(1)</sup> Employees as of the end of the corresponding fiscal year.

\*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)**

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>OPERATING REVENUES:</b>					
Water Sales	\$ 108,576	\$ 116,230	\$ 122,388	\$ 121,311	\$ 119,797
Facilities Connection Charges	11,359	13,952	6,154	9,631	11,165
Other Revenue	652	732	1,848	3,870	2,653
<b>TOTAL OPERATING REVENUES</b>	<u>120,587</u>	<u>130,914</u>	<u>130,390</u>	<u>134,812</u>	<u>133,615</u>
<b>OPERATING EXPENSES:</b>					
Source of Supply:					
Water Purchases	26,219	29,579	34,408	35,776	38,757
Pumping	1,600	1,613	1,863	1,904	2,160
Other	8,693	9,041	10,074	10,354	11,077
Water Treatment	15,366	15,777	15,123	15,056	15,641
Transmission and Distribution	16,427	15,990	16,687	18,623	19,093
Administration of Customer Accounts	1,895	2,029	4,573	4,780	5,335
Administration and General	13,276	17,534	20,368	6,169	16,069
Depreciation and Amortization	14,060	14,499	14,734	15,157	15,552
<b>TOTAL OPERATING EXPENSES</b>	<u>97,536</u>	<u>106,062</u>	<u>117,830</u>	<u>107,819</u>	<u>123,684</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Income (loss)	7,367	8,971	187	(7,736)	1,148
Property Taxes	9,746	12,023	12,542	13,603	14,383
Other Revenues	660	495	641	668	1,057
Other Expenses/Loss on Disposal	(2,520)	(2,238)	(1,518)	(2,213)	(2,878)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>15,253</u>	<u>19,251</u>	<u>11,852</u>	<u>4,322</u>	<u>13,710</u>
<b>Capital Contributions</b>	<u>8,313</u>	<u>13,569</u>	<u>21,129</u>	<u>14,000</u>	<u>19,893</u>
<b>Increase in Net Position</b>	<u>\$ 46,617</u>	<u>\$ 57,672</u>	<u>\$ 45,541</u>	<u>\$ 45,315</u>	<u>\$ 43,534</u>
% Water Rate Increase (of latter FY)	4.00	4.00	-	2.00*	4.00
<b>Number of Employees (1)</b>	233	236	236	241	244

Source: Alameda County Water District Finance and Administration Department

<sup>(1)</sup> Employees as of the end of the corresponding fiscal year.

\*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)**

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<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Connection Fees</b> <b>(000's)</b>
2014	3,494
2015	1,920
2016	5,186
2017	11,467
2018	10,428
2019	11,359
2020	13,952
2021	6,154
2022	9,631
2023	11,165

Source: Alameda County Water District Finance and Administration Department

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

	2013/14	2014/15 <sup>(1)</sup>	2015/16	2016/17	2017/18 <sup>(2)</sup>
<b>NET POSITION:</b>					
Net investment in capital assets	\$ 325,497	\$ 329,084	\$ 325,051	\$ 324,383	\$ 333,274
Restricted for debt service	2,669	2,585	2,688	2,623	2,628
Unrestricted	96,743	27,945	44,376	64,866	56,617
<b>TOTAL</b>	<u>\$ 424,909</u>	<u>\$ 359,614</u>	<u>\$ 372,115</u>	<u>\$ 391,872</u>	<u>\$ 392,519</u>

Source: Alameda County Water District Finance and Administration Department

Note: <sup>(1)</sup> The District restated its 2014/15 net position balances to record the impact of the implementation of GASB Statement No. 68.

<sup>(2)</sup> The District restated its 2017/18 net position balances to record the impact of the implementation of GASB Statement No. 75.

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

	2018/19	2019/20	2020/21 <sup>(3)</sup>	2021/22 <sup>(4)</sup>	2022/23
<b>NET POSITION:</b>					
Net investment in capital assets	\$ 346,877	\$ 370,256	\$ 411,798	\$ 427,907	\$ 468,083
Restricted for debt service	2,721	-	-	-	-
Unrestricted	89,538	126,552	132,876	162,082	165,440
<b>TOTAL</b>	<u>\$ 439,136</u>	<u>\$ 496,808</u>	<u>\$ 544,674</u>	<u>\$ 589,989</u>	<u>\$ 633,523</u>

Source: Alameda County Water District Finance and Administration Department

Note: <sup>(3)</sup> The District restated its 2020/2021 net position balances to record the impact of the implementation of GASB Statement No. 87 and prior period adjustments to workers' compensation and other miscellaneous benefits liabilities.

<sup>(4)</sup> The District restated its 2021/2022 net position balances to record the impact of the implementation of GASB Statement No. 96.

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Levies:</b>										
1% Tax Allocation	\$ 3,769	\$ 4,034	\$ 4,611	\$ 5,007	\$ 5,372	\$ 5,763	\$ 6,162	\$ 6,530	\$ 6,845	\$ 7,441
State Water Contract Tax	3,194	4,717	4,271	4,884	5,373	3,502	5,268	5,327	6,017	5,924
<b>Total</b>	<b>\$ 6,963</b>	<b>\$ 8,751</b>	<b>\$ 8,882</b>	<b>\$ 9,891</b>	<b>\$ 10,745</b>	<b>\$ 9,265</b>	<b>\$ 11,430</b>	<b>\$ 11,857</b>	<b>\$ 12,862</b>	<b>\$ 13,365</b>
<b>Collections*:</b>										
Collections in the First Period	\$ 8,400	\$ 9,535	\$ 9,300	\$ 10,332	\$ 10,630	\$ 10,080	\$ 12,478	\$ 12,534	\$ 13,593	\$ 14,412
Collection in the First Period Percentage of Levies (%)	121%	109%	105%	104%	99%	109%	109%	106%	106%	108%
<b>Total Collections</b>	<b>\$ 8,400</b>	<b>\$ 9,535</b>	<b>\$ 9,300</b>	<b>\$ 10,332</b>	<b>\$ 10,630</b>	<b>\$ 10,080</b>	<b>\$ 12,478</b>	<b>\$ 12,534</b>	<b>\$ 13,593</b>	<b>\$ 14,412</b>
<b>Total Collections Percentage of Levies</b>	<b>121%</b>	<b>109%</b>	<b>105%</b>	<b>104%</b>	<b>99%</b>	<b>109%</b>	<b>109%</b>	<b>106%</b>	<b>106%</b>	<b>108%</b>

Source: Alameda County Water District Finance and Administration 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
2013/14	46,275,494	61,871	2,950,912	49,288,277
2014/15	49,570,672	54,995	3,040,221	52,665,888
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	65,860,177
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
2021/22	79,731,238	15,572	4,436,006	84,182,816
2022/23	86,525,029	15,235	5,252,523	91,792,787

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

**Alameda County Water District**  
**Table 6**  
**Ten Year Summary of Secured Tax Charges and Delinquencies (Unaudited)**  
**(in thousands)**

---

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	Percent Delinquent June 30
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
2021/22	5,713	35	0.61
2022/23	5,610	47	0.84

Source: Alameda County Auditor-Controller

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

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

	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	Eff. 3/1 2022	Eff. 3/1 2023
<b>COMMODITY CHARGE/HCF:</b>										
Inside District	\$ 3.373	\$ 3.373	\$ 3.373	\$ 4.047	\$ 4.249	\$ 4.419	\$ 4.596	\$ 4.596	\$ 4.596	\$ 4.780
Outside District	3.878	3.878	3.878	4.653	4.885	\$ 5.081	\$ 5.285	\$ 5.285	\$ 5.253	\$ 5.460
<b>BIMONTHLY METER SERVICE CHARGE:</b>										
Inside District										
5/8" & 3/4 "	\$ 31.95	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61	\$ 58.94	\$ 61.30
1	45.82	64.05	64.05	76.86	80.70	83.93	87.29	87.29	94.18	97.95
1-1/2	80.93	120.32	120.32	144.38	151.59	157.66	163.97	163.97	182.25	189.54
2	116.07	187.84	187.84	225.40	236.67	246.14	255.99	255.99	287.95	299.47
3	440.13	401.66	401.66	481.99	506.08	526.33	547.39	547.39	622.64	647.55
4	637.46	716.76	716.76	860.11	903.11	939.24	976.81	976.81	1,115.87	1,160.50
6	1,538.70	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48	2,824.56	2,937.54
8	2,253.10	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88	4,938.41	5,135.95
10	4,026.56	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99	7,404.57	7,700.75
Outside District Water Service										
5/8" & 3/4 " or less	\$ 36.74	\$ 41.54	\$ 41.54	\$ 49.84	\$ 52.33	\$ 54.43	\$ 56.61	\$ 56.61	\$ 58.94	\$ 61.30
1	52.69	64.05	64.05	76.86	80.70	83.93	87.29	87.29	94.18	97.95
1-1/2	93.07	120.32	120.32	144.38	151.59	157.66	163.97	163.97	182.25	189.54
2	133.48	187.84	187.84	225.40	236.67	246.14	255.99	255.99	287.95	299.47
3	506.15	401.66	401.66	481.99	506.08	526.33	547.39	547.39	622.64	647.55
4	733.08	716.76	716.76	860.11	903.11	939.24	976.81	976.81	1,115.87	1,160.50
6	1,769.51	1,808.37	1,808.37	2,170.04	2,278.54	2,369.69	2,464.48	2,464.48	2,824.56	2,937.54
8	2,591.07	3,158.81	3,158.81	3,790.57	3,980.09	4,139.30	4,304.88	4,304.88	4,938.41	5,135.95
10	4,630.54	4,734.31	4,734.31	5,681.17	5,965.22	6,203.83	6,451.99	6,451.99	7,404.57	7,700.75
<b>BIMONTHLY CHARGE FOR PRIVATE FIRE SERVICES:</b>										
3/4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.93	\$ 8.25
1	-	-	-	-	-	-	-	-	8.12	8.44
2	-	-	-	-	-	-	-	-	9.97	10.37
4	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	21.46	22.32
6	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	47.57	49.47
8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	92.59	96.29
10	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80	160.32	166.73
12	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60	254.19	264.36
16	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	N/A	N/A

Source: Alameda County Water District Finance and Administration Department

**Alameda County Water District**  
**Table 8**  
**Historical Water Rates<sup>1</sup> (Unaudited)**

Effective Date	Actual/Approved									
	7/21/2014	5/1/2015	4/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022	3/1/2023
Bi-monthly Commodity Charge	\$77.58	\$77.58	\$77.58	\$64.75	\$67.98	\$70.70	\$73.54	\$73.54	\$73.54	\$76.48
Bi-monthly Service Charge	31.95	41.54	41.54	49.84	52.33	54.43	56.61	56.61	58.94	61.30
Drought Surcharge	10.36	10.36	10.36	-	-	-	-	-	12.59	13.12
<b>TOTAL</b>	<b>\$119.89</b>	<b>\$129.48</b>	<b>\$129.48</b>	<b>\$114.59</b>	<b>\$120.31</b>	<b>\$125.13</b>	<b>\$130.15</b>	<b>\$130.15</b>	<b>\$145.07</b>	<b>\$150.90</b>

Source: Alameda County Water District Finance and Administration Department

Note: <sup>(1)</sup> For the average residential customer using 23 hundred cubic feet (HCF) bimonthly prior to fiscal year 2016-2017. Starting in fiscal year 2016-2017 and due to conservation from customers the median residential customer usage decreased to 16 HCF.

<sup>(2)</sup> Drought surcharges rescinded by the Board of Directors effective 4/1/2023.

**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)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	FY 2023 Water Revenues (000's)
Tesla Motors, Inc.	7	3	2	3	2	3	3	1	1	1	\$ 1,910
Fremont Unified School District	2	2	3	2	3	2	2	3	2	2	1,404
City of Fremont	1	1	1	1	1	1	1	2	3	3	1,326
Lam Research Corporation	-	-	-	9	8	5	5	5	4	4	855
Western Digital Technologies	4	5	4	5	5	4	4	4	5	5	721
Ardenwood Forest Apartments	8	9	8	7	7	8	8	8	8	6	587
Prologis Trust	3	4	5	4	4	7	6	7	6	7	580
City of Union City	5	6	6	6	6	6	7	6	7	8	519
Contempo Homeowners Association	6	7	7	8	9	9	9	9	9	9	500
New Haven School District	9	10	-	-	10	-	-	-	-	10	441
US Pipe & Foundry Company	-	-	-	-	-	-	-	-	10	-	n/a
Cargill Salt	-	-	-	-	-	-	10	10	-	-	n/a
City of Newark	-	-	10	10	-	10	-	-	-	-	n/a
Newark Unified School District	10	-	-	-	-	-	-	-	-	-	n/a
Seagate Magnetics	-	-	9	-	-	-	-	-	-	-	n/a
Cook Engineering Inc.	-	8	-	-	-	-	-	-	-	-	n/a

Source: Alameda County Water District Finance and Administration Department

# Alameda County Water District

## Table 10

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

	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Revenues</b>					
Water Sales	\$ 81,081	\$ 80,135	\$ 81,776	\$ 86,263	\$ 104,447
Investment Income	1,217	1,098	2,521	145	179
Property Taxes (1)	4,138	4,678	4,807	5,350	5,704
Facilities Connection Charges	3,494	1,920	5,186	11,467	10,428
Other Revenue (2)	2,156	759	978	1,993	1,101
Total Revenues	<u>92,086</u>	<u>88,590</u>	<u>95,268</u>	<u>105,218</u>	<u>121,859</u>
<b>Maintenance and Operation Costs</b>					
Pumping Power Costs	2,763	1,876	1,588	1,389	1,266
Other Operating Expenses	10,252	8,079	7,689	8,470	14,901
Labor Costs	38,403	41,255	42,401	44,156	46,098
Purchased Water (1)	19,911	19,187	19,906	19,190	21,554
Total Expenses	<u>71,329</u>	<u>70,397</u>	<u>71,584</u>	<u>73,205</u>	<u>83,819</u>
Net Revenues	<u>\$ 20,757</u>	<u>\$ 18,193</u>	<u>\$ 23,684</u>	<u>\$ 32,013</u>	<u>\$ 38,040</u>
<b>Annual Debt Service on Revenue Certificates and Bond</b>					
2009 Refunding Revenue Bonds	\$ 2,866	\$ 2,868	\$ 2,863	\$ 2,867	\$ 2,864
2012 Revenue Bonds	1,893	1,891	1,893	1,892	1,887
2015 Revenue Bonds	-	240	1,625	1,628	1,622
2022 Revenue Bonds	-	-	-	-	-
Total Debt Service	<u>\$ 4,759</u>	<u>\$ 4,999</u>	<u>\$ 6,381</u>	<u>\$ 6,387</u>	<u>\$ 6,373</u>
<b>Ratio of Net Revenues to Annual</b>					
<b>Debt Service on Revenue Certificates</b>	4.36x	3.64x	3.71x	5.01x	5.97x

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

Notes:

(1) In accordance with the provisions of the 2015 Installment Purchase Contract, "Property Taxes" exclude the State Water Project property taxes collected by the District, and the equal amount in expenses paid from such taxes.

(2) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

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

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Revenues</b>					
Water Sales	\$ 108,576	\$ 116,230	\$ 122,388	\$ 121,311	\$ 119,797
Investment Income	7,367	8,971	187	(7,736)	1,148
Property Taxes (1)	6,131	6,580	6,937	7,315	8,059
Facilities Connection Charges	11,359	13,952	6,154	9,631	11,165
Other Revenue (2)	1,275	1,167	1,848	3,870	2,653
<b>Total Revenues</b>	<b>134,708</b>	<b>146,900</b>	<b>137,514</b>	<b>134,391</b>	<b>142,822</b>
<b>Maintenance and Operation Costs</b>					
Pumping Power Costs	1,600	1,613	1,863	1,904	2,160
Other Operating Expenses	11,978	18,344	23,802	10,211	25,393
Labor Costs	48,052	47,869	49,152	50,759	48,387
Purchased Water (1)	21,846	23,737	28,279	29,788	32,192
<b>Total Expenses</b>	<b>83,476</b>	<b>91,563</b>	<b>103,096</b>	<b>92,662</b>	<b>108,132</b>
<b>Net Revenues</b>	<b>\$ 51,232</b>	<b>\$ 55,337</b>	<b>\$ 34,418</b>	<b>\$ 41,729</b>	<b>\$ 34,690</b>
<b>Annual Debt Service on Revenue Certificates and Bond</b>					
2009 Refunding Revenue Bonds	\$ 2,863	\$ 2,866	\$ -	\$ -	\$ -
2012 Revenue Bonds	1,885	1,884	3,905	3,127	-
2015 Revenue Bonds	1,623	1,627	1,624	1,625	1,624
2022 Revenue Bonds	-	-	-	-	4,341
<b>Total Debt Service</b>	<b>\$ 6,371</b>	<b>\$ 6,377</b>	<b>\$ 5,529</b>	<b>\$ 4,752</b>	<b>\$ 5,965</b>
<b>Ratio of Net Revenues to Annual</b>					
<b>Debt Service on Revenue Certificates</b>	8.04x	8.68x	6.22x	8.78x	5.82x

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

Notes:

(1) In accordance with the provisions of the 2015 Installment Purchase Contract, "Property Taxes" exclude the State Water Project property taxes collected by the District, and the equal amount in expenses paid from such taxes.

(2) Excludes certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Revenue Bonds</b>										
2009 Refunding Revenue Bonds	\$ 16,154	\$ 13,641	\$ 11,068	\$ 8,425	\$ 5,707	\$ 2,899	\$ -	\$ -	\$ -	\$ -
2.0% - 5.0%										
Maturity: FY 2019-20										
2012 Revenue Bonds	\$ 47,349	\$ 46,998	\$ 46,637	\$ 46,266	\$ 45,890	\$ 45,504	\$ 45,108	\$ 42,678	\$ -	\$ -
3.0% - 5.0%										
Maturity: Refunded in FY2021-22										
2015 Revenue Bonds	-	\$ 30,521	\$ 29,975	\$ 29,404	\$ 28,813	\$ 28,197	\$ 27,551	\$ 26,880	\$ 26,179	\$ 25,450
4.0% - 5.0%										
Maturity: FY 2044-45										
2022 Revenue Bonds	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,984	\$ 46,584
3.0% - 5.0%										
Maturity: FY 2041-42										
<b>Lease and SBITA Liabilities</b>										
Lease Liabilities	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689	\$ 737	\$ 1,131
SBITA Liabilities	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163	\$ 401	\$ 1,893
<b>Total</b>	<b>\$ 63,503</b>	<b>\$ 91,160</b>	<b>\$ 87,680</b>	<b>\$ 84,095</b>	<b>\$ 80,410</b>	<b>\$ 76,600</b>	<b>\$ 72,659</b>	<b>\$ 70,410</b>	<b>\$ 76,301</b>	<b>\$ 75,058</b>
<b>Total Outstanding Debt to</b>										
<b>Personal Income</b>	0.53%	0.72%	0.65%	0.58%	0.51%	0.44%	0.39%	0.40%	0.39%	0.35%
<b>Total Debt Per Capita</b>	\$ 189.56	\$ 268.12	\$ 254.88	\$ 242.35	\$ 227.79	\$ 217.61	\$ 205.25	\$ 198.34	\$ 221.16	\$ 218.19

Sources: Alameda County Water District Finance and Administration Department

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

<b>CITY OF FREMONT<sup>(1)</sup></b>					
<u>2022*</u>			<u>2013</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Tesla Motors, Inc.	22,000	20.07 %	Tesla Motors, Inc.	3,000	2.81 %
LAM Research	3,000	2.74	LAM Research	3,000	2.81
Washington Hospital	2,400	2.19	Washington Hospital	1,817	1.70
Kaiser Permanente Medical Group	1,600	1.46	Kaiser Permanente Medical Group	1,500	1.41
Synnex Corporation	1,350	1.23	Estenson Logistics	1,300	1.22
Western Digital	1,100	1.00	Boston Scientific	1,200	1.13
City of Fremont	1,000	0.91	Sysco Food Services	1,200	1.13
Fremont Unified School District	800	0.73	Fremont Unified School District	1,050	0.98
Boehringer Ingelheim, Inc.	800	0.73	AXT Incorporated	972	0.91
Sutter Health	775	0.71	Synnex Corporation	880	0.83
Total City Employment	113,352		Total City Employment	106,237	

<b>CITY OF UNION CITY<sup>(2)</sup></b>					
<u>2020 *</u>			<u>2011</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
New Haven Unified School District	1,154	3.58 %	Axygen Bioscience Inc	1,200	3.88 %
Abaxis Inc	500	1.55	New Haven Unified School District	1,139	3.69
Wal-Mart	350	1.09	Wal-Mart	500	1.62
Masonic Homes of California Inc	330	1.02	Young's Market Co LLC	400	1.29
City of Union City	307	0.95	American Licorice	350	1.13
Sterling Foods	250	0.78	Southern Wine & Spirits	350	1.13
Ariat Internation Inc	200	0.62	City of Union City	309	1.00
Emerald Packaging	200	0.62	Hearst Corp	300	0.97
Home Depot	200	0.62	Rapid Displays	300	0.97
Century 25 Union Landing & XD	180	0.56	Hearst Communications Inc	300	0.97
Total City Employment	32,200		Total City Employment	30,900	

<b>CITY OF NEWARK<sup>(3)</sup></b>					
<u>2022*</u>			<u>2013</u>		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
Logitech Inc	635	2.49 %	Newark Unified School District	700	3.27 %
Amazon Fulfillment Center	563	2.21	Logitech	689	3.22
WorldPac	454	1.78	WorldPac	280	1.31
Newark Unified School District	396	1.55	Aryzta, LLC	280	1.31
KNT Manufacturing	368	1.44	Risk Management Solutions	270	1.26
Risk Management Solutions	282	1.11	Smart Modular Technologies	249	1.16
Nordstrom Distribution Center	236	0.93	Morpho Detection	208	0.97
Smart Modular Technologies	220	0.86	Cargill Salt	182	0.85
Cargill Salt	203	0.80	City of Newark	176	0.82
City of Newark	185	0.73	Valassis Direct Mail Inc	166	0.78
Total City Employment	25,500		Total City Employment	21,400	

Source: <sup>(1)</sup> City of Fremont, Annual Comprehensive Financial Report FY 2021/22; U.S. Dept of Labor, Bureau of Labor Statistics

<sup>(2)</sup> City of Union City, Annual Comprehensive Financial Report FY 2019/2020. FY2020/2021 and FY2021/2022 ACFR were not available.

<sup>(3)</sup> City of Newark, Annual Comprehensive Financial Report FY 2021/22

Note: \* Number of Employees and Percent of Total Employment unavailable for 2023.

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

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Calendar Year	Population As of 1/1 (1)	Personal Income (2) (in millions)	Per Capita Personal Income (3)	Unemployment Rate (4)
2013	335	12,060	36	5.9
2014	340	12,580	37	4.8
2015	344	13,416	39	3.9
2016	347	14,574	42	3.5
2017	353	15,885	45	3.5
2018	352	17,248	49	2.7
2019	354	18,408	52	2.3
2020	355	17,750	50	7.4
2021	345	19,320	56	5.2
2022	344	21,672	63	4.3

Sources: <sup>(1)</sup> State of California, Department of Finance

<sup>(2)</sup> Personal Income was calculated by multiplying the Per Capita Personal Income (for Alameda County) by the population.

<sup>(3)</sup> U.S. Census Bureau, American Community Survey Single Year Estimates 2013-2022.

<sup>(4)</sup> U.S. Department of Labor, Bureau of Labor Statistics and California Employment Development Department

\*The population as of January 1, 2023 is based on the 2020 Census.

\*\* Per capita personal income shown are for Alameda County.

Data for Alameda County Water District's service area is not available.

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>UTILITY PLANT:</b>										
Land	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,609	\$ 9,601	\$ 9,601	\$ 9,601
Source of Supply	57,782	64,229	68,993	68,050	68,404	81,563	81,630	85,693	89,741	89,839
Pumping Plant	24,152	24,217	24,549	24,983	25,130	25,353	25,585	26,398	26,518	28,976
Water Treatment	157,393	160,238	160,610	160,735	161,192	166,153	166,705	167,555	169,609	170,704
Transmission and Distribution	275,001	300,836	320,721	329,208	337,274	347,969	358,378	373,543	381,679	409,742
General	48,172	49,684	50,836	52,005	52,682	52,910	54,180	56,018	56,209	57,045
General - Leased assets	-	-	-	-	-	-	-	719	805	1,308
General - SBITA assets	-	-	-	-	-	-	-	163	617	3,019
Supplemental water supply storage	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860	20,860
Construction in Progress	31,930	18,938	16,320	19,793	29,305	23,982	45,436	75,518	98,581	116,938
	624,900	648,612	672,499	685,244	704,457	728,400	762,383	816,068	854,220	908,032
Less Accumulated Depreciation	238,614	251,787	265,523	278,560	292,261	306,104	320,341	334,625	349,567	364,473
<b>NET UTILITY PLANT</b>	<b>\$ 386,286</b>	<b>\$ 396,825</b>	<b>\$ 406,976</b>	<b>\$ 406,684</b>	<b>\$ 412,196</b>	<b>\$ 422,296</b>	<b>\$ 442,042</b>	<b>\$ 481,443</b>	<b>\$ 504,653</b>	<b>\$ 543,559</b>

Source: Alameda County Water District Finance and Administration Department

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

General - leased assets: includes all costs of leased vehicles, property, and equipment used for general water utility purposes, which are recognized as right-to-use assets with the implementation of GASB Statement No. 87.

General - SBITA assets: includes subscription software used for general water utility purposes, which are recognized as right-to-use assets with the implementation of GASB Statement No. 96.

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

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

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<u>Fiscal Year</u>	<u>Million Gallons Per Day (MGD)</u>
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
2021/22	33.97
2022/23	30.29

Source: Alameda County Water District Finance and Administration Department

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

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Fiscal Year Ended June 30	Number of Meters
2014	81,700
2015	82,049
2016	82,492
2017	83,398
2018	84,255
2019	85,108
2020	85,959
2021	86,468
2022	86,948
2023	87,346

Source: Alameda County Water District Finance and Administration Department

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