



Alameda County Water District  
Fremont, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended ~ June 30, 2010

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**ALAMEDA COUNTY WATER DISTRICT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2010**

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

**PREPARED BY THE FINANCE DEPARTMENT**

**Alameda County Water District  
 Comprehensive Annual Financial Report  
 For the years ended June 30, 2010 and 2009**

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# INTRODUCTORY SECTION

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**DIRECTORS**  
MARTIN L. KOLLER  
President  
JUDY C. HUANG  
Vice President  
JAMES G. GUNTHER  
GLENN E. REYNOLDS  
JOHN H. WEED

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**MANAGEMENT**  
WALTER L. WADLOW  
General Manager  
WILBERT LIGH  
Finance Manager/Treasurer  
STEVE PETERSON  
Operations Manager  
ROBERT SHAVER  
Engineering Manager

November 1, 2010

To the Board of Directors and Our Customers:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Alameda County Water District (the District) for the fiscal year ended June 30, 2010.

We believe the report presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position, the changes in financial position and cash flows of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Additionally, the financial section of the report includes a detailed discussion and analysis by management of the District's financial performance for fiscal years ended June 30, 2010 and 2009. Responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the District.

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

### **THE REPORTING ENTITY**

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

Since 1930, the District has also been a water distribution agency. From the purchase of a small water distribution system in Alvarado (now part of Union City), the District has expanded to serve almost all of the area covered by its conservation activities. The District produces, stores, treats and distributes water for a population of approximately 337,500 people in southern Alameda County. The District covers approximately 100 square miles and, as of June 2010, provided water service through 81,043 connections.

The District's current water production is approximately 47,060 acre-feet per year. Water is provided to the District from four sources: groundwater from the Niles Cone Groundwater Basin (including fresh groundwater from two well fields and desalination of brackish groundwater), surface water from the Del Valle Reservoir, water imported from the State of California's State Water Project and water imported from the San Francisco Regional Water System. The amount of water available from these sources is highly variable in any given year due to hydrologic conditions and other factors. Assuming wet local conditions and full delivery of imported water supplies, these four sources may provide up to a maximum of approximately 90,000 acre-feet per year.

The District is governed by a five-member Board of Directors elected at-large from within the District's service area. The Board of Directors appoints the General Manager who is responsible for the administration of the District through its five departments - Office of the General Manager, Administrative Services, Engineering, Finance, and Operations & Maintenance. The General Manager's Office organizes and directs District activities in accordance with the Board's policies. The District has an authorized staff of 222 full-time employees.

The Alameda County Water District Public Facilities Financing Corporation, a component unit of the District, was established in 1992 to issue debt for the benefit of the 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***

#### **The District Receives Prestigious Clair A. Hill Award for School Outreach and Water Conservation Program**

On May 5, 2010, the Association of California Water Agencies (ACWA) presented the prestigious Clair A. Hill Water Agency Award for Excellence to the District for its innovative "Stop that Running Toilet" school outreach program. The District was selected from among four finalists to receive the award, which recognizes outstanding achievements by public water agencies. "Stop that Running Toilet" revolved around a school assembly about water conservation. After the assembly, the District distributed Toilet Leak Detection Kits to the students so they could test their toilets for leaks. Students recorded the results of the test on a postcard and sent it to the District. The District followed up with students with leaky toilets by sending a free flapper valve (the most common culprit in leaky toilets) with installation instructions.

During the 2008-2009 school year, more than 15,000 students attended the assemblies and received Toilet Leak Detection Kits. More than 600 later reported having leaky toilets and were sent replacement flapper valves. We estimate that up to 13 million gallons of water will be saved each year as a result of this program. Upon presenting the Clair Hill Award to the District, ACWA President Paul Kelley said, "Alameda County Water District is an outstanding example of a local agency implementing creative solutions to manage California's water resources. The District's program demonstrates innovation, but also achieves real water savings by actively engaging school-age children in water conservation activities."

### **Alameda Creek Becomes More Fish-Friendly**

On June 23, 2010, Alameda Creek became more fish-friendly when the District dedicated two fish passage facilities that will improve steelhead trout migration. The first facility, the Bunting Pond Fish Screen, will prevent steelhead from being carried into the District's groundwater recharge ponds at Quarry Lakes Regional Recreation Area. The second project, the Rubber Dam Number Two Fish Passage Facility project, consisted of removing the dam and notching its concrete base to allow both upstream and downstream passage by steelhead. This particular project is notable in that it included the removal of a District water supply facility. Much deliberation went into the decision to move ahead with this project, but in the end it was decided that the District would be able to adequately supply its customers with water from its newer facilities. The District received \$500,000 from the National Fish and Wildlife Foundation for the removal of the rubber dam and a \$600,000 grant through Proposition 50 for the Bunting Pond Fish Screen Project.

The District is planning other fish passage improvements in Alameda Creek as well, including fish ladders at its remaining two rubber dams and additional fish screens at other water diversions. Upon completion, these projects will help make it possible for steelhead trout, a threatened species, to migrate to the upper reaches of the Alameda Creek watershed to spawn.

### **Mobile Communication and Tracking System (MCTS) Helps District to Reduce Fuel Consumption and Lower Emissions**

In the fall of 2009, the District began using a MCTS system to reduce fleet operating costs and emissions. Through Networkfleet, a provider of wireless fleet management, the District will not only be able to accurately track the location of each of the vehicles in its fleet, but perform remote engine diagnostic monitoring as well. This gives the District the ability to measure vehicle usage as well as identify and repair engine problems early and avoid expensive repair costs. In addition, the system has the ability to monitor and regulate engine idle time to reduce fuel usage as well as reduce vehicle speed and miles traveled. Both of these capabilities will have a significant impact on reducing harmful greenhouse gas emissions. By the beginning of 2010, all District vehicles were included in the program, a program that will help us to offset budget shortfalls and deal with the challenges of climate change.

### **Passage of the Alameda County Water District Groundwater Protection Act**

On October 11, 2009, Governor Arnold Schwarzenegger signed into law Senate Bill 133, the Alameda County Water District Groundwater Protection Act. This new law ensures a consistent and appropriate regional approach to protecting the Niles Cone Groundwater Basin, a vitally important water supply for Fremont, Newark, and Union City. The Act was supported by local agencies and other environmental and trade organizations and received unanimous bipartisan support from both the Senate and the Assembly, without a single opposing vote in any committee or legislative body.

### **The District Becomes Official Supporter of Bay-Friendly Gardening**

On November 12, 2009, the District became an official supporter of the Bay-Friendly Landscaping & Gardening Coalition and adopted the Seven Principles of Bay-Friendly Landscaping & Gardening. The goal of the Coalition is to create urban environments that enhance the quality of life by encouraging and supporting practices that foster healthy soil, conserve water and other resources, reduce waste, and prevent pollution.

The District has a long history of incorporating Bay-Friendly principles into its operations:

- Our extensive composting program allows us to collect trimmings, leaves, and plant waste at District properties, compost it, and then reuse it as mulch.
- Our Drought Tolerant Demonstration Garden helps us to educate the public about native, Mediterranean, and Australian drought tolerant plants and basic irrigation system design.
- For over five years, we have hosted several Bay-Friendly Gardening workshops.

We look forward to finding additional opportunities to incorporate Bay-Friendly practices into our activities and continuing our collaboration with the Bay-Friendly Landscaping & Gardening program.

### **School Education Program**

The District's School Education Program provides local school classrooms with educational resources that stress the various facets of water science and water management, with the objective of producing citizens capable of making informed decisions regarding state and local water resources. During the fiscal year 2010, the District continued its educational outreach within its service area by:

- Presenting water education programs to over 6,200 students in 239 classrooms.
- Distributing more than 72,328 pieces of printed educational material to teachers and students.
- Sponsoring 65 performances of ZunZun's latest water conservation theater program which was viewed by over 14,919 students at 31 schools.
- Training teachers in the use of popular water education curriculum guides.
- Sponsoring its annual Water Conservation Poster and Slogan Contest in which over 1,580 students vied for the opportunity to have their creations included in the 2010-2011 ACWD Water Conservation Calendar.

### **Water Conservation Programs**

Water Conservation extends our water supplies, benefits the environment, helps keep water rates down, and allows the District to "bank" water for dry years. To encourage customers to save water, the District implemented new or continued existing water conservation programs during the fiscal year 2010:

- On-site water efficiency surveys were offered to residential, business, and industrial customers.
- Rebates for the purchase of water conserving clothes washers were offered to residential and commercial customers.
- Water conservation kits and Water Wise Gardening CDs were distributed to residents of the District's service area.
- Water saving tips were distributed to residential customers through the District's customer newsletter, the ACWD Aqueduct.
- The Commercial High Efficiency Toilet Rebate Program continued.
- Through the Designated Landscape Program, which provides landscape water use reports and on-site landscape surveys, District staff worked with large landscape accounts to improve irrigation efficiency. Awards were offered to participants that demonstrated water use efficiency.
- Partnered in the sponsoring of drought tolerant plant/landscaping workshops.
- Conducted a High Water Use Notification Program for residential customers to help them identify ways to reduce their water use.
- Implemented leak detection through meter reader alert program.
- Monitored water waste through coordination with other District departments.

### **Other Accomplishments**

In addition, during the fiscal year 2010, the District:

- Assured the quality of Tri-City area water by conducting approximately 60,000 water quality analyses and complying with all state and federal water quality monitoring regulations.
- Produced the 2009 Water Quality Report and mailed it to nearly 119,000 addresses in the District's service area.
- Was designated a Groundwater Guardian Affiliate by the Groundwater Foundation for the 12<sup>th</sup> straight year.
- Was awarded the National Purchasing Institute's Achievement of Excellence in Procurement Award for the seventh consecutive year.
- Received the Certificate of Achievement of Excellence in Financial Reporting for the 11<sup>th</sup> consecutive year.
- Refinanced the 1998 Water System Refunding Revenue Bonds for a savings of approximately \$4 million.

## **FINANCIAL INFORMATION**

### ***Local Economy***

The local economy of the District service area has approximately mirrored that of nearby Silicon Valley and of the greater Bay Area where there was a boom some 10 years ago at the setting of the “dot.com” era with low unemployment (2-3%) and a healthy industrial base. The recession over the last number of years has caused unemployment to increase (10-11%) and the industrial base to decrease. The economy has stabilized of late but the future recovery period is anticipated to be slow. Even though the District suffered the closure of the New United Motor Manufacturing, Incorporated (NUMMI), an automotive manufacturing plant in Fremont, on April 1, 2010, it is anticipated that new businesses such as Tesla Motors and Solyndra may more than make up the loss in water demand from NUMMI.

### ***Major Future Initiatives***

A key District project over the next six years will be the implementation of the Information Technology Master Plan (ITMP). After extensive effort in 2010 by consultants and District staff, a list of 13 recommendations was developed. Recommendations included upgrades, modifications, or changes to financial software, the customer information system, geographic information systems, laboratory systems, website and social media, servers and system infrastructure, Supervisory Control and Data Acquisition (SCADA) and provisions for business continuity. The total cost of these recommendations is estimated to be \$12 million over the next six years. These projects will improve the effectiveness and efficiency of work processes within the District, as well as provide customers with more options and better service.

### ***Internal Control***

The District’s automated financial reporting system was designed with an emphasis on the importance of internal financial controls, including the proper recording of revenues and expenditures and maintenance of budgetary control for the allocation of available resources. 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.

### ***Financial Policies***

The District has a well established and detailed budget process based on a bi-annual cycle. At the beginning of the cycle, a preliminary budget is developed and adopted by the Board in June. There are subsequent mid-year and mid-cycle reviews and revisions. There are detailed monthly and summary quarterly budget reports that are closely monitored by staff. Administrative guideline procedures allow for reserve fund appropriations and quarterly intra-budget transfers as needed. There are also Board procurement policies with designated approving authority levels based on dollar amount and the nature of the purchase (consulting services, equipment, contract services, outside services, or materials & supplies). As applicable, revenues and capital expenditures are allocated between the General Fund and Facilities Improvement Fund.

### ***Budgetary Control***

The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The District's operating and capital budgets are approved by the Board of Directors. The General Manager has the discretion to transfer appropriations between activities and to approve reserve appropriations within Board authorized procurement limits. All such transfers and reserve appropriations are reported to the Board of Directors on a quarterly basis. Board approval is required for all other increases in appropriations. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained through the use of object codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis.

### ***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 Financial Plan. The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long range water supply strategy necessary to meet projected demands. The CIP includes project schedules and projected costs for production facilities identified in the IRP and other projects to support and maintain water supply and system reliability, public health and water quality, and environmental compliance. The Financial Plan includes short and long range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next ten years. General Fund balances are projected to be positive over the next ten years.

## **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 government, the District's bond holders and the general public. The District contracted with the accounting firm of Macias Gini and O'Connell LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

### ***Award***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the eleventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

*Acknowledgments*

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

Respectfully submitted,



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Walter Wadlow  
General Manager



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Shelley Burgett  
Manager of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alameda County Water District  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "J. R. Emer".

President

A handwritten signature in black ink, clearly legible as "Jeffrey R. Emer".

Executive Director

*Alameda County Water District*

*Board of Directors*

*Martin L. Koller*  
President

*Judy C. Huang*  
Vice President

*James G. Gunther*  
Director

*Glenn E. Reynolds*  
Director

*John H. Weed*  
Director

*Principal Management Personnel*

*Walter Wadlow*  
General Manager

*Robert Shaver*  
Assistant General Manager -Engineering

*Steven Peterson*  
Manager of Operations & Maintenance

*Altarine Vernon*  
Manager of Administrative Services

*Shelley Burgett*  
Manager of Finance

# ALAMEDA COUNTY WATER DISTRICT FUNCTIONAL ORGANIZATIONAL CHART

## BOARD OF DIRECTORS

<b>Office of the General Manager</b>		<b>8</b>
General Manager		1
Administrative Support		2
Water Resources		5

**Total = 222**

<b>Administrative Services</b>		<b>15</b>
Manager of Administrative Svcs		1
Administration		2
Human Resources		3
Information Technology		9

<b>Engineering</b>		<b>43</b>
Assistant General Manager - Eng		1
Administrative Support		4
Development Services		10
Project Engineering		7
Program & Planning Engineering		7
Groundwater Resources		14

<b>Finance</b>		<b>33</b>
Manager of Finance		1
Administrative Support		1
Financial Systems Analysis		1
Financial Services		26
Purchasing/General Services		4

<b>Operations &amp; Maintenance</b>		<b>123</b>
Manager of Operations & Maintenance		1
Administrative Support		4
Distribution Maintenance		42
General Facilities		11
Water Quality		18
Water Production		44
Enviro/Emerg Response Unit		3

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# FINANCIAL SECTION

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

### Independent Auditor's Report

We have audited the accompanying financial statements of the business-type activity and the other post employment benefit trust fund of the Alameda County Water District (District) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements as of June 30, 2009, were audited by other auditors whose opinion dated October 16, 2009 expressed an unqualified opinion on those statements. As discussed in Note 2.K., the District has restated its June 30, 2009 basic financial statements during the current year to properly record impairments to its capital assets and to write-off noncapitalizable assets in conformity with accounting principles generally accepted in the United States of America. The other auditors reported on the year ended June 30, 2009 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements present fairly, in all material respects, the respective financial position of the business-type activity and other post employment benefits trust fund of the District as of June 30, 2010, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

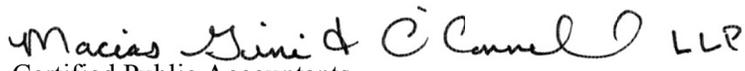
As described in Note 2.N. to the financial statements, during the year ended June 30, 2010, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. In addition, during the year ended June 30, 2009, the District implemented the provisions of the following GASB Statements:

- No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*
- No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*
- No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District. The accompanying introductory section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Certified Public Accountants

Walnut Creek, California  
November 1, 2010

# **Alameda County Water District**

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

### **For the years ended June 30, 2010 and 2009**

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This section of the Alameda County Water District's (District) comparative financial statements presents an analysis of the District's financial performance during the fiscal years ended June 30, 2010 and 2009. This information is presented in conjunction with the audited basic financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2010**

- The District's net assets increased by \$16.1 million or 4.2 percent from \$381.7 million to \$397.8 million.
- Operating revenues decreased by \$3.7 million or 5.8 percent from \$64.0 million to \$60.3 million.
- Operating expenses decreased by \$0.2 million or 0.3 percent from \$68.4 million to \$68.2 million.
- Capital contributions to the District decreased by \$0.7 million or 11.3 percent from \$6.2 million to \$5.5 million.
- The District implemented an 8.8% increase to its commodity rate and service charges effective February 1, 2010.

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

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

#### **REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Assets include information on the District's assets and liabilities 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 Assets identify the District's revenues and expenses for the fiscal years ended June 30, 2010 and 2009. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalents balance for each of the last two fiscal years.

## FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Assets (page 10) and the Statements of Revenues, Expenses and Changes in Net Assets (page 11) 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 assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in financial condition.

### **Government-Wide Financial Statement**

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

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

	2010	2009, as restated	2010 vs. 2009		2008, as restated	2009 vs. 2008	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Current and other assets	\$ 120.1	\$ 117.5	\$ 2.6	2.2%	\$ 118.3	\$ (0.8)	-0.7%
Capital assets	337.7	328.6	9.1	2.8%	321.3	7.3	2.3%
<b>Total assets</b>	<b>457.8</b>	<b>446.1</b>	<b>11.7</b>	<b>2.6%</b>	<b>439.6</b>	<b>6.5</b>	<b>1.5%</b>
Long-term debt	48.3	52.7	(4.4)	-8.3%	54.6	(1.9)	-3.5%
Other liabilities	11.7	13.7	(2.0)	-14.6%	13.6	0.1	0.7%
<b>Total Liabilities</b>	<b>60.0</b>	<b>66.4</b>	<b>(6.4)</b>	<b>-9.6%</b>	<b>68.2</b>	<b>(1.8)</b>	<b>-2.6%</b>
Net assets invested in capital assets, net of related debt	289.5	275.9	13.6	4.9%	266.7	9.2	3.4%
Net assets restricted for debt service	5.2	7.7	(2.5)	-32.5%	7.7	-	0.0%
Unrestricted net assets	103.1	98.1	5.0	5.1%	97.0	1.1	1.1%
<b>Total Net Assets</b>	<b>\$ 397.8</b>	<b>\$ 381.7</b>	<b>\$ 16.1</b>	<b>4.2%</b>	<b>\$ 371.4</b>	<b>\$ 10.3</b>	<b>2.8%</b>

As the above table indicates, total assets increased by \$11.7 million from \$446.1 million to \$457.8 million during the fiscal year ended June 30, 2010. This is comprised of an increase of \$2.6 million in current and other assets and an increase of \$9.1 million in capital assets. The increase in capital assets was primarily from the completion of several capital projects during the year. For the fiscal year ended June 30, 2009, total assets increased by \$6.5 million from \$439.6 million to \$446.1 million. This increase is due primarily to an increase of \$7.3 million in capital assets. The increase in fiscal year ended June 30, 2009, in capital assets reflect favorable operations and planned accumulation of reserves for upcoming major capital projects that are identified in the District's long range Capital Improvement Program. Projects scheduled for the upcoming fiscal year 2011 include Mowry and PT Wellfield improvements and equipment replacements, upgrades at Water Treatment Plant Nos. 1 & 2 and PT Blending Facilities, tank, reservoir and rubber dam seismic upgrades, SCADA system improvements, main replacements, upgrades, and relocations, security improvements at various facilities, fish screen and fish ladder design and construction projects at various groundwater recharge facilities and rubber dams, JD Edwards systems upgrade, information systems master plan update, and replacement of the District's customer information and utility billing system.

## FINANCIAL ANALYSIS OF THE DISTRICT, Continued

For fiscal year ended June 30, 2010, total liabilities reflect a decrease of \$6.4 million due mainly to a reduction in long term debt as a result of refunding of 1998 bonds and scheduled principal payments during the year, and a decrease in accounts payable and accrued expenses. For fiscal year ended June 30, 2009, total liabilities reflect a decrease of \$1.8 million due mainly to scheduled long-term debt principal payments during the year, and a decrease in contractor and customer deposits. These decreases were partially offset by an increase in the amount of outstanding accounts payable and accrued expenses.

Table 1 also indicates that total net assets increased by \$16.1 million from \$381.7 million to \$397.8 million for fiscal year ended June 30, 2010. This increase consists of \$13.6 million in net assets invested in capital assets, net of related debt and \$5.0 million in unrestricted net assets. These increases were offset by a decrease of \$2.5 million in net assets restricted for debt service. For fiscal year ended June 30, 2009, total net assets increased by \$10.3 million due to increases of \$9.2 million in net assets invested in capital assets, net of related debt and \$1.1 million in unrestricted net assets. These figures reflect the District's continued emphasis on improving its capital infrastructure and prudent long range financial planning.

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

	2010	2009	2010 vs. 2009		2008	2009 vs. 2008	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Operating revenues	\$ 60.3	\$ 64.0	\$ (3.7)	-5.8%	\$ 64.0	\$ -	0.0%
Nonoperating revenues	20.8	11.3	9.5	84.1%	12.0	(0.7)	-5.8%
<b>Total Revenues</b>	<b>81.1</b>	<b>75.3</b>	<b>5.8</b>	<b>7.7%</b>	<b>76.0</b>	<b>(0.7)</b>	<b>-0.9%</b>
Depreciation and amortization expense	11.1	11.0	0.1	0.9%	10.8	0.2	1.9%
Other operating expenses	57.1	57.4	(0.3)	-0.5%	51.9	5.5	10.6%
Nonoperating expenses	2.3	2.8	(0.5)	-17.9%	2.9	(0.1)	-3.4%
<b>Total Expenses</b>	<b>70.5</b>	<b>71.2</b>	<b>(0.7)</b>	<b>-1.0%</b>	<b>65.6</b>	<b>5.6</b>	<b>8.5%</b>
<b>Income before capital contributions</b>	<b>10.6</b>	<b>4.1</b>	<b>6.5</b>	<b>158.5%</b>	<b>10.4</b>	<b>(6.3)</b>	<b>-60.6%</b>
Capital contributions	5.5	6.2	(0.7)	-11.3%	4.0	2.2	55.0%
<b>Changes in net assets</b>	<b>16.1</b>	<b>10.3</b>	<b>5.8</b>	<b>56.3%</b>	<b>14.4</b>	<b>(4.1)</b>	<b>-28.5%</b>
Beginning net assets, as restated	381.7	371.4	10.3	2.8%	357.0	14.4	4.0%
<b>Ending net assets</b>	<b>\$ 397.8</b>	<b>\$ 381.7</b>	<b>\$ 16.1</b>	<b>4.2%</b>	<b>\$ 371.4</b>	<b>\$ 10.3</b>	<b>2.8%</b>

The Statements of Revenues, Expenses and Changes in Net Assets identify the various revenue and expense items which impact the change in net assets. As the information in Table 2 indicates, income before capital contributions of \$10.6 million and capital contributions of \$5.5 million were the two items which resulted in an increase of \$16.1 million in net assets by the end of the fiscal year ended June 30, 2010. In the previous fiscal year ended June 30, 2009, income before capital contributions of \$4.1 million and capital contributions of \$6.2 million were the two items which resulted in an increase of \$10.3 million in net assets.

## **FINANCIAL ANALYSIS OF THE DISTRICT, Continued**

For fiscal year ended June 30, 2010, Table 2 indicates that the District's total revenues increased by \$5.8 million or 7.7 percent to \$81.1 million in the fiscal year ended June 30, 2010 from \$75.3 million in the prior year. Decreases in investment income (\$1.6 million), and facilities connection charges (\$3.9 million), were offset by increases in fees, rental and other revenues (\$11.0 million). Investment income was lower due primarily to declining interest rates during the fiscal year. The decrease in development related fees were due to slow activity in new construction projects versus a few particularly large projects completed in the fiscal year ended June 30, 2009. An increase in the level of funding received for other revenue was primarily due to the one-time receipt of \$9.5 million from the Livermore Amador Valley Waste Management Association (LAVWMA) (for more information, see Note 14, page 47). The beginning net assets balance of \$371.4 million as of July 1, 2008 is \$16.6 million less than what was reported previously due to a \$11.1 million restatement related to the impairment of WTP1 and \$5.5 million restatement related to a write off of capitalized O&M costs associated with the District's investment in the Supplemental Water Supply Storage (for more information, see Note 5, page 32). Total expenses decreased by \$0.7 million or 1.0 percent during the fiscal year ended June 30, 2010. This was due primarily to increasing costs in operating expenses including transmission and distribution system maintenance expenses, and administration and general expenses offset with a decrease in its Supplemental Water Supply Storage O&M costs.

For fiscal year ended June 30, 2009, the District's total revenues decreased by \$0.7 million or 0.9 percent to \$75.3 million in the fiscal year ended June 30, 2009 from \$76.0 million in the prior year. Decreases in revenue from water sales (\$1.3 million), investment income (\$1.3 million), fees, rental and other revenues (\$0.6 million) were offset by increases in development related fees including facilities connection charges (\$1.8 million) and property taxes (\$0.7 million). The decrease in water sales revenue was due primarily to an overall reduction in water consumption that was reflective of the economic downturn, and water conservation efforts during the year. Investment income was lower due to lower average cash balances on hand and declining interest rates during the fiscal year. A decrease in the level of funding received from grants and reimbursements from inter-agency projects was the major contributor to the reduction in other revenues. The increase in development related fees was primarily due to accrued facilities connection fees associated with one large residential development. The increase in property tax revenue reflects additional tax revenue received at the end of the fiscal year of the District's portion of the one percent county-wide property tax allocation and increases in the State Water Contract Tax levy to fund increased costs in the groundwater portion of the District's State Water Project costs. Total expenses increased by \$5.6 million or 8.5 percent during the fiscal year June 30, 2009. This was due primarily to increasing costs in operating expenses including distribution system maintenance expenses, water treatment, and administration and general expenses.

## **CAPITAL ASSETS**

As of June 30, 2010, the District's investment in capital assets totaled \$337.8 million, which is an increase of \$9.2 million or 2.8 percent over the capital asset balance of \$328.6 million at June 30, 2009. The increase in capital assets was primarily the result of the completion of several capital projects during the year. In the previous fiscal year, the District's investment in capital assets increased by \$7.4 million or 2.3 percent over the capital asset balance of \$321.2 million at June 30, 2008. Capital assets include all of the District's major capital assets, including infrastructure assets, water treatment facilities, water mains, pipes and storage reservoirs, land, District headquarters and other structures, as well as vehicles and other equipment with a value of \$5,000 or more. A comparison of the District's capital assets over the past three fiscal years is presented in Table 3.

**CAPITAL ASSETS, Continued**

Table 3  
Capital Assets  
(In millions of dollars)

	2010	2009, as restated	2010 vs. 2009		2008, as restated	2009 vs. 2008	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Land	\$ 9.7	\$ 9.7	\$ -	0.0%	\$ 9.7	\$ -	0.0%
Construction in progress	21.6	26.6	(5.0)	-18.8%	20.1	6.5	32.3%
Source of supply	50.1	43.9	6.2	14.1%	43.8	0.1	0.2%
Pumping plant	19.6	19.2	0.4	2.1%	18.9	0.3	1.6%
Water treatment	138.1	129.0	9.1	7.1%	128.2	0.8	0.6%
Transmission and distribution	235.5	228.4	7.1	3.1%	219.1	9.3	4.2%
General	35.9	34.7	1.2	3.5%	33.8	0.9	2.7%
Supplemental water supply storage	20.9	20.9	-	0.0%	20.9	-	0.0%
<b>Subtotal</b>	<b>531.4</b>	<b>512.4</b>	<b>19.0</b>	<b>3.7%</b>	<b>494.5</b>	<b>17.9</b>	<b>3.6%</b>
Less accumulated depreciation/amort.	(193.6)	(183.8)	(9.8)	5.3%	(173.3)	(10.5)	6.1%
<b>Capital Assets (net of depreciation/ amortization)</b>	<b>\$ 337.8</b>	<b>\$ 328.6</b>	<b>\$ 9.2</b>	<b>2.8%</b>	<b>\$ 321.2</b>	<b>\$ 7.4</b>	<b>2.3%</b>

Upon adoption of GASB Statement No. 51, the District identified its supplemental water supply storage as intangible assets and accordingly reclassified these assets as capital assets. In addition, the District restated its beginning balance as of June 30, 2008 in the amount of \$5.5 million to expense noncapitalizable items related to this asset.

Upgrades made to the Water Treatment Plant 1 (WTP1) were completed in 2004 to meet stricter water quality regulations. Due to unforeseen technical difficulties operating the plant, the plant's capacity was reduced from 8 million gallons per day (mgd) to 4 mgd. As a result, the District concluded that the WTP1 is an impaired asset and restated its capital assets in the amount of \$11.1 million as of July 1, 2008. After a number of attempts to address the technical issues, as well as negotiations with the project consultant and contractor, the District filed complaints for damages in April of 2009, and later received settlements in October 2009. The District continues to explore options to restore additional capacity to the plant, and will annually reevaluate the accounting treatment as necessary.

There were several capital projects completed during the fiscal year 2010, including Alameda Reservoir Water Quality Enhancement Project - Phase 2, Mayhew Reservoir lining replacement, Vineyard Heights tank seismic upgrades, Bunting Pond Fish Screen Project Aquifer Reclamation Project (ARP) well upgrades, Rubber Dam 2 Decommissioning, ARP to Desal pipeline Phase 2, various San Francisco Public Utilities Commission Bay Division Pipeline (SFPUC BDPL) #5 related pipeline relocations, and scheduled computer system and network upgrades. In addition to these completed projects, there were also a number of major capital projects that were under construction or in progress as of June 30, 2010. Those projects included the expansion of the Newark Desalination Facility, WTP2 Lox Conversion, PT Blending Chemical Feed Upgrade, Information Technology Master Plan, various water main replacements, upgrades and relocations, and security upgrades at various District facilities.

Major completed projects contributing to the increase in capital assets during fiscal year 2009 include PT Well Pump building improvements, treatment plant upgrades, tank and reservoir seismic upgrades, Hidden Valley Tank electrical upgrades, distribution system seismic improvement study, Bunting Pond Fish Screen Project, Alameda Reservoir Water Quality Enhancement Project - Phase 1, installation of meter test benches and scheduled computer system and network upgrades.

Additional information on the District's capital assets and construction commitments is provided in Note 5 (page 30) of the financial statements.

### **LONG-TERM DEBT**

As of June 30, 2010, the District had \$48.3 million in outstanding debt compared to \$52.7 million on June 30, 2009 and \$54.6 million on June 30, 2008. The decreases in outstanding debt represent principal payments of \$2.5 million and \$1.9 million, respectively in fiscal years ended June 30, 2010 and June 30, 2009, in addition to the activity related to the refunding of the 1998 Water System Refunding Revenue Bonds noted below. Revenues certificates of participation in the amount of \$25 million were issued in November 2003 to fund costs associated with the construction of a desalination facility and associated pipelines and upgrades to the Mission San Jose Water Treatment Plant. The outstanding debt also includes a note payable which was issued in 1993 to fund property acquisition costs and is being paid in annual installments through the year 2011. In October 2009, the District issued \$26.3 million of 2009 Water System Refunding Revenue Bonds at a lower interest rate to refund the 1998 outstanding refunding bonds.

In April 2009, Standard and Poor's, a nationally recognized independent credit rating agency, upgraded the District's bond rating from AA- to AAA, the highest rating available. The AAA rating and low bond refunding rates enabled the District to refinance its outstanding 1998 refunding revenue bonds in October 2009 and to achieve an overall net present value savings in remaining debt service payments in excess of \$3.98 million. The rating upgrade was in part the result of recognition of the District's diverse and ample water supply and the District's positive financial performance.

Additional information on the District's long-term debt is provided in Note 7 (page 35) 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 11, 2009. The approval of a two-year budget provides funding for the District's operating, capital and debt service costs for fiscal years 2010 and 2011. The District's water rates are reviewed by staff and the Board of Directors on an annual basis. Water rates were last adjusted in February 2010 with the implementation of an increase of 8.8 percent. Rate increases over the past five years have been minimal with the District's rates remaining in the lower one-third of thirty other water agencies surveyed in the Bay Area.

### **ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Alameda County Water District's Manager of Finance at P.O. Box 5110, Fremont, CA 94537.

## **BASIC FINANCIAL STATEMENTS**

**Alameda County Water District**  
**Statements of Net Assets**  
**Business-Type Activity - Enterprise Fund**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments (Note 3)	\$ 95,947,200	\$ 91,685,100
Customer and other accounts receivable, net (Note 4)	5,096,500	5,054,100
Accrued unbilled revenue	4,417,200	4,348,400
Taxes receivable	1,261,900	-
Grant receivable	1,794,800	1,120,200
Interest receivable	755,000	975,600
Materials and supplies	2,742,400	2,803,800
Prepaid items	-	92,000
<b>Total unrestricted assets</b>	<b>112,015,000</b>	<b>106,079,200</b>
Restricted investments (Note 3)	5,387,500	7,914,600
<b>Total current assets</b>	<b>117,402,500</b>	<b>113,933,800</b>
<b>Noncurrent assets:</b>		
Polybutylene settlement receivables, long term portion (Note 13)	-	273,600
Debt issuance costs	681,300	736,800
Other post employment benefit asset (Note 11)	2,045,100	2,408,100
<b>Capital assets: (Note 5)</b>		
Nondepreciable	31,294,400	36,253,700
Depreciable, net	306,484,700	292,331,100
<b>Total capital assets</b>	<b>337,779,100</b>	<b>328,584,800</b>
<b>Total noncurrent assets</b>	<b>340,505,500</b>	<b>332,003,300</b>
<b>Total assets</b>	<b>457,908,000</b>	<b>445,997,100</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Note 6)	5,470,400	6,320,900
Accrued payroll and related liabilities (Note 6)	1,815,000	1,637,000
Contractor and customer deposits	2,852,400	1,901,300
Interest payable	156,400	213,900
Deferred revenue	92,100	285,600
Long-term debt - due within one year (Note 7)	1,979,300	1,896,300
<b>Total current liabilities</b>	<b>12,365,600</b>	<b>12,255,000</b>
<b>Long-term liabilities:</b>		
Long-term - accrued payroll and related liabilities (Note 6)	1,362,300	1,228,700
Long-term debt - due in more than one year (Note 7)	46,337,100	50,844,200
<b>Total long-term liabilities</b>	<b>47,699,400</b>	<b>52,072,900</b>
<b>Total liabilities</b>	<b>60,065,000</b>	<b>64,327,900</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	289,462,700	275,844,300
Restricted for debt service	5,231,100	7,700,700
Unrestricted	103,149,200	98,124,200
<b>Total net assets</b>	<b>\$ 397,843,000</b>	<b>\$ 381,669,200</b>

See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Business-Type Activity - Enterprise Fund**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>OPERATING REVENUES:</b>		
Water sales	\$ 56,743,500	\$ 56,777,700
Facilities connection charges	1,768,100	5,703,100
Fees and rental	787,200	819,300
Other	949,900	757,100
<b>Total operating revenues</b>	<b>60,248,700</b>	<b>64,057,200</b>
<b>OPERATING EXPENSES:</b>		
Source of supply:		
Water purchases	14,128,300	14,129,100
Pumping	2,591,700	2,583,400
Other	7,511,000	9,706,400
<b>Total sources of supply</b>	<b>24,231,000</b>	<b>26,418,900</b>
Water treatment	11,297,100	11,022,300
Transmission and distribution	11,997,000	11,284,600
Administration of customer accounts	1,252,100	1,163,100
Administration and general	8,334,500	7,604,600
Depreciation and amortization	10,942,200	10,969,000
<b>Total operating expenses</b>	<b>68,053,900</b>	<b>68,462,500</b>
<b>Operating (loss)</b>	<b>(7,805,200)</b>	<b>(4,405,300)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	2,447,900	4,031,500
Property taxes	7,478,800	7,380,600
LAVWMA settlement (Note 14)	9,464,500	-
Other settlements	1,469,900	-
Loss on disposal of capital assets	(75,400)	(67,100)
Interest expense	(2,297,400)	(2,846,600)
<b>Total nonoperating revenues (expenses)</b>	<b>18,488,300</b>	<b>8,498,400</b>
<b>Income before capital contributions</b>	<b>10,683,100</b>	<b>4,093,100</b>
Capital contributions	5,490,700	6,237,200
<b>Increase in net assets</b>	<b>16,173,800</b>	<b>10,330,300</b>
<b>NET ASSETS:</b>		
Beginning of year, as previously reported	381,669,200	387,942,000
Prior period adjustments (Note 2.K.)	-	(16,603,100)
Beginning of year, as restated	381,669,200	371,338,900
End of year	<b>\$ 397,843,000</b>	<b>\$ 381,669,200</b>

See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District**  
**Statements of Cash Flows**  
**Business-Type Activity - Enterprise Fund**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 61,104,100	\$ 59,409,900
Cash receipts from polybutylene settlement	258,100	243,500
Cash receipts from others	10,934,400	-
Cash payments to suppliers for goods and services	(26,478,800)	(28,081,800)
Cash payments to employees for services	(30,394,400)	(30,713,500)
<b>Net cash provided by operating activities</b>	<b>15,423,400</b>	<b>858,100</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes received	6,216,900	7,787,900
<b>Net cash provided by noncapital financing activities</b>	<b>6,216,900</b>	<b>7,787,900</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>		
Acquisitions of capital assets	(18,294,300)	(12,122,400)
Capital grants received restricted for capital purposes	2,253,500	-
Proceeds from sale of assets	190,500	-
Refunding bonds proceeds	3,009,900	-
Bond issue cost paid	(236,600)	-
Payment to refunded bond escrow agent	(5,371,200)	-
Principal paid on debt	(2,465,000)	(1,973,800)
Interest paid on debt	(1,660,600)	(2,647,100)
<b>Net cash used in capital and related financing activities</b>	<b>(22,573,800)</b>	<b>(16,743,300)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	43,384,900	34,480,000
Purchases of investments	(49,021,700)	(32,932,800)
Investment income received	2,668,500	4,231,100
<b>Net cash provided by (used in) investing activities</b>	<b>(2,968,300)</b>	<b>5,778,300</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,901,800)</b>	<b>(2,319,000)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year, as restated (Note 2.B.)	21,254,200	23,573,200
End of year	\$ 17,352,400	\$ 21,254,200
<b>RECONCILIATION TO STATEMENTS OF NET ASSETS:</b>		
Cash and investments	\$ 95,947,200	\$ 91,685,100
Restricted cash and investments	5,387,500	7,914,600
Less investments not meeting the definition of cash equivalents	(83,982,300)	(78,345,500)
<b>Total cash, restricted cash and investments</b>	<b>\$ 17,352,400</b>	<b>\$ 21,254,200</b>

See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District  
 Statements of Cash Flows, Continued  
 Business-Type Activity - Enterprise Fund  
 For the years ended June 30, 2010 and 2009**

	2010	2009
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (7,805,200)	\$ (4,405,300)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	10,942,200	10,969,000
Other nonoperating revenues	10,934,400	-
Changes in operating assets and liabilities:		
Customer and other accounts receivable	(26,900)	(671,000)
Accrued unbilled revenue	(68,800)	(1,182,000)
Grant receivable	-	(1,035,200)
Materials and supplies	61,400	(861,100)
Prepaid expenses	92,000	(2,427,400)
Polybutylene settlement receivable	258,100	243,500
Net OPEB asset	363,000	
Accounts payable and accrued expenses	(589,500)	1,495,200
Accrued payroll and related liabilities	311,600	491,500
Contractor and customer deposits	951,100	(1,824,600)
Deferred revenue	-	65,500
<b>Net cash provided by operating activities</b>	<b>\$ 15,423,400</b>	<b>\$ 858,100</b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:**

Amortization of premiums and loss on debt refunding	\$ 43,800	\$ 157,700
Payment to refunded bond escrow from bond proceeds	27,590,800	-
Defeasance of Water System Refunding Bonds from bond escrow	(29,593,700)	-
Capital contributions	2,369,100	6,237,200
Changes in capital assets and liabilities:		
Grant receivable	(674,600)	-
Retention payable	(261,000)	-
Deferred revenue	(193,400)	-

**NONCASH INVESTING ACTIVITIES:**

Increase in fair value of investments	49,100	279,200
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See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District**  
**Statements of Plan Net Assets**  
**Fiduciary Fund - Other Post Employment Trust Fund**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and investments (Note 3)	\$ 4,545,700	\$ 3,496,100
Interest receivables	71,400	-
Other asset	<u>4,400</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 4,621,500</u>	<u>\$ 3,496,100</u>
<b>NET ASSETS</b>		
Held in trust for other post employment benefits	<u>\$ 4,621,500</u>	<u>\$ 3,496,100</u>

See accompanying Notes to the Basic Financial Statements.

**Alameda County Water District**  
**Statements of Changes in Plan Net Assets**  
**Fiduciary Fund - Other Post Employment Trust Fund**  
**For the years ended June 30, 2010 and 2009**

	2010	2009
<b>ADDITIONS:</b>		
Investment income	\$ 116,400	\$ -
Employer contributions	2,406,000	5,000,100
<b>Total additions</b>	<b>2,522,400</b>	<b>5,000,100</b>
<b>DEDUCTIONS:</b>		
Benefit payments	1,397,000	1,504,000
<b>Change in net assets</b>	<b>1,125,400</b>	<b>3,496,100</b>
Net assets held in trust for other post employment benefits, beginning of year	3,496,100	-
Net assets held in trust for other post employment benefits, end of year	<b>\$ 4,621,500</b>	<b>\$ 3,496,100</b>

See accompanying Notes to the Basic Financial Statements.

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**Alameda County Water District**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2010 and 2009**

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**1. DESCRIPTION OF THE REPORTING ENTITY**

*A. Description of Operations*

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

*B. Reporting Entity*

The financial reporting entity consists of the Alameda County Water District (the primary government) and its component unit, which is discussed below. Component units are legally separate organizations for which the Board of Directors is financially accountable, or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

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

- The Alameda County Water District Public Facilities Financing Corporation (the Corporation) was established in 1992 to issue debt for the benefit of the District.

Additional financial data for the Alameda County Water District Public Facilities Financing Corporation may be obtained from the Alameda County Water District office at 43885 South Grimmer Boulevard, Fremont, California, 94537.

The financial activities of the Benefit Trust for the Alameda County Water District (OPEB Trust) are blended in the basic financial statements because the OPEB Trust exclusively serves the employees of the District. The OPEB Trust is administered by the OPEB Trust Committee. The Committee is composed of the General Manager, Manager of Finance, Manager of Administrative Services, Financial Services Manager and Supervising Human Resources Analyst and has plenary authority to administer the OPEB Trust.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Enterprise Fund** - 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, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The receivables have been recorded as revenue and provisions have been made for uncollectible amounts. The District has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing GASB Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

**OPEB Trust Fund** - The OPEB Trust Fund accounts for the accumulated resources to be used for other post employment benefit payments.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**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 determined that government securities, medium-term notes and non-negotiable certificates of deposits of \$82,211,700 for 2008 should not have been classified as cash equivalents. As a result of this determination, the Statements of Cash Flows reflect a decrease in cash equivalents from \$103,465,900 to \$21,254,200 at July 1, 2008.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures an Amendment of GASB Statement No. 3*, certain disclosure requirements for deposits and investment risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

***C. Accrued Unbilled Revenue***

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

***D. Materials and Supplies***

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

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

*E. Capital Assets*

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits and overhead. The District was not required to capitalize interest during fiscal years 2010 and 2009. 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 assets. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction in progress primarily relates to upgrades of existing facilities.

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

Structures, reservoirs, pumps and other improvements	20-50 years
Office furniture, tools, shop furniture, lab furniture and equipment	10 years
Motor vehicles	5 years

*F. Long-Term Debt and Related Costs*

Long-term debt is reported at face value, net of applicable premium, discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of the various debt issues and are shown as an asset on the Statement of Net Assets. Losses occurring from advance refunding of debt are deferred and amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

*G. Operating Revenues and Expenses*

Operating revenues and expenses consisted of those revenues 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 assets available, it is the District's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

**H. Property Tax Revenue**

Assessed values are determined annually by the Alameda County Assessor (the County) as of January 1, and become a lien on real property as of the January 1. Taxes are due November 1, and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can only increase the property's assessed valuation by reappraisals of property due to new construction or change. The County can also increase the property's assessed valuation for cost of living increases up to a maximum of 2% per year. Property taxes collected by the taxing authority, but not remitted to the District at year-end, are accrued as revenue and included as taxes receivable. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

**I. Capital Contributions**

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs, which approximated fair value at the time of the District's acquisition, and recorded as capital contributions when received. 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. The funds are also reported as capital contributions on the statement of revenues, expenses and changes in net assets.

**J. Net Assets**

In the Statements of Net Assets, net assets are classified in the following categories:

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

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

Unrestricted- This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**K. Restatement of Net Assets**

Beginning net assets at June 30, 2008 have been reduced by \$11,140,700 for reduced service capacity and other related costs related to the Water Treatment Plant 1 (WTP1) upgrade project (see Note 5.C.). In addition, the District restated the beginning net assets as of June 30, 2008 in the amount of \$5,462,400 to write-off noncapitalizable items related to its supplemental water supply storage asset (see Note 5.B.).

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

**L. 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 and liabilities 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.

**M. Reclassification**

Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

**N. Implementation of New GASB Pronouncements**

In 2010, the District adopted the following new accounting pronouncement:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* - This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Upon adoption of GASB 51, the District identified supplemental water supply storage as intangible assets and accordingly reclassified these assets as capital assets. The amount reclassified to intangible assets at July 1, 2008 was \$17,873,500. See Note 5 for additional information.

In 2009, the District adopted the following new accounting pronouncements:

- GASB Statement No. 43, *Reporting for Postemployment Benefits Plans Other Than Pension Plans* - This statement establishes uniform financial reporting standards for OPEB plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*. The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, with modifications to reflect differences between pension plans and OPEB plans. See Note 11 for additional information.
- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Plans Other Than Pension Plans* - This statement establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports. See Note 11 for additional information.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

*N. Implementation of New GASB Pronouncements, Continued*

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* - This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles* - The objective of this statement is to incorporate the hierarchy of GAAP for state and local governments into GASB's authoritative literature.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* - The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This statement address three issues not included in the authoritative literature that establishes accounting principles - related party transactions, going concern considerations and subsequent events.

**3. CASH AND INVESTMENTS**

The District maintains an internal cash and investment pool in a single enterprise fund. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as cash with fiscal agents. In addition, the District also segregated cash and investments in an OPEB Trust. These investments are restricted to provide for the future payment of other post employment benefits and related expenses.

*A. Summary of Cash and Investments*

	June 30, 2010			June 30, 2009		
	Enterprise Fund	OPEB Trust Fund	Total	Enterprise Fund	OPEB Trust Fund	Total
Cash and bank deposits	\$ 12,588,000	\$ 1,178,200	\$ 13,766,200	\$ 20,176,200	\$ 2,000	\$ 20,178,200
Investments	83,359,200	3,367,500	86,726,700	71,508,900	3,494,100	75,003,000
Unrestricted cash and investments	95,947,200	4,545,700	100,492,900	91,685,100	3,496,100	95,181,200
Restricted cash and bank deposits	146,200	-	146,200	299,700	-	299,700
Restricted investments	5,241,300	-	5,241,300	7,614,900	-	7,614,900
Restricted cash and investments	5,387,500	-	5,387,500	7,914,600	-	7,914,600
Total	\$ 101,334,700	\$ 4,545,700	\$ 105,880,400	\$ 99,599,700	\$ 3,496,100	\$ 103,095,800

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**3. CASH AND INVESTMENTS, Continued**

**B. Authorized Investments**

The District's investment policy is adopted annually by the District's Board in accordance with California Government Code Section 53601, and has as its objectives the following (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 is required in the portfolio's composition.
- **Liquidity:** The portfolio shall remain sufficiently liquid to meet all operating requirements, which might be reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

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

- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- 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 issued by federally chartered or state-chartered banks or associations.
- Medium-term notes issued by corporations organized and operating in the United States.
- United States Treasury notes, bonds, bills or other obligations for which full faith and credit of the United States are pledged for payment.
- The California Asset Management Program (CAMP).

A three-year maximum maturity for each investment is allowed unless an extension of maturity is granted by the District Board.

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

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**3. CASH AND INVESTMENTS, Continued**

*B. Authorized Investments, Continued*

Pursuant to the OPEB Trust document, the OPEB Trust Committee or its appointed investment manager(s) will direct the OPEB Trustee on its investments. At the direction of the OPEB Trust Committee or its appointed investment manager(s), the Trustee may sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever situated, including but not limited to, time deposits, shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, or mutual funds.

*C. Deposits*

The carrying amount of the District's demand deposits were a positive balance of \$703,000 and a positive balance of \$1,356,200 and the bank balances were \$919,500 and \$1,805,800 at June 30, 2010 and 2009, respectively. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balances, \$500,000 were insured by the Federal Deposit Insurance Corporation and the remainder was collateralized by the pledging financial institutions as required by California Government Code at June 30, 2010.

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

*D. Investments*

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

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code and is under the oversight of the Treasurer of the State of California. The fair value of the District's position in the pool is the same as the value of the pool shares.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**3. CASH AND INVESTMENTS, Continued**

*D. Investments, Continued*

The District's investments with LAIF at June 30, 2010 and 2009 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, 2010 and 2009, the District had \$15,249,600 and \$18,348,400, respectively invested in LAIF, which had invested 5.42% and 14.71% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The District valued its investments in LAIF as of June 30, 2010 and 2009, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.001643776 and 1.001304743 as of June 30, 2010 and 2009, respectively.

As of June 30, 2010 and 2009, the District's investment in the CAMP pool was \$1,253,600 and \$1,249,900, respectively. The total amount invested by all public agencies in CAMP at that date was \$2,468,345,700 and \$2,855,536,800, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at anytime, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool.

*E. Investment Risks*

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed three years. Specific maturities of investments depend on liquidity needs.

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

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian Bank of the West Treasury Operations.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**3. CASH AND INVESTMENTS, Continued**

*F. Summary of Cash and Investments*

As of June 30, 2010, the District had the following investments and maturities:

Investment Type	Credit Quality Ratings Moody's/S&P	Fair Value	Maturities (in years)		
			1 year or less	1-2 years	2-3 years
<b>Enterprise Fund:</b>					
Unrestricted cash and investments:					
U.S. Government Agencies securities:					
Federal Farm Credit Bank	Aaa/AAA	\$ 13,455,000	\$ 5,160,300	\$ -	\$ 8,294,700
Federal Home Loan Bank	Aaa/AAA	23,797,300	8,857,600	4,218,200	10,721,500
Medium-term notes:					
Berkshire Hathaway Finance Corp	Aa2/AA-	2,658,400	-	1,183,300	1,475,100
General Electric Capital Corp	Aa2/AA+	12,498,300	4,128,600	5,236,400	3,133,300
JPMorgan Chase & Co.	Aa3/A+	1,013,300	1,013,300	-	-
MassMutual Global Funding	Aa2/AA	1,044,100	-	-	1,044,100
Pfizer Inc.	A1/AA	4,219,800	-	4,219,800	-
Wells Fargo Bank N.A.	Aa2/AA-	8,169,800	4,210,200	-	3,959,600
Local Agency Investment Funds	Unrated/Unrated	15,249,600	15,249,600	-	-
California Asset Management Program	Unrated/AAAm	1,253,600	1,253,600	-	-
Total unrestricted investments		83,359,200	39,873,200	14,857,700	28,628,300
Non-negotiable certificates of deposit with:					
Fremont Bank	n/a	9,885,000	2,385,000	7,500,000	-
U.S. Bank	n/a	2,000,000	-	2,000,000	-
Demand deposits	n/a	703,000	703,000	-	-
Total unrestricted cash and investments		\$ 95,947,200	\$ 42,961,200	\$ 24,357,700	\$ 28,628,300
Restricted investments:					
Government securities money					
market mutual funds	Aaa/AAAm	\$ 146,200	\$ 146,200	\$ -	\$ -
Federal Home Loan Bank	Aaa/AAA	5,241,300	-	2,715,600	2,525,700
Total restricted investments		\$ 5,387,500	\$ 146,200	\$ 2,715,600	\$ 2,525,700
<b>OPEB Trust Fund:</b>					
Cash and investments:					
Medium-term notes:					
General Electric Capital Corp	Aa2/AA+	\$ 3,367,500	\$ 3,367,500	\$ -	\$ -
Non-negotiable certificates of deposit with:					
Bank of the West	n/a	1,170,000	1,170,000	-	-
Demand deposits	n/a	8,200	8,200	-	-
Total cash and investments		\$ 4,545,700	\$ 4,545,700	\$ -	\$ -

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**3. CASH AND INVESTMENTS, Continued**

*F. Summary of Cash and Investments, Continued*

As of June 30, 2009, the District had the following investments and maturities:

Investment Type	Credit Quality Ratings Moody's/S&P	Fair Value	Maturities (in years)		
			1 year or less	1-2 years	2-3 years
<b>Enterprise Fund:</b>					
Unrestricted cash and investments:					
U.S. Government Agencies securities:					
Federal Farm Credit Bank	Aaa/AAA	\$ 9,596,900	\$ 4,338,900	\$ 5,258,000	\$ -
Federal Home Loan Bank	Aaa/AAA	17,417,200	4,076,100	9,053,000	4,288,100
Medium-term notes:					
Atlantic Richfield BPLN	Aa1/AA	1,148,300	-	-	1,148,300
Bank of America	A2/A	3,582,500	3,582,500	-	-
General Electric Capital Corp	Aa2/AA+	12,098,500	2,734,300	4,194,600	5,169,600
JPMorgan Chase & Co.	Aa3/A+	1,019,900	-	1,019,900	-
Wal-Mart Stores	Aa2/AA	2,772,000	2,772,000	-	-
Wells Fargo Bank N.A.	A1/AA-	4,275,300	-	4,275,300	-
Local Agency Investment Funds	Unrated/Unrated	18,348,400	18,348,400	-	-
California Asset Management Program	Unrated/AAAm	1,249,900	1,249,900	-	-
Total unrestricted investments		71,508,900	37,102,100	23,800,800	10,606,000
Non-negotiable certificates of deposit with:					
Bank of the West	n/a	2,800,000	2,800,000	-	-
Fremont Bank	n/a	5,020,000	3,720,000	1,300,000	-
U.S. Bank	n/a	11,000,000	11,000,000	-	-
Demand deposits	n/a	1,356,200	1,356,200	-	-
Total unrestricted cash and investments		\$ 91,685,100	\$ 55,978,300	\$ 25,100,800	\$ 10,606,000
Restricted investments:					
Government securities money					
market mutual funds	Aaa/AAAm	\$ 299,700	\$ 299,700	\$ -	\$ -
Federal Home Loan Bank	Aaa/AAA	7,614,900	7,614,900	-	-
Total restricted investments		\$ 7,914,600	\$ 7,914,600	\$ -	\$ -
<b>OPEB Trust Fund:</b>					
Cash and investments:					
Medium-term notes:					
General Electric Capital Corp	Aa2/AA+	\$ 3,494,100	\$ 3,494,100	\$ -	\$ -
Demand deposits	n/a	2,000	2,000	-	-
Total cash and investments		\$ 3,496,100	\$ 3,496,100	\$ -	\$ -

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**4. CUSTOMER AND OTHER ACCOUNTS RECEIVABLE**

Customer and other accounts receivable were as follows:

	2010	2009
Utility service	\$ 3,371,000	\$ 3,958,900
Groundwater replenishment	51,500	49,700
Current portion of polybutylene settlement	273,600	258,100
Other	1,417,300	807,100
Allowance for doubtful accounts	(16,900)	(19,800)
<b>Total customer and other accounts receivables, net</b>	<b>\$ 5,096,500</b>	<b>\$ 5,054,000</b>

The customer and other receivable balance represents accrued receivables for customer installation jobs. In accordance with the District's significant accounting policy for accrued unbilled revenue, the 2009 balance representing accrued receivables for customer installation jobs was reclassified by \$2.9 million from unbilled revenue.

The District retains customer deposits for new customer installation jobs and reports these deposits as customer deposit, a liability, until the job is complete. The District made a reclassification to the 2009 balance in the amount of \$2.3 million to reduce the receivable and the related customer deposits for jobs completed in June 2009.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**5. CAPITAL ASSETS**

**A. Summary of Capital Asset Activity**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009, as restated	Additions	Retirements	Transfers	Balance June 30, 2010
Capital assets, not being depreciated/amortized:					
Land	\$ 9,700,500	\$ 24,300	\$ -	\$ -	\$ 9,724,800
Construction in progress	26,553,200	17,935,300	-	(22,918,900)	21,569,600
Capital assets, not being depreciated/amortized	<u>36,253,700</u>	<u>17,959,600</u>	<u>-</u>	<u>(22,918,900)</u>	<u>31,294,400</u>
Capital assets, being depreciated/amortized:					
Source of supply	43,851,800	11,300	-	6,253,200	50,116,300
Pumping plant	19,254,600	134,400	-	257,900	19,646,900
Water treatment	129,055,600	28,900	-	9,027,200	138,111,700
Transmission and distribution	228,418,400	1,046,800	(738,100)	6,732,700	235,459,800
General	34,660,500	1,221,400	(620,800)	647,900	35,909,000
Supplemental water supply storage	20,859,600	-	-	-	20,859,600
Capital assets, being depreciated/amortized	<u>476,100,500</u>	<u>2,442,800</u>	<u>(1,358,900)</u>	<u>22,918,900</u>	<u>500,103,300</u>
Less accumulated depreciation/amortization:					
Source of supply	(31,597,300)	(1,484,600)	-	-	(33,081,900)
Pumping plant	(11,560,400)	(721,900)	-	-	(12,282,300)
Water treatment	(32,563,400)	(1,786,500)	-	-	(34,349,900)
Transmission and distribution	(89,269,000)	(5,008,800)	485,500	-	(93,792,300)
General	(15,105,800)	(1,253,000)	607,500	-	(15,751,300)
Supplemental water supply storage	(3,673,500)	(687,400)	-	-	(4,360,900)
Less accumulated depreciation/amortization	<u>(183,769,400)</u>	<u>(10,942,200)</u>	<u>1,093,000</u>	<u>-</u>	<u>(193,618,600)</u>
Capital assets, being depreciated/amortized, net	<u>292,331,100</u>	<u>(8,499,400)</u>	<u>(265,900)</u>	<u>22,918,900</u>	<u>306,484,700</u>
<b>Total capital assets, net</b>	<u>\$ 328,584,800</u>	<u>\$ 9,460,200</u>	<u>\$ (265,900)</u>	<u>\$ -</u>	<u>\$ 337,779,100</u>

The District had various active construction projects during the fiscal year 2010 including the following:

Fishery Studies	\$ 1,314,900
Headquarter Facility Expansion Study	1,776,200
WTP2 LOX Conversion	926,300
Dev of Main Repl	718,900
PT Blending Chemical Feed Upgrade	309,200
Desal Fac PH2 Expansion	10,436,100
Rubber Dam 1 Fish Ladder	312,200
Desal Facility RO Membrane Replacement	400,000
Bay Division Pipeline #5 Crossing	766,000
Various other active projects (individually less than \$280,000)	3,238,200
Customer installation jobs	1,371,600
<b>Total</b>	<u>\$ 21,569,600</u>

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**5. CAPITAL ASSETS, Continued**

*A. Summary of Capital Asset Activity, Continued*

At June 30, 2010, the District had construction commitments for the acquisition and construction of capital assets in the amount of \$12,333,000.

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008, as restated	Additions	Retirements	Transfers	Balance June 30, 2009, as restated
Capital assets, not being depreciated/amortized:					
Land	\$ 9,676,700	\$ 23,800	\$ -	\$ -	\$ 9,700,500
Construction in progress	20,059,900	15,323,300	(83,800)	(8,746,200)	26,553,200
Capital assets, not being depreciated/amortized	29,736,600	15,347,100	(83,800)	(8,746,200)	36,253,700
Capital assets, being depreciated/amortized:					
Source of supply	43,782,700	9,100	-	60,000	43,851,800
Pumping plant	18,946,300	7,300	-	301,000	19,254,600
Water treatment	128,247,200	125,300	(22,800)	705,900	129,055,600
Transmission and distribution	219,097,800	1,984,300	(343,000)	7,679,300	228,418,400
General	33,818,000	1,034,300	(191,800)	-	34,660,500
Supplemental water supply storage	20,859,600	-	-	-	20,859,600
Capital assets, being depreciated/amortized	464,751,600	3,160,300	(557,600)	8,746,200	476,100,500
Less accumulated depreciation/amortization:					
Source of supply	(30,086,300)	(1,511,000)	-	-	(31,597,300)
Pumping plant	(10,849,500)	(710,900)	-	-	(11,560,400)
Water treatment	(29,880,900)	(2,689,200)	6,700	-	(32,563,400)
Transmission and distribution	(85,246,100)	(4,251,700)	228,800	-	(89,269,000)
General	(14,178,000)	(1,118,800)	191,000	-	(15,105,800)
Supplemental water supply storage	(2,986,100)	(687,400)	-	-	(3,673,500)
Less accumulated depreciation/amortization	(173,226,900)	(10,969,000)	426,500	-	(183,769,400)
Capital assets, being depreciated/amortized, net	291,524,700	(7,808,700)	(131,100)	8,746,200	292,331,100
<b>Total capital assets, net</b>	<b>\$ 321,261,300</b>	<b>\$ 7,538,400</b>	<b>\$ (214,900)</b>	<b>\$ -</b>	<b>\$ 328,584,800</b>

Depreciation and amortization expense for capital assets for the year ended June 30, 2010 and 2009 were \$10,942,200 and \$10,969,000, respectively.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**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. As of June 30, 2010, Semitropic's total capital component cost was \$203 million adjusted annually by the Construction Costs Index. Under the two agreements, the District's combined share of the total Capital Component Cost is a 15% vesting in the program. 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.

During the year ended June 30, 2010, the District re-evaluated the capitalized costs associated with this asset and determined that the costs accumulated for the ongoing maintenance should have been charged to expense as incurred. As a result, the District wrote off \$5,462,400 of its net supplemental water supply storage asset balance as of June 30, 2008.

The agreements terminate in November 2035. The costs of the District's water storage are amortized over the remaining life of the agreement. The District recognized amortization expense in the amount of \$687,400 for the years ended June 30, 2010 and June 30, 2009.

With the adoption of GASB Statement No. 51, the District reviewed its assets and determined that its supplemental water supply storage asset should be reclassified as an intangible asset. As a result, the net amount reclassified as intangible assets as of July 1, 2008 was \$17,873,500.

The District had a storage allocation of 150,000 acre-feet and had approximately 110,087 and 116,291 acre feet of water at June 30, 2010 and 2009, respectively.

***C. Water Treatment Plan 1 Impairment***

The Water Treatment Plant 1 (WTP1) capital project was initiated in 2000 to meet stricter regulations in water quality. The capital improvements included seismic retrofit, upgrades to the chemical facility and installation of ultra filtration cartridges and were substantially complete in October 2004. The upgrades to the facility would meet stricter water quality regulations while maintaining the existing operating capacity of 8 million gallons per day (mgd). Due to unforeseen circumstances, the ultra filtration process was compromised due to organic carbon reducing the operating capacity down to 4 mgd.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**5. CAPITAL ASSETS, Continued**

*C. Water Treatment Plan 1 Impairment (Continued)*

During the fiscal year ended June 30, 2010, the District received settlements from contractors in the amount of \$900,000 which prompted the District to evaluate its WTP1 capital project expenditures. The District concluded that its capital asset was impaired and restated its capital assets and net assets in the amount of \$11,140,700 as of July 1, 2008 as follows:

Loss in service utility	\$ 7,222,500
Depreciation expense from October 2004 through June 2008	1,635,600
Design and construction costs of membrane filtration	<u>2,282,600</u>
<b>Total prior period adjustment</b>	<b><u><u>\$ 11,140,700</u></u></b>

Over the next 12 to 24 months the District will be working with an outside contractor with the current facility design to potentially restore portions of the operating capacity that was impaired.

**6. ACCOUNTS PAYABLE AND ACCRUED PAYROLL**

Accounts payable and accrued expenses were as follows:

	<u>2010</u>	<u>2009</u>
Vendors	\$ 4,027,700	\$ 4,473,300
Retention payable	122,100	383,100
Installer's reimbursement	1,186,500	1,348,100
Other	<u>134,100</u>	<u>116,400</u>
<b>Total</b>	<b><u><u>\$ 5,470,400</u></u></b>	<b><u><u>\$ 6,320,900</u></u></b>

The District assesses and collects acreage and footage fees from developers which are included in accounts payable and accrued expenses as installers' reimbursement. Installers' reimbursement funds are designated to reimburse certain developers for a portion of the cost as defined by the District, of oversized mains, main extensions, and storage tanks constructed or installed by them at the request of the District. The terms of the agreements provide that such costs are reimbursable over a period of up to ten years out of certain cash receipts collected from contractors subsequently connecting to those previously installed mains. Such receipts are deposited in a cash deposits account separately for transmittal to the developers. The amount of such receipts, which had not been remitted as of June 30, 2010 and 2009, were \$1,186,500 and \$1,348,100, 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.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**6. ACCOUNTS PAYABLE AND ACCRUED PAYROLL (Continued)**

Accrued payroll and related liabilities were as follows:

	<u>2010</u>	<u>2009</u>
Accrued payroll	\$ 1,126,100	\$ 988,900
Accrued vacation	1,617,500	1,441,200
Accrued leave and other	<u>433,700</u>	<u>435,600</u>
<b>Total</b>	3,177,300	2,865,700
Less current portion	<u>(1,815,000)</u>	<u>(1,637,000)</u>
Long-term portion	<u><u>\$ 1,362,300</u></u>	<u><u>\$ 1,228,700</u></u>

Accrued vacation activity is as follows:

	<u>2010</u>	<u>2009</u>
Balance beginning of year	\$ 1,441,200	\$ 1,221,200
Additions	1,488,500	1,371,700
Reductions	<u>(1,312,200)</u>	<u>(1,151,700)</u>
<b>Balance, end of year</b>	<u><u>\$ 1,617,500</u></u>	<u><u>\$ 1,441,200</u></u>

Current portion of accrued vacation, leave and other is approximated by averaging the compensation balances paid out over the past 3 fiscal years.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**7. LONG-TERM DEBT**

Long-term debt activities for the year ended June 30, 2010 were as follows:

Description	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Amounts Due Within One Year	Amounts Due Over One Year
1998 Water System Refunding						
Revenue Bonds	\$ 29,340,000	\$ -	\$ (29,340,000)	\$ -	\$ -	\$ -
Unamortized discount and deferred loss on refunding	(1,842,400)	-	1,842,400	-	-	-
2003 Certificates of Participation	25,000,000	-	-	25,000,000	-	25,000,000
Unamortized premium	183,900	-	(9,700)	174,200	9,700	164,500
2009 Water System Refunding	-	26,340,000	(2,465,000)	23,875,000	1,990,000	21,885,000
Unamortized premium	-	1,250,700	(68,900)	1,181,800	118,100	1,063,700
Unamortized deferred loss on refunding	-	(2,095,800)	122,200	(1,973,600)	(197,500)	(1,776,100)
Note payable	59,000	-	-	59,000	59,000	-
<b>Total</b>	<b>\$ 52,740,500</b>	<b>\$ 25,494,900</b>	<b>\$ (29,919,000)</b>	<b>\$ 48,316,400</b>	<b>\$ 1,979,300</b>	<b>\$ 46,337,100</b>

Long-term debt activities for the year ended June 30, 2009 were as follows:

Description	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Amounts Due Within One Year	Amounts Due Over One Year
1998 Water System Refunding						
Revenue Bonds	\$ 31,255,000	\$ -	\$ (1,915,000)	\$ 29,340,000	\$ 1,995,000	\$ 27,345,000
Unamortized discount and deferred loss on refunding	(2,009,800)	-	167,400	(1,842,400)	(167,400)	(1,675,000)
2003 Certificates of Participation	25,000,000	-	-	25,000,000	-	25,000,000
Unamortized premium	193,600	-	(9,700)	183,900	9,700	174,200
Note payable	117,800	-	(58,800)	59,000	59,000	-
<b>Total</b>	<b>\$ 54,556,600</b>	<b>\$ -</b>	<b>\$ (1,816,100)</b>	<b>\$ 52,740,500</b>	<b>\$ 1,896,300</b>	<b>\$ 50,844,200</b>

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

**1998 Water System Refunding Revenue Bonds and 2009 Water System Revenue Bonds**

On December 1, 1998, the District issued \$46,650,000 of refunding revenue bonds (the 1998 Revenue Bonds) to refund the 1992 and 1995 Water System Project Certificates of Participation (the Certificates). The installment Bonds have interest rates ranging from 3.5% to 4.75% and are payable in installments ranging from \$1,635,000 to \$3,400,000 through June 1, 2020. The 1998 Revenue Bonds are payable solely from and secured by the revenues received from the operation of the District's water system.

On September 30, 2009, the District refinanced its 1998 Revenue Bonds with a remaining debt service of \$29,340,000 carrying interest rates ranging from 4.3% to 4.75%. The 2009 Water System Refunding Revenue Bonds were issued in the amount of \$26,340,000 with interest rates ranging from 2.0% to 5% payable in annual installments through June 1, 2020. The Bonds were sold for the total price of \$27,485,500; equal to \$26,340,000 par amount, plus \$1,250,700 in original issue premium paid by investors less \$105,400 underwriter's discount. The 1998 Revenue Bonds were redeemed on November 13, 2009.

The 2009 Water System Revenue 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 at least sufficient to yield in each fiscal year net revenues equal to 125 percent of the debt service for such fiscal year, plus any amount necessary to restore the bond reserve fund to the reserve requirement. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid from the bonds is \$28,054,800. Principal and interest paid for the current year and total water net revenues were \$2,921,100 and \$56,743,500, respectively.

The refunding of the 1998 Revenue Bonds resulted in an accounting deferred loss of \$578,700 combined with the unamortized refunding costs from the 1998 refunding of \$1,517,100 to be amortized annually through June 1, 2020. The 2009 refunding of the 1998 revenue bonds will result in annual savings of interest payments over the remaining life of the bonds ranging from \$437,000 to \$699,000 and a net present value savings to the District in debt service of \$3,983,500.

The debt service requirements for the 2009 Revenue bonds at June 30, 2010 were as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,990,000	\$ 674,100	\$ 2,664,100
2012	2,030,000	634,300	2,664,300
2013	2,075,000	593,700	2,668,700
2014	2,335,000	531,400	2,866,400
2015	2,395,000	473,100	2,868,100
2016-2020	13,050,000	1,273,200	14,323,200
<b>Total</b>	<b>\$ 23,875,000</b>	<b>\$ 4,179,800</b>	<b>\$ 28,054,800</b>

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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

**2003 Certificates of Participation**

In November 2003, the District issued \$25,000,000 of Revenues Certificates of Participation (2003 COP Bonds). The District had built a desalination facility and associated pipelines and upgraded its Mission San Jose Water Treatment Plant treatment process to an ultra filtration membrane process (Project). The District has used the net proceeds and reimbursed itself for these and related capital cost. The Certificates have interest rates ranging from 4.6% to 5.25% and they are payable in installments ranging from \$2,615,000 to \$3,695,000 starting from 2021 through 2028. The 2003 COP Bonds are payable solely from and secured by the revenues received from the operation of the District's water system. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$42,675,400. Principal and interest paid for the current year and total net water revenues were \$1,202,900 and \$56,743,500, respectively.

The debt service requirements for the bonds at June 30, 2010 were as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 1,202,900	\$ 1,202,900
2012	-	1,202,900	1,202,900
2013	-	1,202,900	1,202,900
2014	-	1,202,900	1,202,900
2015	-	1,202,900	1,202,900
2016 - 2020	-	6,014,700	6,014,700
2021 - 2025	14,445,000	4,628,400	19,073,400
2026 - 2028	10,555,000	1,017,800	11,572,800
<b>Total</b>	<b>\$ 25,000,000</b>	<b>\$ 17,675,400</b>	<b>\$ 42,675,400</b>

**Note Payable**

In 1993, the District entered into a financial agreement to purchase certain properties. The District issued a note payable in the amount of \$1,000,000 which matured in August 2010, which bears no interest and the last installment in the amount of \$59,000 was paid in August 2010.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**8. RISK MANAGEMENT**

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

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

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

The District's deductibles and maximum coverage as of June 30, 2010 are as follows:

Coverage Description	Deductibles	Insurance Coverage
General Liability	\$ 50,000	\$ 10,000,000
Automobile	50,000	10,000,000
Excess Liability	-	10,000,000
Property	50,000	67,735,833
Workers' compensation	-	Statutory
Employee Dishonesty	-	400,000

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**9. COMMITMENTS**

In 1961, the District entered into a contract with the State of California (the State) to purchase water through the year 2035. After the initial term, the contract is renewable indefinitely by the District under essentially the same conditions as the original contract upon six months prior written notice to the State. The District's actual water usage for fiscal years 2010 and 2009 were approximately 18,000 and 22,800 acre-feet, respectively. The maximum entitlement will be 42,000 acre-feet during fiscal year 2010 and thereafter. In any year when the entitlement is in excess of the District's needs, the State will attempt to sell such excess and credit the District. The costs to the District for water purchased under this contract for fiscal years 2010 and 2009 were approximately \$5,041,800 and \$5,921,500, respectively, and were charged to operations as incurred.

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

The District's commitment under the State water contract will remain in effect until 2036 or until the cost of the State's facilities is recovered, whichever is longer. The commitment is subject to increase in future years as a result of additional improvements of higher-than-anticipated operating costs, and is projected by the State to be \$160,284,600 as of June 30, 2010 which was based on June 30, 2010 amount provided by the State.

Year Ending June 30,	State Water Purchase Commitment
2011	\$ 6,267,100
2012	6,847,600
2013	6,613,900
2014	6,228,900
2015	6,317,000
2016-2020	32,133,500
2021-2025	31,773,200
2026-2030	31,357,600
2031-2035	29,775,900
2036-2036	2,969,900
Total Water Purchase	<u>\$ 160,284,600</u>

The District entered into a contract with the San Francisco Water Department (SFWD) in June 1984. That contract was renewed in July 2009 to purchase certain minimum amounts of water over another 25-year period. The costs to the District for water purchased under this contract for fiscal years 2010 and 2009 were approximately \$9,086,500 and \$8,207,600, respectively, and were charged to operations as incurred. The District is obligated under the term of the agreement to make a minimum purchase of 8,567 acre-feet of water per year through 2034 at the then-current cost of water. In the event that the SFWD is unable to supply sufficient water to all users, the available water will be apportioned among the users ratably, with the District liable only for water actually delivered. For fiscal year 2010, the estimated cost of the minimum purchase commitment was approximately \$6,529,200. In fiscal year 2011, the District expects to purchase 13,470 acre-feet of water for a total price of approximately \$11,520,100.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**10. PENSION PLANS**

**A. *Plan Description***

The District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and District resolution. Copies of CalPERS' annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, California 95814. A separate report for the District's Plan within CalPERS is not available.

Effective January 1, 2009, the District implemented an employer paid member contribution (EPMC) plan for employees in its Management, Confidential and Professional group. Under this plan, the District picks up 1.5% of the eligible employees normal contribution to CalPERS (8%) and reports it as additional contribution. Effective July 1, 2009 the additional contribution percentage increased by 1% for a total District EPMC pickup of 2.5%. For fiscal year 2010 and 2009, the District's EPMC was \$243,000 and \$69,100, respectively.

**B. *Funding Policy***

Active plan members are required by state statute to contribute 8% of their annual covered salary. The District was required to contribute for fiscal years 2010 and 2009 at an actuarially determined rate of 19.932% and 19.210% of annual covered payroll for the District's employees, which amounted to \$3,750,800 and \$3,481,100 for the years ended June 30, 2010 and 2009.

**C. *CalPERS Three-Year Phase-In***

In response to the current financial market volatility that has impacted the CalPERS trust fund and future employer rates, CalPERS Board has adopted a new smoothing policy which will be implemented in the June 30, 2009 valuation. CalPERS will implement a three-year phase-in of the 2008-2009 investment loss because it is expected that three years will be a sufficient length of time for the economy to recover.

**D. *Annual Pension Cost***

For fiscal year 2010 and 2009, the District's annual pension cost of \$3,750,800 and \$3,481,100 for CalPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2007 and June 30, 2006 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.25% to 14.45% and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**10. PENSION PLANS, Continued**

unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and amortized over a rolling 30 year period

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 3,209,700	100%	\$ -
2009	3,481,100	100%	-
2010	3,750,800	100%	-

**E. Funding Status as of the Most Recent Actuarial Date**

The District contributes to the CalPERS, as an agent multiple - employer public employee defined benefit pension plan. The amounts reflected herein represent the District's portion as reported by CalPERS.

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)/ Excess Assets	Funded Ratio	Annual Covered Payroll	(UAAL)/ Excess Assets As Percentage of Covered Payroll
6/30/2008	\$ 136,495,200	\$ 112,276,100	\$ (24,219,100)	82.3%	\$ 17,106,000	141.6%

Actuarial valuations for June 30, 2010 and 2009 are not available.

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

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

Effective January 1, 1997, the District established and administered the Alameda County Water District 401(a) Plan (the Plan), a defined contribution plan. The Plan provides retirement benefits to District employees. The employees vest upon joining the Plan. The District has agreed to contribute to the employee's accounts to match the employees' Internal Revenue Code Section 457 contributions up to a specified amount. The District contributed \$57,200 and \$55,500 in fiscal years 2010 and 2009, respectively, as required under the District's Management, Confidential and Professional (MCP) employee compensation schedule. Effective January 1, 2004, the District's matching calendar year contribution to the 401(a) plan was discontinued in accordance with the Memorandum of Understanding (MOU) for United Public Employees Local 1021, AFL-CIO employees.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**11. OTHER POST EMPLOYMENT BENEFITS**

*A. Plan Description*

In addition to the pension benefits described in Note 10, the District provides health plan coverage for eligible retirees and their dependents pursuant to CalPERS Health Benefit Program eligibility requirements. The District’s OPEB Plan is a single employer defined benefit plan. The District does not issue a separate report on its OPEB Plan.

In March 2009, the Board adopted a self-administered Other Postemployment Benefits (OPEB) Trust Account to fund the District’s OPEB obligations. The OPEB Trust Account is operated and administered by the District for the exclusive benefit of eligible retirees and their qualified dependents and survivors for other non-pension post employment benefits, including medical, dental, vision, and life insurance. Contributions to the Trust Account are irrevocable, and assets under the Trust may not be diverted for any purpose other than funding the District’s OPEB liability for eligible persons.

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

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

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

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

*A. Plan Description, Continued*

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

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

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

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

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

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 \$2,000 benefit for union retirees and a flat \$4,000 benefit for other retirees. All employees hired on or after April 1, 2009, shall not be eligible for retiree life insurance.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

*A. Plan Description, Continued*

In fiscal year 2009, the District implemented GASB Statement No. 45, which provides for recognition of the estimated cost of non-pension, other post-employment benefits (OPEB). In March 2009, the District adopted a self-administered OPEB Trust Account to fund its OPEB obligations. Contributions to the trust are irrevocable and are used for the sole purpose of funding the District's OPEB liability. The trust is tax-exempt to the maximum extent allowed under Internal Revenue Service code section 115.

*B. Funding Policy*

The OPEB Trust is funded through District contributions and any gains/losses as a result of investments. The District is required to disclose the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) as a level percentage of payroll over a period not to exceed 30 years. Contributions to the OPEB Trust are determined by the OPEB Trust Committee. A total of 162 retirees participated in the plan as of June 30, 2010.

The District's funding policy is to fund the ARC. As of the June 30, 2007 actuarial valuation, the District's fiscal years 2010 and 2009 ARC rate is 15.6% of covered payroll.

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

The District's annual OPEB cost (AOC) is equal to (a) the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, less (b) one year's interest on the beginning balance of the net OPEB asset, and plus (c) an adjustment to ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actual liabilities or funding excess amortized over thirty years. The District's annual ARC and AOC were determined as part of the June 30, 2007 actuarial valuation.

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

	2010	2009
Normal Cost	\$ 880,000	\$ 852,000
UAAL Amortization	1,796,000	1,740,000
Annual Required Contribution	2,676,000	2,592,000
Interest on Net OPEB Asset	(66,000)	-
Adjustments to Net OPEB Asset	159,000	-
Annual OPEB Cost (AOC)	2,769,000	2,592,000
Contributions made	(2,406,000)	(5,000,100)
Change in Net OPEB Asset	363,000	(2,408,100)
Net OPEB Asset, beginning of year	(2,408,100)	-
Net OPEB Asset, end of year	\$ (2,045,100)	\$ (2,408,100)

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

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

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

Year Ended	Annual OPEB Cost	Contributions Made	Percentage of OPEB Cost Contributed	Net OPEB Asset
06/30/2009	\$ 2,592,000	\$ 5,000,100	193%	\$ 2,408,100
06/30/2010	2,769,000	2,406,000	87%	2,045,100

**D. Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the funded status of the Plan was as follows:

Actuarial accrued liability (AAL)	\$ 32,915,000
Actuarial value of plan assets	3,496,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 29,419,000</u>
Funded ratio (actuarial value of plan assets/AAL)	10.6%
Annual covered payroll (active plan members)	\$ 17,175,000
UAAL as a percentage of annual covered payroll	171.3%

**E. Actuarial Methods and Assumptions**

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

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

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

*E. Actuarial Methods and Assumptions, Continued*

Significant actuarial assumptions are as follows:

	June 30, 2007 Valuation	June 30, 2009 Valuation
Valuation date:	June 30, 2007	June 30, 2009
ARCs:	2008/2009 and 2009/2010	2010/2011 and 2011/2012
Discount rate:	Select and ultimate discount rate based on prefunding through separate trust and then moving to CERBT in 2011/2012: 2008/09 2.75% ; 2009/10 2.75% ; 2010/11 2.75% and 2011/12+ 7.75%.	Same
Healthcare trend:	Rates of 9.7% to 10.9% trending to 4.5% in year 2017+	Rates of 8.4% to 9.3% trending to 4.5% in year 2017+
Cost method:	Entry Age Normal	Same
Amortization method:	Level percentage of payroll	Same
Funding policy:	District contributes full ARC to Trust	Same
Actuarial value of assets:	N/A	Assets gains/losses recognized over 5 years; Shorter period but same method as CalPERS Pension; and Corridor 80% of 120% of market value.
Amortization period:	Amortized over fixed 30-year period beginning 2008/2009	28-year fixed (closed) period for initial UAAL from 06/30/2010; 20-year closed period for plan changes; 15-year closed period for method and assumption changes.

**12. 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 losses, if any, are expected to be covered by insurance. District officials are of the opinion that none of these lawsuits will have a material adverse effect on the District's financial position.

**Alameda County Water District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2010 and 2009**

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**13. POLYBUTYLENE SETTLEMENT**

In April 1996, the District filed a complaint for damages caused by defective polybutylene water service laterals installed in the District's water distribution system. The defendants sued are polybutylene resin producers, pipe extruders, fitting manufactures, and water works suppliers. In March 2001, the District settled with all defendants for approximately \$6,861,400 and dismissed the case. As of June 30, 2010, the District received cumulative settlements totaling \$6,599,800. In addition, the District will receive the present value of \$1,450,000 payable in five annual installments through August 1, 2010. For 2010 and 2009, this receivable is included as other accounts receivable in the amount of \$273,600 and \$258,100 for the current portion. Polybutylene settlement receivable was \$273,600 for the long-term portion, in the accompanying statements at June 30, 2009.

**14. LIVERMORE AMADOR VALLEY WATER MANAGEMENT AGENCY**

The Livermore Amador Valley Water Management Authority (LAVWMA) is a joint powers agency consisting of the Dublin San Ramon Services District (DSRSD) and the cities of Livermore and Pleasanton. LAVWMA owns and operates a pipeline system to export secondary treated effluent from the City of Livermore and DSRSD's wastewater treatment plants to the East Bay Discharger Association collector with ultimate discharge to San Francisco Bay. In wet weather, rain water enters the LAVWMA collection system and storage is used if necessary to prevent any system overflows to Alamo Canal, a tributary to Alameda Creek. To support the growth in the Tri-Valley, LAVWMA has proposed a pipeline expansion and rehabilitation project of their existing export pipeline of secondary treated effluent. With the intent to preserve the integrity of the District's groundwater basins, on December 10, 1998 the Board approved a memorandum of understanding (MOU) between Livermore Amador Valley Water Management Agency and Alameda County Water District. The MOU agreement was made to ensure that ACWD customers are "made whole" with respect to the direct and indirect impacts of the LAVWMA project.

In November 2009 the District received \$9.4 million from LAVWMA to terminate the 1998 MOU agreement.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Alameda County Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedules of Funding Progress**  
**For the years ended June 30, 2010 and 2009**

**1. DEFINED BENEFIT PENSION PLAN**

The District contributes to CalPERS, as an agent multiple-employer public employee defined benefit pension plan. The amounts reflected herein represent the District's portion as reported by CalPERS.

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)/ Excess Assets	Funded Ratio	Annual Covered Payroll	(UAAL)/ Excess Assets As Percentage of Covered Payroll
6/30/2006	\$ 116,680,100	\$ 95,041,100	\$ (21,639,000)	81.5%	\$ 16,322,600	132.6%
6/30/2007	126,703,400	104,872,700	(21,830,700)	82.8%	15,948,900	136.9%
6/30/2008	136,495,200	112,276,100	(24,219,100)	82.3%	17,106,000	141.6%

Actuarial valuations for June 30, 2010 and 2009 are not available.

**2. OTHER POST EMPLOYMENT BENEFITS**

In fiscal year 2009, the District implemented GASB Statement No. 45, which provides for recognition of the estimated cost of non-pension, other post-employment benefits (OPEB). In March 2009, the District adopted a self-administered OPEB Trust to fund its OPEB obligations. Contributions to the OPEB Trust are irrevocable and are used for the sole purpose of funding the District's OPEB liability.

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	(Unfunded) Liability - (UAAL)/ Excess Assets	Funded Ratio	Annual Covered Payroll	(UAAL)/ Excess Assets As Percentage of Covered Payroll
6/30/2007	\$ 31,538,000	\$ -	\$ (31,538,000)	0.0%	\$ 16,634,000	189.6%
6/30/2009	32,915,000	3,496,000	(29,419,000)	10.6%	17,175,000	171.3%

Closed group actuarial cost method.

# STATISTICAL SECTION

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# STATISTICAL SECTION

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

<b>Index</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	52
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenues source, the water revenues. Also included in this section is information on the District's second significant source of local revenues, the property tax.	54
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	59
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	60
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	62

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

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>OPERATING REVENUES:</b>										
Water Sales	\$ 40,559	\$ 42,097	\$ 42,833	\$ 48,350	\$ 47,469	\$ 53,355	\$ 57,285	\$ 58,087	\$ 56,778	\$ 56,744
Facilities Connection Charges	8,662	3,177	1,982	1,849	3,864	3,589	3,276	3,874	5,703	1,768
Other Revenue	1,311	1,396	1,516	3,301	3,691	1,963	4,021	2,090	1,576	1,738
<b>TOTAL OPERATING REVENUES</b>	<b>50,532</b>	<b>46,670</b>	<b>46,331</b>	<b>53,500</b>	<b>55,024</b>	<b>58,907</b>	<b>64,582</b>	<b>64,051</b>	<b>64,057</b>	<b>60,250</b>
<b>OPERATING EXPENSES:</b>										
Source of Supply										
Water Purchases	8,659	9,003	9,435	9,532	9,529	9,616	12,985	14,211	14,129	14,128
Pumping	1,714	2,208	2,749	2,604	2,980	2,617	2,666	2,574	2,583	2,592
Other	3,423	4,219	4,440	6,096	6,523	6,002	6,303	6,783	9,707	7,511
Water Treatment	4,677	5,714	6,003	8,944	8,786	9,936	9,732	10,097	11,022	11,297
Transmission and Distribution	4,342	6,865	8,153	9,986	9,423	9,753	10,311	10,089	11,285	11,997
Admin. of Customer Accounts	2,605	2,527	2,526	1,040	995	957	1,056	1,076	1,163	1,252
Administration and General	7,476	4,671	6,175	3,733	4,151	5,310	5,286	6,210	7,605	8,335
Depreciation and Amortization	8,693	8,780	8,960	9,952	9,926	10,402	10,698	10,811	10,968	10,942
<b>TOTAL OPERATING EXPENSES</b>	<b>41,589</b>	<b>43,987</b>	<b>48,441</b>	<b>51,887</b>	<b>52,313</b>	<b>54,593</b>	<b>59,037</b>	<b>61,851</b>	<b>68,462</b>	<b>68,054</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Investment Income	6,503	3,731	2,602	1,162	1,608	2,524	4,537	5,344	4,032	2,448
Property Taxes	4,488	4,779	4,867	4,849	1,778	2,575	5,820	6,657	7,381	7,479
Other Revenues (1)	6,861	-	-	-	-	-	-	-	-	10,934
Other Expenses/Loss on Disposal	(2,109)	(2,144)	(3,927)	(2,702)	(3,287)	(2,827)	(2,943)	(2,897)	(2,915)	(2,373)
<b>TOTAL NONOPERATING REVENUES (EXPENSES):</b>	<b>15,743</b>	<b>6,366</b>	<b>3,542</b>	<b>3,309</b>	<b>99</b>	<b>2,272</b>	<b>7,414</b>	<b>9,104</b>	<b>8,498</b>	<b>18,488</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>6,105</b>	<b>3,238</b>	<b>2,306</b>	<b>2,416</b>	<b>2,547</b>	<b>4,185</b>	<b>4,796</b>	<b>3,988</b>	<b>6,237</b>	<b>5,490</b>
<b>INCREASE IN NET ASSETS</b>	<b>\$ 30,791</b>	<b>\$ 12,287</b>	<b>\$ 3,738</b>	<b>\$ 7,338</b>	<b>\$ 5,357</b>	<b>\$ 10,771</b>	<b>\$ 17,755</b>	<b>\$ 15,292</b>	<b>\$ 10,330</b>	<b>\$ 16,174</b>
% Water Rate Increase	3.00	5.00	7.00	7.00	7.00*	5.00*	9.00	4.50	6.00	9.00
<b>Number of Employees (2)</b>	<b>201</b>	<b>206</b>	<b>210</b>	<b>217</b>	<b>218</b>	<b>218</b>	<b>212</b>	<b>214</b>	<b>214</b>	<b>219</b>

(1) Polybutylene Settlement in FY 2000/01.

(2) Active employees as of June 30, 2010.

Source: Alameda County Water District Finance Department

\*Excludes 6.5% Supplemental Temporary Water Rate Increase

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

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09*	2009/10
<b>NET ASSETS:</b>										
Invested in capital assets, net of related debt	\$209,696	\$229,151	\$249,640	\$244,634	\$249,646	\$252,840	\$255,535	\$260,757	\$275,844	\$289,463
Restricted for debt service	3,653	5,187	5,163	7,700	7,679	7,768	7,781	7,662	7,701	5,231
Unrestricted	104,053	95,351	78,624	88,432	86,797	94,287	109,334	119,523	98,124	103,149
<b>TOTAL NET ASSETS:</b>	<b>\$317,402</b>	<b>\$329,689</b>	<b>\$333,427</b>	<b>\$340,766</b>	<b>\$344,122</b>	<b>\$354,895</b>	<b>\$372,650</b>	<b>\$387,942</b>	<b>\$381,669</b>	<b>\$397,843</b>

Note: \* The District restated its 2009 net assets balance to reflect an impairment of its Water Treatment Plant 1, the impact of the GASB No. 51 implementation and an adjustment to the District's accumulated supplemental water supply storage capitalized costs.

Source: Alameda County Water District Finance Department

**Table 3**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF PROPERTY TAX LEVIES/COLLECTIONS (Unaudited)**  
**(in thousands)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Levies:</b>										
1% Tax Allocation	\$ 2,350	\$ 2,516	\$ 2,727	\$ 2,809	\$ 286 *	\$ 488 *	\$ 3,418	\$ 3,615	\$ 3,622	\$ 3,541
State Water Contract Tax	1,633	1,810	1,707	1,546	1,182	1,696	2,079	2,516	3,071	2,803
General Obligation Bonds Tax	---	---	---	---	---	---	---	---	---	---
<b>Total</b>	<b>\$ 3,983</b>	<b>\$ 4,326</b>	<b>\$ 4,434</b>	<b>\$ 4,355</b>	<b>\$ 1,468</b>	<b>\$ 2,184</b>	<b>\$ 5,497</b>	<b>\$ 6,131</b>	<b>\$ 6,693</b>	<b>\$ 6,344</b>
 <b>Collections:</b>										
Percentage of Collection of Levies (%)	\$ 4,488	\$ 4,779	\$ 4,867	\$ 4,849	\$ 1,778	\$ 2,575	\$ 5,820	\$ 6,670	\$ 7,788	\$ 6,217
	113%	110%	110%	111%	121%	118%	106%	109%	116%	98%

Source: Alameda County Water District Finance Department

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

**Table 4**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF ASSESSED VALUATION (Unaudited)**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2000/01	\$ 26,105,939,120	\$ 17,337,768	\$ 2,552,641,580	\$ 28,675,918,468
2001/02	28,743,038,716	28,080,044	3,131,946,742	31,903,065,502
2002/03	30,891,676,323	27,497,959	3,052,603,653	33,971,777,935
2003/04	32,948,035,785	17,470,774	2,770,386,806	35,735,893,365
2004/05	34,731,705,104	21,597,932	2,418,796,146	37,172,099,182
2005/06	37,453,608,546	20,099,348	2,556,504,207	40,030,212,101
2006/07	40,105,911,869	17,558,718	2,559,157,694	42,682,628,281
2007/08	42,888,413,868	5,811,812	2,616,332,300	45,510,557,980
2008/09	44,849,291,852	5,619,780	2,750,418,121	47,605,329,753
<b>2009/10</b>	<b>43,825,950,148</b>	<b>5,619,780</b>	<b>3,047,425,230</b>	<b>46,878,995,158</b>

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

**Table 5**  
**ALAMEDA COUNTY WATER DISTRICT**  
**Ten Year Summary of Secured Tax Charges and Delinquencies (Unaudited)**  
**Fiscal Years 2000/01 to 2009/10**

<u>Fiscal Year</u>	<u>Secured Tax Charge (1)</u>	<u>Amount Delinquent June 30</u>	<u>Percent Delinquent June 30</u>
2000/01	\$ 2,044,460	\$ 46,993	2.30 %
2001/02	2,241,157	65,216	2.91
2002/03	2,391,411	68,162	2.85
2003/04	1,454,886	23,490	1.61
2004/05	1,110,317	17,309	1.56
2005/06	1,665,269	27,862	1.67
2006/07	2,036,916	61,287	3.00
2007/08	2,460,175	93,254	3.80
2008/09	2,998,338	109,318	3.65
<b>2009/10</b>	<b>2,544,379</b>	<b>63,744</b>	<b>2.51</b>

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

Source: Alameda County Auditor-Controller

**Table 6**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF SCHEDULE OF WATER RATES-BIMONTHLY READINGS & BILLINGS (Unaudited)**

	Eff. 2/1 2001	Eff. 1/1 2002	Eff. 1/1 2003	Eff. 1/1 2004	Eff. 1/1 2005	Eff. 1/1 2006	Eff. 2/1 2007	Eff. 2/1 2008	Eff. 2/1 2009	Eff. 2/1 2010
<b>COMMODITY CHARGE/HCF:</b>										
Inside District	\$ 1.552	\$ 1.630	\$ 1.744	\$ 1.866	\$ 1.997	\$ 2.096	\$ 2.285	\$ 2.388	\$ 2.531	\$ 2.754
Outside District	1.785	1.875	2.006	2.146	2.296	2.410	2.627	2.745	2.910	3.166
San Francisco	1.597	1.677	1.794	1.955	2.002	2.102	2.292	2.395	2.682	2.918
<b>BIMONTHLY METER SERVICE CHARGE:</b>										
Inside District & SF Water Service										
5/8" & 3/4"	\$ 8.90	\$ 8.90	\$ 9.30	\$ 9.60	\$ 9.60	\$ 10.08	\$ 10.08	\$ 10.08	\$ 10.68	\$ 11.62
1	13.75	13.75	13.75	13.75	13.75	14.44	14.44	14.44	15.31	16.66
1-1/2	24.30	24.30	24.30	24.30	24.30	25.52	25.52	25.52	27.05	29.43
2	34.85	34.85	34.85	34.85	34.85	36.59	36.59	36.59	38.79	42.20
3	132.15	132.15	132.15	132.15	132.15	138.76	138.76	138.76	147.09	160.03
4	184.30	191.40	191.40	191.40	191.40	200.97	200.97	200.97	213.03	231.78
6	420.00	462.00	462.00	462.00	462.00	485.10	485.10	485.10	514.21	559.46
8	615.00	676.50	676.50	676.50	676.50	710.33	710.33	710.33	752.95	819.21
10	1,040.00	1,144.00	1,144.00	1,209.00	1,209.00	1,269.45	1,269.45	1,269.45	1,345.62	1,464.03
Outside District Water Service										
5/8" & 3/4"	\$ 10.20	\$ 10.20	\$ 10.65	\$ 11.00	\$ 11.00	\$ 11.59	\$ 11.59	\$ 11.59	\$ 12.28	\$ 13.36
1	15.80	15.80	15.80	15.80	15.80	16.61	16.61	16.61	17.61	19.16
1-1/2	27.90	27.90	27.90	27.90	27.90	29.35	29.35	29.35	31.11	33.84
2	40.05	40.05	40.05	40.05	40.05	42.08	42.08	42.08	44.61	48.53
3	151.95	151.95	151.95	151.95	151.95	159.57	159.57	159.57	169.15	184.03
4	211.90	220.10	220.10	220.10	220.10	231.12	231.12	231.12	244.98	266.55
6	483.00	531.30	531.30	531.30	531.30	557.87	557.87	557.87	591.34	643.38
8	707.25	778.00	778.00	778.00	778.00	816.88	816.88	816.88	865.89	942.09
10	1,196.00	1,315.60	1,315.60	1,390.35	1,390.35	1,459.87	1,459.87	1,459.87	1,547.46	1,683.63
<b>BIMONTHLY CHARGE FOR PRIVATE FIRE SERVICES:</b>										
4" or less	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
6	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20
8	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
10	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80	28.80
12	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60	33.60
16	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20

Source: Alameda County Water District Finance Department

**Table 7**  
**ALAMEDA COUNTY WATER DISTRICT**  
**LARGEST DISTRIBUTION WATER REVENUE ACCOUNTS (Unaudited)**  
**TEN YEAR HISTORY**  
(1=Highest to 10=Lowest)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Fremont Unified School District	4	3	3	3	3	3	3	2	1	1
City of Fremont	3	2	2	2	2	2	2	3	2	2
Prologis Trust	6	7	6	6	6	6	5	4	3	3
New United Motor Manufacturing, Inc.	1	1	1	1	1	1	1	1	4	4
Western Digital Technologies	-	-	-	-	5	4	4	5	5	5
City of Union City	9	-	10	8	9	8	6	6	6	6
Contempo Homeowners Association	5	5	5	5	-	5	7	7	9	7
Equity Residential Properties Trust	-	-	-	-	7	-	-	-	8	8
Newark Unified School District	8	4	8	9	8	9	8	8	7	9
Solyndra Inc.	-	-	-	-	-	-	-	-	-	10
City of Newark	-	-	-	4	4	-	10	10	10	-
HMT Technology	2	-	-	-	-	-	-	-	-	-
Read-Rite Corporation	7	8	4	-	-	-	-	-	-	-
Union City Townhouse Association	10	-	-	-	-	-	-	-	-	-
Equity Residential Properties Trust	-	6	7	7	10	10	9	9	-	-
Agilent Technologies	-	9	-	-	-	-	-	-	-	-
Lam Research	-	10	9	-	-	-	-	-	-	-
New Haven School District	-	-	-	10	-	-	-	-	-	-
MMC Technology	-	-	-	-	-	7	-	-	-	-

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Source: Alameda County Water District Finance Department

**Table 8**  
**ALAMEDA COUNTY WATER DISTRICT**  
**HISTORICAL and PROJECTED REVENUES, OPERATING EXPENSES and DEBT SERVICE COVERAGE**  
**Fiscal Years 2005/06 - 2014/15 (Unaudited)**  
**(in thousands)**

	Actual					Projected				
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenues</b>										
Water Sales	\$ 53,355	\$ 57,285	\$ 58,087	\$ 56,778	\$ 56,743	\$ 63,572	\$ 68,015	\$ 72,376	\$ 76,971	\$ 81,546
Investment Income	2,524	4,537	5,344	4,031	2,448	2,270	2,293	2,335	2,426	1,711
Property Taxes (1)	2,575	5,820	6,657	7,381	7,479	7,621	8,208	8,557	8,219	8,345
Development Fees	3,589	3,276	3,873	5,703	1,768	3,828	4,120	4,415	5,655	6,307
Other Revenue (5)	1,963	4,021	2,090	1,576	1,738	4,109	2,449	4,447	1,613	1,639
<b>Total Revenues</b>	<b>64,006</b>	<b>74,939</b>	<b>76,051</b>	<b>75,469</b>	<b>70,176</b>	<b>81,400</b>	<b>85,085</b>	<b>92,130</b>	<b>94,884</b>	<b>99,548</b>
<b>Expenses</b>										
Power Costs	2,617	2,666	2,574	2,583	2,592	3,587	3,359	3,460	3,563	3,670
Other Operating Expenses (2)	7,336	4,451	8,247	13,010	9,334	8,776	7,678	7,816	7,995	8,201
Labor Costs (3)	24,475	28,050	25,854	31,360	31,069	33,428	35,986	38,278	40,384	41,812
Purchased Water (4)	9,616	12,985	14,211	14,129	14,128	18,078	19,628	22,059	23,961	25,311
Aquifer Reclamation Costs	147	187	154	88	40	63	-	-	-	-
<b>Total Expenses</b>	<b>44,191</b>	<b>48,339</b>	<b>51,040</b>	<b>61,170</b>	<b>57,163</b>	<b>63,932</b>	<b>66,651</b>	<b>71,613</b>	<b>75,903</b>	<b>78,994</b>
<b>Net Revenues</b>	<b>\$ 19,815</b>	<b>\$ 26,600</b>	<b>\$ 25,011</b>	<b>\$ 14,299</b>	<b>\$ 13,013</b>	<b>\$ 17,468</b>	<b>\$ 18,434</b>	<b>\$ 20,517</b>	<b>\$ 18,981</b>	<b>\$ 20,555</b>
<b>Maximum Annual Debt Service on Revenue Certificates and Bond</b>										
1998 Refunding Revenue Bond	\$ 3,358	\$ 3,361	\$ 3,360	\$ 3,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003 Certificates of Participation	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
2009 Refunding Revenue Bonds	-	-	-	-	2,921	2,664	2,664	2,669	2,866	2,868
<b>Total Debt Service</b>	<b>\$ 4,561</b>	<b>\$ 4,564</b>	<b>\$ 4,563</b>	<b>\$ 4,562</b>	<b>\$ 4,124</b>	<b>\$ 3,867</b>	<b>\$ 3,867</b>	<b>\$ 3,872</b>	<b>\$ 4,069</b>	<b>\$ 4,071</b>
<b>Ratio of Net Revenues to Maximum Annual Debt Service on Revenue Certificates</b>	<b>4.34x</b>	<b>5.83x</b>	<b>5.48x</b>	<b>3.13x</b>	<b>3.16x</b>	<b>4.52x</b>	<b>4.77x</b>	<b>5.30x</b>	<b>4.66x</b>	<b>5.05x</b>

Notes:

- (1) Includes the effects of the 85% State take-away of Ad-Valorem tax revenues for year 2006. This table demonstrates historical and projected debt service coverage taking into account the inclusion of property taxes collected by the District, while also taking into account expenses paid for by such taxes.
- (2) Includes annual inflationary increase of 3.00% beginning in 2011.
- (3) Includes fringe benefits and annual inflationary increase as relevant beginning in 2011. OPEB cost included beginning FY 2008/09.
- (4) Per contract schedule.
- (5) Included certain one-time grants, reimbursements of shared projects, property sales, and a mitigation payment.

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

**Table 9  
LARGEST EMPLOYERS WITHIN THE DISTRICT (Unaudited)**

**CITY OF FREMONT<sup>(1)</sup>**

<u>Employer</u>	<u>2009</u>		<u>Employer</u>	<u>2000</u>	
	Number of <u>Employees</u>	Percent of <u>Employment</u> Total		Number of <u>Employees</u>	Percent of <u>Employment</u> Total
New United Motor Mfg., Inc.	4,311	4.27 %	New United Motor Mfg., Inc.	4,700	4.28 %
Washington Hospital	2,201	2.18	Lam Research	1,347	1.23
Fremont Unified School Dist.	1,535	1.52	City of Fremont	1,200	1.09
Boston Scientific	1,100	1.09	Sysco Food Services	1,100	1.00
Seagate Magnetics	969	0.96	HMT Technology Corp.	1,050	0.96
Western Digital	919	0.91	Ohlone College	750	0.68
AXT, Inc.	888	0.88	Synnex Info Technologies	600	0.55
Lam Research	848	0.84	Smart Modular Tech, Inc.	571	0.52
Office Depot	828	0.82	Walters & Wolf Glass Co.	550	0.50
Oplink Communications	828	0.82	Lucky Stores, Inc.	530	0.48
<b>Total City Employment</b>	<b>100,963</b>		<b>Total City Employment</b>	<b>109,856</b>	

**CITY OF UNION CITY<sup>(2)</sup>**

<u>Employer</u>	<u>2009</u>		<u>Employer</u>	<u>2000</u>	
	Number of <u>Employees</u>	Percent of <u>Employment</u> Total		Number of <u>Employees</u>	Percent of <u>Employment</u> Total
New Haven USD	1,154	3.70 %	Southern Wine & Spirits	650	1.93 %
Southern Wine & Spirits	725	2.32	Wal-Mart	450	1.34
Wal-Mart	580	1.86	American Licorice	365	1.08
San Francisco Chronicle	425	1.36	Apria Health Care	350	1.04
City of Union City	353	1.13	San Francisco Chronicle	300	0.89
Aldworth Company	345	1.11	U.S. Food Service	300	0.89
Dreyer's Grand Ice Cream	295	0.95	Orcon Corp.	225	0.67
Masonic Homes	294	0.94	Coca-Cola Bottling Company	225	0.67
Caravan Trading Company	292	0.94	Radisson Hotel	211	0.63
American Licorice	260	0.83	U.S. Pipe Foundry	211	0.63
<b>Total City Employment</b>	<b>31,200</b>		<b>Total City Employment</b>	<b>33,675</b>	

**CITY OF NEWARK<sup>(3)</sup>**

<u>Employer</u>	<u>2009</u>		<u>Employer</u>	<u>2000</u>	
	Number of <u>Employees</u>	Percent of <u>Employment</u> Total		Number of <u>Employees</u>	Percent of <u>Employment</u> Total
Newark Unified School Dist	700	3.44 %	Sun Microsystems	2,000	9.09 %
City of Newark	333	1.63	Ross Stores	1,000	4.54
WorldPac	280	1.37	Solectron Corp.	500	2.27
Full Bloom Baking Company	280	1.37	Hewlett Packard	450	2.04
Risk Management Solutions	270	1.33	BT Office Products	365	1.66
Smart Modular Technologies	249	1.22	Ingram Micro	320	1.45
Cargill Salt	182	0.89	ADVO	300	1.36
Valassis (formerly ADVO)	166	0.81	Nordstrom, Inc.	275	1.25
Corporate Express	154	0.76	Pacific Link	260	1.18
Home Depot	129	0.63	Cargill Salt	230	1.04
<b>Total City Employment</b>	<b>20,377</b>		<b>Total City Employment</b>	<b>22,010</b>	

Note: (1) Number of Employees and Percent of Total Employment unavailable for 2010.  
 (2) Number of Employees and Percent of Total Employment unavailable for 2010.  
 (3) Number of Employees and Percent of Total Employment unavailable for 2010.

Source: (1) Year 2009- City of Fremont, CAFR FY 2008/09, Year 2000 - Fremont Chamber of Commerce, Oct 2000  
 (2) Year 2009 - City of Union City, CAFR FY 2008/09, Year 2000 - Union City Chamber of Commerce, Oct 2000  
 (3) Year 2009- City of Newark, CAFR FY 2008/09, Year 2000 - City of Newark Economical DevDiv, Oct 2000  
 Year 2000 Total City Employment - U.S. Department of Labor, Bureau of Labor Statistics

**Table 10**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)**

Calendar Year	Population As of 1/1 (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2000	310,999	\$ 55,790,773	\$38,458	2.8 %
2001	317,930	56,121,667	38,147	3.8
2002	322,532	55,316,772	37,755	5.3
2003	323,275	56,424,129	38,712	5.4
2004	322,473	59,339,211	40,915	4.6
2005	323,123	62,166,468	42,974	4.0
2006	324,210	66,325,334	45,689	3.5
2007	326,873	70,761,435	48,679	3.7
2008	330,186	73,159,586	49,757	4.9
2009	333,881	N/A	N/A	8.5

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

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

**Table 11**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF PROPERTY, PLANT & EQUIPMENT (Unaudited)**  
**(in thousands)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>UTILITY PLANT:</b>										
Land	\$ 9,658	\$ 9,658	\$ 9,594	\$ 9,594	\$ 9,628	\$ 9,668	\$ 9,654	\$ 9,677	\$ 9,701	\$ 9,725
Source of Supply	38,922	39,128	41,799	41,946	42,190	42,572	43,152	43,783	43,852	50,116
Pumping Plant	16,469	17,107	17,534	17,580	18,284	18,313	18,803	18,946	19,255	19,647
Water Treatment	78,861	79,823	88,904	89,059	109,157	114,030	114,777	115,024	115,833	138,112
Transmission and Distribution	177,343	187,157	192,584	200,209	205,417	211,317	218,371	219,098	228,418	235,460
General	19,354	19,432	19,779	24,771	27,781	32,613	33,274	33,818	34,661	35,909
Construction in Progress	14,806	30,663	39,556	53,788	36,846	31,112	34,908	42,788	49,281	21,570
	355,413	382,968	409,750	436,947	449,303	459,625	472,939	483,134	501,001	510,539
Less Accumulated Depreciation	107,149	115,080	123,166	132,188	141,019	149,976	161,939	168,605	178,051	189,258
<b>NET UTILITY PLANT</b>	<b>\$ 248,264</b>	<b>\$ 267,888</b>	<b>\$ 286,584</b>	<b>\$ 304,759</b>	<b>\$ 308,284</b>	<b>\$ 309,649</b>	<b>\$ 311,000</b>	<b>\$314,529</b>	<b>\$ 322,950</b>	<b>\$321,281</b>

Note:

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

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

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

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

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

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

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

Intangible assets are excluded.

Source: Alameda County Water District Finance Department

**Table 12**  
**ALAMEDA COUNTY WATER DISTRICT**  
**TEN YEAR SUMMARY OF WATER DEMAND**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>Million Gallons Per Day (MGD)</u>
2000/01	46.96
2001/02	45.35
2002/03	45.29
2003/04	46.45
2004/05	43.22
2005/06	44.23
2006/07	44.66
2007/08	43.80
2008/09	42.80
<b>2009/10</b>	<b>38.43</b>

Source: Alameda County Water District Finance Department