AMADOR WATER AGENCY

AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

June 30, 2023 and 2022

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AND COMPLIANCE REPORTS

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Amador Water Agency
Sutter Creek, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Amador Water Agency (the Agency), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Amador Water Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Amador Water Agency

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency basic financial statements. The accompanying combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 7, 2023

Amador Water Agency
Management Discussion & Analysis
Years Ended June 30, 2023 and 2022

The following Management's Discussion and Analysis (MD&A) of financial performance of Amador Water Agency (the "Agency") provides an overview of the Agency's financial activities for the years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by $6,320,929 to $65,849,547 for the year ended June 30, 2023, and increased by $1,747,755 for the year ended June 30, 2022.
- Total revenues increased from $16,842,652 to $22,555,337 from the year ended June 30, 2022, to the year ended June 30, 2023 primarily due to an increase in operating revenues and an increase in grant revenue. During the year ended June 30, 2022, revenues had decreased by $3,734,736 primarily due to a decrease in grant revenues.
- Total expenses increased from $15,094,897 to $16,234,408 from the year ended June 30, 2022, to the year ended June 30, 2023 primarily due to rising costs for transmission and distribution, water treatment, maintenance and depreciation. During the year ended June 30, 2022, expenses had increased by $240,787 due to rising costs.

FINANCIAL STATEMENT OVERVIEW

This section provides an introduction and a brief description of the Agency's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The Agency's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements.

The statement of net position includes all Agency assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. Net position is displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency.

The statement of revenues, expenses and changes in net position presents information which shows how the Agency's net position changed during the year. All current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the Agency's operations over the past year and determines whether the Agency has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the Agency's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operations

- Capital and related financing
- Noncapital financing
- Investing

This statement differs from the statement of revenues, expenses, and changes in net position as the statement of cash flows only accounts for transactions that result in cash receipts or cash disbursements.

Lastly, the notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL ANALYSIS

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar, to accounting methods used by most private sector companies. All current year revenues and expenses are recognized regardless of when the cash is received or paid. Together, these two statements report the Agency's net position and the associated change during the reporting year. The Agency's net position – the difference between assets and liabilities – is a useful way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors should also be considered such as changes in economic conditions, population, zoning, natural disasters, and government legislation, such as changes in Federal and State water quality standards.

STATEMENT OF NET POSITION (CONDENSED)

The following presents a condensed Statement of Net Position for the Agency as of June 30, 2023, 2022, and 2021:

	2023	2022	2021 Restated
Other assets and capital assets			
Current Assets	$ 8,732,870	$ 4,561,592	$ 3,852,731
Noncurrent Assets:			
Restricted assets	3,635,689	3,491,626	2,965,630
Due from the City of Plymouth	2,459,332	2,514,187	2,569,042
Capital assets, net	108,031,871	106,197,331	106,740,338
Total other assets and capital assets	122,859,762	116,764,736	116,127,741
Deferred outflows of resources	3,965,185	2,568,638	2,405,204
Liabilities			
Current liabilities	4,145,064	3,354,045	4,186,028
Long-term liabilities	49,756,546	48,335,073	52,065,972
Total liabilities	53,901,610	51,689,118	56,252,000
Deferred inflows of resources	7,073,790	8,115,638	4,500,082
Net Position			
Net Investment in capital assets	69,467,956	67,903,066	69,143,166
Restricted	5,193,747	5,148,423	4,721,167
Unrestricted	(8,812,156)	(13,522,871)	(16,083,470)
Total net position	$ 65,849,547	$ 59,528,618	$ 57,780,863

Net position increased by $6,320,929 from fiscal year 2022 to 2023 primarily due to an increase in operating revenues, grant revenue, capacity fees and other capital revenues as well as a reduction in OPEB liability. Net investment in capital assets increased from $67,903,066 to $69,467,956. Restricted net position increased by $45,324 primarily due to an increase in cash from capacity fee receipts, special assessment receipts and debt reserves restricted for future use on capital infrastructure and debt service requirements. Unrestricted net position increased by $4,710,715 primarily due to an increase in operating revenues and a decrease in OPEB liability.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONDENSED)

The following presents a condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30th 2023, 2022, and 2021:

	2023	2022	2021 Restated
Revenues			
Operating Revenues	$ 17,775,870	$ 14,698,823	$ 12,252,335
Non-Operating Revenues	934,878	1,011,529	790,219
Total revenues	18,710,748	15,710,352	13,042,554
Expenses			
Operating Expenses	10,910,981	9,604,579	9,806,112
Depreciation	4,173,486	4,136,392	3,798,601
Non-Operating Expenses	1,149,941	1,353,926	1,249,397
Total expenses	16,234,408	15,094,897	14,854,110
Change in net position before capital contributions	2,476,340	615,455	(1,811,556)
Capital Grant revenue	1,401,601	3,210	5,410,911
Capacity fees and other capital revenues	2,442,988	1,129,090	2,123,923
Change in net position	6,320,929	1,747,755	5,723,278
Net position			
Beginning of year	59,528,618	57,780,863	52,057,585
End of year	65,849,547	59,528,618	57,780,863

The Agency's operating revenues increased by $3,077,047 in fiscal year 2023 primarily due to substantial water rate increases implemented throughout fiscal years 2021 through 2023. Grant revenue increased $1,398,391 due to the addition of grant funded projects in fiscal year 2023. Capacity fees and other capital revenues increased by $1,313,898 primarily due to increased capacity fees from new or altered connections to the Agency system during 2023.

Operating expenses increased by $1,306,402 in fiscal year 2023 primarily due to an increase of transmission and distribution costs. Depreciation expense increased with the addition of major infrastructure assets that were placed in service during the fiscal year. Non-operating expenses decreased $(203,985) due to the loss on disposal of retired assets recognized in the prior fiscal year 2022.

CAPITAL ASSETS

The following presents the capital assets of the Agency as of June 30th, 2023, 2022, and 2021:

	2023	2022	2021 Restated
Capital assets not being depreciated			
Land	$ 3,908,540	$ 3,908,540	$ 3,910,763
Construction in progress	7,982,194	4,210,155	1,231,584
Total capital assets, not being depreciated	**11,890,734**	**8,118,695**	**5,142,347**
Capital assets being depreciated			
Utility plant	10,782,503	10,777,189	10,782,725
Source of supply	2,790,102	2,790,102	2,796,510
Pumping plant	774,916	696,234	679,137
Treatment plant	25,281,807	24,961,366	24,982,522
Transmission and distribution	111,265,076	109,934,454	109,563,006
General plant	19,985,064	19,537,899	19,834,464
Leased equipment	455,991	455,991	455,991
Subscription agreements	53,763		
Total Capital assets being depreciated	**171,389,222**	**169,153,235**	**169,094,355**
Less accumulated depreciation	**(75,248,085)**	**(71,074,599)**	**(67,496,364)**
Total Capital assets being depreciated, net	**96,141,137**	**98,078,636**	**101,597,991**
Net capital assets	**$ 108,031,871**	**$ 106,197,331**	**$ 106,740,338**

Capital assets, net of accumulated depreciation increased $1,834,540 for the year ended June 30, 2023, due to the completion of several capital projects during fiscal year 2023. Please see Note D for more information.

LONG-TERM LIABILITIES

The following presents a summary of long-term liabilities of the Agency as of June 30th, 2023, 2022, and 2021:

	2023	2022	2021 Restated
Bonds payable	$ 23,096,809	$ 24,131,109	$ 25,145,409
Notes payable	15,319,754	13,873,108	11,989,424
Total OPEB liability	6,489,343	9,019,446	10,747,423
Net pension liability	6,306,737	2,631,573	5,354,854
Compensated absences	317,561	337,068	307,679
Lease liability	51,443	182,808	327,095
Subscription arrangement liability	11,475		
Total liabilities	51,593,122	50,175,112	53,871,884
Less: current portion	(1,836,576)	(1,840,038)	(1,805,912)
Total long-term debt	$ 49,756,546	$ 48,335,074	$ 52,065,972

Long-term liabilities increased $1,421,472 primarily due to net pension liability valuation changes combined with the final drawdown of the USDA loans for the Pioneer Water Rehab Phase 3 project See Note E for more information.

ECONOMIC FACTORS AND BUDGET

The Agency's Board of Directors and management consider various factors when setting the fiscal budget. The Agency has adopted its Fiscal Year 2023/2024 Budget with total revenue of $20,130,110 and total expense and transfers out of $20,257,590. The Agency has implemented increased user charges for both Water and Wastewater customers during fiscal years 2021 through 2023 to build reserves and maintain the various utility systems in proper operating condition. The Agency is working to address the issues of building cash reserves and addressing an aging infrastructure in an inflationary economy.

CONTACTING THE AGENCY

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Amador Water Agency at (209) 223-3018.

AMADOR WATER AGENCY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,971,309	$ 1,725,145
Receivables		
Accounts	2,060,267	1,825,124
Grants	1,040,178	404,431
Taxes	41,053	30,026
Interest	6,797	3,140
Other	169,634	68,963
Due from City of Plymouth, current portion	54,855	54,855
Inventory	296,641	275,064
Prepaid expenses	92,136	174,844
Total Current Assets	8,732,870	4,561,592
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	3,635,689	3,491,626
Other Assets:		
Due from City of Plymouth, noncurrent portion	2,459,332	2,514,187
Capital Assets:		
Nondepreciable	11,890,734	8,118,695
Depreciable, net of accumulated depreciation	96,141,137	98,078,636
Total Capital Assets, Net	108,031,871	106,197,331
Total Noncurrent Assets	114,126,892	112,203,144
TOTAL ASSETS	122,859,762	116,764,736
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	2,856,004	1,220,162
Other post employment benefits	1,109,181	1,348,476
TOTAL DEFERRED OUTFLOWS	3,965,185	2,568,638

(Continued)

AMADOR WATER AGENCY

STATEMENTS OF NET POSITION (Continued)

June 30, 2023 and 2022

	2023	2022
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 1,512,786	$ 828,735
Accrued expenses and other liabilities	179,187	118,472
Accrued interest payable	221,138	225,476
Deposits	395,377	341,324
Current portion of noncurrent liabilities	1,836,576	1,840,038
Total Current Liabilities	4,145,064	3,354,045
Noncurrent Liabilities:		
Notes payable, net of current portion	14,713,680	13,322,969
Bonds payable, net of current portion	22,076,809	23,141,109
Lease liability, net of current portion	5,374	51,444
Subscription arrangement liability, net of current portion	5,823	
Compensated absences, net of current portion	158,780	168,532
Net pension liability	6,306,737	2,631,573
Net other postemployment benefits (OPEB) liability	6,489,343	9,019,446
Total Noncurrent Liabilities	49,756,546	48,335,073
TOTAL LIABILITIES	53,901,610	51,689,118
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	84,434	107,240
Pensions	396,507	2,493,426
OPEB	6,592,849	5,514,972
TOTAL DEFERRED INFLOWS	7,073,790	8,115,638
NET POSITION		
Net investment in capital assets	69,467,956	67,903,066
Restricted	5,193,747	5,148,423
Unrestricted	(8,812,156)	(13,522,871)
TOTAL NET POSITION	$ 65,849,547	$ 59,528,618

The accompanying notes are an integral part of these financial statements.

AMADOR WATER AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Current services	$ 16,586,112	$ 13,744,141
Other operating revenues	1,189,758	954,682
TOTAL OPERATING REVENUES	17,775,870	14,698,823
OPERATING EXPENSES		
General and administrative	4,524,409	4,548,174
Transmission and distribution	3,731,655	2,903,732
Maintenance	1,487,852	1,669,586
Water treatment	1,167,065	483,087
Depreciation	4,173,486	4,136,392
TOTAL OPERATING EXPENSES	15,084,467	13,740,971
NET INCOME FROM OPERATIONS	2,691,403	957,852
NON-OPERATING (EXPENSES) REVENUES		
Taxes and assessments	658,493	630,980
Interest income	263,595	145,314
Loss on disposal of capital assets		(89)
Other non-operating revenue	12,790	235,235
Interest expense	(1,149,941)	(1,265,296)
TOTAL NON-OPERATING (EXPENSES) REVENUES	(215,063)	(342,397)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	2,476,340	615,455
CAPITAL CONTRIBUTIONS		
Capital grant revenue	1,401,601	3,210
Capacity fees and other capital revenues	2,442,988	1,129,090
TOTAL CAPITAL CONTRIBUTIONS	3,844,589	1,132,300
CHANGE IN NET POSITION	6,320,929	1,747,755
Net position, beginning of year	59,528,618	57,780,863
NET POSITION, END OF YEAR	$ 65,849,547	$ 59,528,618

The accompanying notes are an integral part of these financial statements.

AMADOR WATER AGENCY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 17,540,727	$ 14,329,985
Cash payments to suppliers for goods and services	(7,609,726)	(9,037,183)
Cash payments to employees for services	(4,352,592)	(3,335,617)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,578,409	1,957,185
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from taxes, assessments and other nonoperating revenues	559,585	853,900
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	559,585	853,900
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions and construction of capital assets	(4,073,891)	(2,388,689)
Principal paid on long-term debt	(1,753,792)	(1,662,131)
Proceeds from long-term debt	2,036,785	2,431,528
Interest paid on long-term debt	(1,221,385)	(1,267,664)
Payments received from City of Plymouth	54,855	54,855
Capacity fees collected	1,183,869	657,590
Capital grants received	765,854	1,046,216
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,007,705)	(1,128,295)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	259,938	143,051
NET CASH PROVIDED BY INVESTING ACTIVITIES	259,938	143,051
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,390,227	1,825,841
Cash and cash equivalents at beginning of year	5,216,771	3,390,930
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,606,998	$ 5,216,771
Cash and cash equivalents - financial statement classification		
Cash and cash equivalents	$ 4,971,309	$ 1,725,145
Restricted cash and cash equivalents	3,635,689	3,491,626
TOTAL CASH AND CASH EQUIVALENTS	$ 8,606,998	$ 5,216,771

(Continued)

AMADOR WATER AGENCY

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income from operation	$ 2,691,403	$ 957,852
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,173,486	4,136,392
Construction in progress expensed		6,909
(Increase) Decrease in:		
Accounts receivable, current services	(235,143)	(368,838)
Inventory	(21,577)	35,536
Prepaid expense	82,708	(104,142)
Deferred outflows	(1,396,547)	(163,434)
Increase (Decrease) in:		
Accounts payable	62,798	(1,396,600)
Accrued expenses and other liabilities	60,715	(176,136)
Deposits	54,053	(186,846)
Compensated absences	(19,506)	29,388
Net OPEB obligation	(2,530,103)	(1,727,977)
Net pension obligation	3,675,164	(2,723,281)
Deferred inflows	(1,019,042)	3,638,362
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,578,409	$ 1,957,185
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Amortization of bond premium and deferred amount on refunding	$ -	$ 67,106
Change in accounts payable and accrued expenses related to capital asset additions	621,253	828,735
Contributed assets	1,259,119	471,500
Subscription assets and related liability	53,763	

The accompanying notes are an integral part of these financial statements.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Amador Water Agency (the Agency) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

Reporting Entity: The Amador Water Agency (Agency) was formed under an act of the Legislature of the State of California, Chapter 2137, Assembly Bill No. 2629, approved by the governor on July 18, 1959. The Agency's territory of authority consists of Amador County. The Agency provides water and wastewater services to approximately 10,000 customers in Amador County. The Agency is governed by a Board of Directors consisting of five directors elected by residents of the Agency. The accompanying basic financial statements present the Agency and its component unit. The component unit discussed below is included in the Agency's reporting entity because of the significance of its operational and financial relationship with the Agency.

The Agency has created the Amador Water Agency Financing Corporation (the Corporation) to provide assistance to the Agency in the issuance of debt. Although legally separate from the Agency, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the Agency and its sole purpose is to provide financing to the County under the debt issuance documents of the Agency. Debt issued by the Corporation is reflected as debt of the Agency in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The Agency's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Agency uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received, they are recorded as unearned revenues until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the Agency, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the Agency and the estimated costs are capitalized as transmission and distribution.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Agency. Operating revenues consist primarily of charges for water and wastewater services and other fees. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both unrestricted and restricted resources are available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources as they are needed.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets that is applicable to a future reporting period. Deferred outflows and inflows of resources represent amounts deferred related to the Agency's pension and OPEB plan as described in Notes H and I, and for deferred amounts related to bond refundings.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the Agency's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants. The Agency also had unspent impact fees classified as restricted cash and cash equivalents.

Allowance for Doubtful Accounts: Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. The allowance for doubtful accounts receivable totaled $109,599 at June 30, 2023 and $93,229 at June 30, 2022.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued weighted at average cost.

Property Taxes: The Agency receives property taxes from the County of Amador. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

March 1 of the preceding fiscal year. They become a lien on January 1. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

The Agency elected to receive the property taxes from the County under the Teeter Bill. Under this program the Agency receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Estimated Life
Utility plant	40-50 years
Source of supply	3-40 years
Pumping plant	40 years
Treatment plant	5-40 years
Transmission and distribution	5-85 years
General plant	3-40 years

Maintenance and repairs are charged to operations when incurred. It is the Agency's policy to capitalize all capital assets with a cost of $5,000 and an estimated useful life of more than one year. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Right-to-use lease assets are recognized at the lease commencement date and represent the Agency's right-to-use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the Agency's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at or before the commencement of the subscription term. Plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

Depreciation/amortization expense aggregated $4,173,486 and $4,136,392 for the years ended June 30, 2023 and 2022.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums, Bond Discounts and Bond Issuance Costs: Bond premiums and discounts are deferred and amortized over the lives of the bonds. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Compensated Absences: The Agency's policy allows employees to accumulate earned but unused vacation which will be paid to employees upon separation from the Agency's service. The cost of vacation is recognized in the period earned.

New Pronouncements: During the year ended June 30, 2023, the Agency adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements.* This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. Implementation of GASB No. 96 resulted in SBITA assets and liabilities of $53,763 being recorded during the year ended June 30, 2023. Prior year amounts were not restated due to immateriality.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Agency is currently analyzing the impact of the required implementation of the new statement.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	2023	2022
Cash and cash equivalents	$ 4,971,309	$ 1,725,145
Restricted assets:		
Cash and cash equivalents	3,635,689	3,491,626
Total cash and investments	$ 8,606,998	$ 5,216,771

Cash and cash equivalents as of June 30 consisted of the following:

	2023	2022
Cash on hand	$ 700	$ 700
Deposits with financial institutions	1,590,879	3,539,116
Total cash	1,591,579	3,539,816
Investments:		
Local Agency Investment Fund	865,905	
CAMP	6,149,514	1,676,955
Total investments	7,015,419	1,676,955
Total cash and investments	$ 8,606,998	$ 5,216,771

Investment policy: California statutes authorize agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

During the year ended June 30, 2023 and 2022, the Agency's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	None
Federal Agencies and Government Sponsored	5 years	100%	None
Municipal Obligations	5 years	100%	None
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
Repurchase Agreements	1 year	50%	None
Medium Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Government Investment Pools	N/A	100%	None
Supranationals	5 Years	30%	10%
Mortgage Backed and Asset Backed Obligation	5 years	20%	5%
Local Agency Investment Fund	N/A	None	None
Time Deposits	1 year	50%	None

*Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions.

Investments Authorized to Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The average maturity of the investment in LAIF is 260 days.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency's investment in LAIF is not rated.

Concentration of Credit Risk: The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023, the carrying amount of the Agency's deposits were $1,590,879 and the balances in financial institutions were $1,821,742. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $1,571,742 was covered by the pledging financial institution with assets held in a common pool for the Agency and other governmental agencies, but not in the name of the Agency. At June 30, 2022, the carrying amount of the Agency's deposits were $3,539,116 and the balances in financial institutions were $4,193,142. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $3,943,142 was covered by the pledging financial institution with assets held in a common pool for the Agency and other governmental agencies, but not in the name of the Agency.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is $177,045,532,802 managed by the State Treasurer. Of that amount, 2.78% is invested in structured notes and asset-backed securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in CAMP: California Asset Management Program (CAMP) was created under the provisions of the California Joint Exercise of Powers Act to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. CAMP is governed by a board of seven trustees, all of whom are officials or employees of public agencies. The money market portfolio offers daily liquidity and is rated AAAm by Standard and Poor. The portfolio's weighted average maturity is 26 days at June 30, 2023.

NOTE C – DUE FROM CITY OF PLYMOUTH

The Agency and the City of Plymouth (Plymouth) entered into an agreement to share the costs of constructing an 8-mile water transmission pipeline and related water facilities from the Agency's Tanner Water Treatment Plant to the City of Plymouth. The original agreement required the City of Plymouth to pay 65.82% of the costs of the project. This percentage was subsequently reduced to 60.95% of the costs of the project.

The remaining amounts owed by the City of Plymouth were to be paid as requested by the Agency to meet its debt service requirements on two loans that the Agency obtained from the United States Department of Agriculture (USDA) totaling $5,000,000. During the year ended June 30, 2017, the two loans from the United States Department of Agriculture were refinanced with proceeds from the Amador Water Agency

NOTE C – DUE FROM CITY OF PLYMOUTH (Continued)

Revenue Refunding Bonds, Series 2016. According to the 2016 revenue bond debt service, the City of Plymouth's share was determined to be $2,864,650. Changes in the amount due from the City of Plymouth consisted of the following at June 30:

	Balances at June 30, 2022	Additions	Repayments	Balances at June 30, 2023	Current Portion
Due from the City of Plymouth	$ 2,569,042		$ (54,855)	$ 2,514,187	$ 54,855

	Balances at June 30, 2021	Additions	Repayments	Balances at June 30, 2022	Current Portion
Due from the City of Plymouth	$ 2,623,897		$ (54,855)	$ 2,569,042	$ 54,855

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 and 2022 is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 3,908,540				$ 3,908,540
Construction in progress	4,210,155	$ 5,954,263		$ (2,182,224)	7,982,194
Total capital assets, not being depreciated	8,118,695	5,954,263	-	(2,182,224)	11,890,734
Capital assets being depreciated:					
Utility plant	10,777,189			5,314	10,782,503
Source of supply	2,790,102				2,790,102
Pumping plant	696,234			78,682	774,916
Treatment plant	24,961,366			320,441	25,281,807
Transmission and distribution	109,934,454			1,330,622	111,265,076
General plant	19,537,899			447,165	19,985,064
Leased equipment	455,991				455,991
Subscription asset		53,763			53,763
Total capital assets, being depreciated	169,153,235	53,763	-	2,182,224	171,389,222
Less accumulated depreciation:					
Utility plant	(8,130,507)	(215,874)			(8,346,381)
Source of supply	(1,116,129)	(71,965)			(1,188,094)
Pumping plant	(367,658)	(20,262)			(387,920)
Treatment plant	(13,292,592)	(641,243)			(13,933,835)
Transmission and distribution	(39,560,476)	(2,459,692)			(42,020,168)
General plant	(8,357,476)	(615,596)			(8,973,072)
Leased equipment	(249,761)	(125,341)			(375,102)
Subscription asset		(23,513)			(23,513)
Total accumulated depreciation	(71,074,599)	(4,173,486)	-	-	(75,248,085)
Total capital assets being depreciated, net	98,078,636	(4,119,723)	-	2,182,224	96,141,137
Net capital assets	$ 106,197,331	$ 1,834,540	$ -	$ -	$ 108,031,871

NOTE D – CAPITAL ASSETS (Continued)

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 3,910,763		$ (2,223)		$ 3,908,540
Construction in progress	1,231,584	$ 3,055,927	(6,909)	$ (70,447)	4,210,155
Total capital assets, not being depreciated	5,142,347	3,055,927	(9,132)	(70,447)	8,118,695
Capital assets being depreciated:					
Utility plant	10,782,725		(5,536)		10,777,189
Source of supply	2,796,510		(6,408)		2,790,102
Pumping Plant	679,137	19,524	(2,427)		696,234
Treatment plant	24,982,522		(21,156)		24,961,366
Transmission and distribution	109,563,006	491,752	(120,304)		109,934,454
General plant	19,834,464	121,721	(488,733)	70,447	19,537,899
Leased equipment	455,991				455,991
Total capital assets, being depreciated	169,094,355	632,997	(644,564)	70,447	169,153,235
Less accumulated depreciation:					
Utility plant	(7,919,395)	(215,445)	4,333		(8,130,507)
Source of supply	(1,047,645)	(71,965)	3,481		(1,116,129)
Pumping plant	(351,184)	(18,538)	2,064		(367,658)
Treatment plant	(12,667,139)	(636,397)	10,944		(13,292,592)
Transmission and distribution	(37,130,176)	(2,482,663)	52,363		(39,560,476)
General plant	(8,257,127)	(585,321)	484,972		(8,357,476)
Leased equipment	(123,698)	(126,063)			(249,761)
Total accumulated depreciation	(67,496,364)	(4,136,392)	558,157	-	(71,074,599)
Net capital assets being depreciated, net	101,597,991	(3,503,395)	(86,407)	70,447	98,078,636
Net capital assets	$ 106,740,338	$ (447,468)	$ (95,539)	$ -	$ 106,197,331

NOTE E – LONG-TERM LIABILITIES

The activity of the Agency's long-term liabilities during the years ended June 30 was as follows:

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023	Due Within One Year
Revenue bonds, Public Offering					
2016 Revenue Refunding bonds	$ 22,935,000		$ (990,000)	$ 21,945,000	$ 1,020,000
Plus: Unamortized premium	1,196,109		(44,300)	1,151,809	
	24,131,109		(1,034,300)	23,096,809	1,020,000
Direct borrowing notes payable					
U.S. Department of Agriculture	7,425,000		(135,000)	7,290,000	140,000
County of Amador	1,081,034		(76,222)	1,004,812	81,091
California Energy Commission	1,636,982		(146,828)	1,490,154	148,261
Department of Water Resources	656,070		(101,290)	554,780	104,353
County of Amador	159,807		(30,799)	129,008	31,369
U.S. Department of Agriculture	2,914,215	$ 99,785	(60,000)	2,954,000	61,000
U.S. Department of Agriculture		1,937,000	(40,000)	1,897,000	40,000
	13,873,108	2,036,785	(590,139)	15,319,754	606,074
Lease liability	182,808		(131,365)	51,443	46,069
Subscription liability		53,763	(42,288)	11,475	5,652
Compensated absences	337,068	322,744	(342,251)	317,561	158,781
	$ 38,524,093	$ 2,413,292	$ (2,140,343)	$ 38,797,042	$ 1,836,576

	Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022	Due Within One Year
Revenue bonds, Public Offering					
2016 Revenue Refunding bonds	$ 23,905,000		$ (970,000)	$ 22,935,000	$ 990,000
Plus: Unamortized premium	1,240,409		(44,300)	1,196,109	
	25,145,409		(1,014,300)	24,131,109	990,000
Direct borrowing notes payable					
U.S. Department of Agriculture	7,555,000		(130,000)	7,425,000	135,000
County of Amador	1,152,164		(71,130)	1,081,034	76,222
California Energy Commission	1,782,354		(145,372)	1,636,982	146,828
Department of Water Resources	754,358		(98,288)	656,070	101,290
County of Amador	190,045		(30,238)	159,807	30,799
American River Bank	29,974		(29,974)	-	
Department of Water Resources	2,842		(2,842)	-	
U.S. Department of Agriculture	522,687	$ 2,431,528	(40,000)	2,914,215	60,000
	11,989,424	2,431,528	(547,844)	13,873,108	550,139
Lease liability	327,095		(144,287)	182,808	131,364
Compensated absences	307,679	309,458	(280,069)	337,068	168,535
	$ 37,769,607	$ 2,740,986	$ (1,986,500)	$ 38,524,093	$ 1,840,038

NOTE E – LONG-TERM LIABILITIES

Notes Payable: Notes payable consist of the following at June 30:

	2023	2022
United States Department of Agriculture - Direct Borrowing; Rural Utilities Service, secured by the Gravity Supply Line Project. Original amount of $8,330,000. Semi-annual payments of interest only at 2.75% each March and interest plus varying principal amounts each September. Annual principal and interest payments range from $331,081 to $359,100. Matures September 2053. Requires deposit equal to 1/10th of the annual installment payment to be made to a reserve fund each year until such balance reaches the average annual installment payment. In the event of default, the interest rate increases to 5%.	$ 7,290,000	$ 7,425,000
County of Amador - Direct Borrowing; secured by all revenues and all amounts on deposit at Amador Water Agency. Original amount of $1,450,000 for the Tanner Hydro facility. Quarterly payments of $4,375 principal plus interest at 0.75% for the first 5 years (until October 2021) and a variable rate thereafter, as defined by the note, not to exceed 2.5%. Loan matures October 1, 2036.	1,004,812	1,081,034
California Energy Resources Conservation and Development Commission - Direct Borrowing; secured by the assets of the Agency. Original amount up to $1,472,000 for the Ione Hydro project. Semi-annual payments of $63,083 including interest of 1% per annum on unpaid principal. Matures December 2031.	1,490,154	1,636,982
Borrowing; secured by the Ridge System Project. Original amount of $2,359,032. Semi-annual payments of $60,210 including interest at 3.0315% due each April and October. Matures April 2028. Requires that semi-annual payments to a reserve fund be accumulated during the first ten-year period, then maintained at such level thereafter.	554,780	656,070
County of Amador - Direct Borrowing; secured by all revenues and all amounts on deposit at Amador Water Agency. Original amount up to $300,000 for environmental review. Quarterly payments of $8,382 including interest at 1.84%. Matures April 2027.	129,008	159,807

NOTE E – LONG-TERM LIABILITIES (Continued)

	2023	2022
United States Department of Agriculture - Direct Borrowing; Rural Utilities Service, secured by a revenue bond fully registered in the name of the United States for the Pioneer Water Rehabilitation Project. Upon completion of construction, estimated annual payments of $117,577 will be required over 40 years. Actual payments and interest rate will be determined at loan closing once construction is completed. The USDA required principal and interest payments totaling $97,303 during the year ended June 30, 2023. Debt service reserve and short-lived asset reserve are required to be maintained.	$ 2,954,000	$ 2,914,215
United States Department of Agriculture - Direct Borrowing; Rural Utilities Services, secured by a revenue bond fully registered in the name of the United States for the Pioneer Water Rehabilitation Project. Upon completion of construction, estimated annual payments of $61,636 will be required over 40 years. Actual payments and interest rate will be determined at loan closing once construction is completed. The USDA required principal and interest payments totaling $61,568 during the year ended June 30, 2023. Debt service reserve are required to be maintained.	1,897,000	
Total Notes Payable	$ 15,319,754	$ 13,873,108

2016 Water Revenue Refunding Bonds: In November 2016, the Amador Water Agency issued $28,475,000 Amador Agency Water Revenue Refunding Bonds Series 2016 A, (2016 Bonds). The 2016 Bonds were issued to (i) refund the Amador Water System Revenue Certificates of Participation 2006 Series A, (ii) to prepay the outstanding installment payments due under the 2003 Installment Purchase Agreement and the 2004 Supplemental Installment Purchase Agreement, (iii) to prepay the outstanding installment payments due under the 2008 Installment Purchase Agreement, (iv) to prepay the outstanding amount of the 2006 USDA Loan, (v) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on certain maturities of the 2016 Bonds, (vi) to purchase a municipal bond debt service reserve insurance policy for deposit in the reserve fund, and (vii) to pay costs of issuance of the 2016 Bonds. The 2016 Bonds are payable in semiannual installments including interest ranging from 2% to 5% and mature in June 2049. Interest payments range from $4,025 to $478,378 semi-annually. Principal payments range from $220,000 to $1,635,000 annually.

The refunding resulted in deferred amount on refunding of $228,064, which is being amortized over the remaining life of the refunded debt. Amortization expense totaled $22,806 and $22,806 for the years ended June 30, 2023 and 2022, and is included in interest expense. The deferred amount on refunding was $84,434 and $107,240 at June 30, 2023 and 2022.

Lease Liability: The Agency leases vehicles through Enterprise that have terms expiring through 2024. For purposes of discounting future payments on the leases, the Agency uses the discount rate in the contract which ranges from 8.73% to 13.18%. The Agency also leases office equipment with terms expiring through 2026. The rate used to discount future payments on these leases is 3%. The Agency

NOTE E – LONG-TERM LIABILITIES (Continued)

records a right-to-use asset, which is included in capital assets in Note D, which totaled $80,889 and $206,230 at June 30, 2023 and 2022, respectively, net of accumulated amortization of $375,102 and $249,761 at June 30, 2023 and 2022, respectively. The intangible right-of-use asset is being amortized over 3.25 to 4.25 years, the remaining term of the current leases.

Subscription Liability: The Agency contracts for various software through October 31, 2025. The Agency records a subscription asset, which is included in capital assets in Note D, totaling $30,250, net of accumulated amortization of $23,513 at June 30, 2023. For purposes of discounting future payments of the lease, the Agency used a discount rate of 3%. The intangible subscription assets are being amortized over two to three years, the remaining term of the contract.

Maturities: The following is a schedule of maturities for the notes, bonds, leases and subscriptions payable:

	Notes Payable		Bonds Payable		Lease Liability		Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
For the Year Ended June 30:								
2024	$ 606,074	$ 292,895	$ 1,020,000	$ 838,756	$ 46,069	$ 1,738	$ 5,652	$ 115
2025	618,938	281,703	1,070,000	787,756	4,310	73	5,823	58
2026	630,725	466,572	1,120,000	734,256	1,064	8		
2027	643,668	239,268	1,180,000	678,256				
2028	621,034	247,616	1,240,000	619,256				
2029-2033	2,587,956	1,101,254	7,015,000	2,272,818				
2034-2038	1,818,359	904,739	5,530,000	1,092,069				
2039-2043	1,849,000	706,726	2,150,000	511,351				
2044-2048	2,072,000	483,792	1,390,000	168,350				
2049-2053	2,310,000	233,177	230,000	8,050				
2054-2058	1,093,000	60,391						
2059-2063	469,000	8,519						
	$ 15,319,754	$ 5,026,652	$ 21,945,000	$ 7,710,918	$ 51,443	$ 1,819	$ 11,475	$ 173

Pledged Revenue: The Agency pledged future water system revenues, net of specified expenses, to repay the 2016 Bonds in the original amount of $28,475,000. The Bonds are payable solely from water customer net revenues and are payable through June 2049. Total principal and interest remaining to be paid on the Bond was $29,655,918 and $31,509,426 at June 30, 2023 and 2022. Total principal and interest paid was $2,549,178 and the total water system net revenues were $6,604,902 for the year ended June 30, 2023. Total principal and interest paid was $2,640,337 and the total water system net revenues were $3,148,259 for the year ended June 30, 2022. At June 30, 2023, the Agency's net revenues were 259% of debt service payments. At June 30, 2022, the Agency's net revenues were 129% of debt service payments.

NOTE F – ARBITRAGE REBATE LIABILITY

Section 148 (f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2023 and 2022.

NOTE G – NET POSITION

Restrictions: Restricted net position consists of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2023	2022
Capacity fees restricted for capital improvement and replacement	$ 4,210,866	$ 4,060,496
Taxes and assessments restricted for debt service	466,421	659,411
Debt service reserve required by debt agreement	516,460	428,516
Total Restricted Net Position	5,193,747	5,148,423
Less: Interfund loans	1,558,058	1,656,797
Total Restricted Cash	$ 3,635,689	$ 3,491,626

The Agency's restricted cash and net position are reduced by loans made to various funds to cover project costs.

NOTE H – PENSION PLANS

Plan Descriptions: All qualified employees are eligible to participate in the Agency's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). PERS acts as a common investment and administrative agent for participating public employers within the State of California. The Agency participates in the Miscellaneous and PEPRA Miscellaneous rate plans.

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees' Retirement Law.

NOTE H – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30 are summarized as follows:

	Classic Miscellaneous Plan (Prior to January 1, 2013)		PEPRA Miscellaneous Plan (On or after January 1, 2013)
	Tier 1	Tier 2	
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates - 2021/22	7.00%	7.00%	6.75%
Required employer contribution rates - 2021/22	10.34%	8.65%	7.59%
Required employee contribution rates - 2022/23	7.00%	7.00%	6.75%
Required employer contribution rates - 2022/23	10.32%	8.63%	7.47%

In addition to the contribution rates above, the Agency was also required to make payments of $448,349 and $502,448 toward its unfunded actuarial liability during the years ended June 30, 2023 and 2022.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions to the Plans were $781,602 and $791,098 for the years ended June 30, 2023 and 2022.

Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2023 and 2022, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of $6,306,737 and $2,631,573.

The Agency's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2023 is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The net pension liability as of June 30, 2022 is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30 was as follows:

NOTE H – PENSION PLANS (Continued)

Proportion - June 30, 2021	0.12695%
Proportion - June 30, 2022	0.13859%
Change - Increase	0.01164%
Proportion - June 30, 2022	0.13859%
Proportion - June 30, 2023	0.13478%
Change - Increase	-0.00381%

For the years ended June 30, 2023 and 2022, the Agency had pension expense of $724,004 and $427,488, respectively. The Agency reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 781,602		$ 791,089	
Differences between actual and expected experience	126,652	$ (84,826)	295,103	
Changes in assumptions	646,257			
Change in employer's proportion	146,267		133,970	
Differences between the employer's contribution and the employer's proportionate share of contributions		(311,681)		$ (196,202)
Net differences between projected and actual earnings on plan investments	1,155,226			(2,297,224)
Total	$ 2,856,004	$ (396,507)	$ 1,220,162	$ (2,493,426)

The $781,602 and $791,089 at June 30, 2023 and 2022, respectively, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows for the year ended June 30, 2023:

Fiscal Year Ended June 30	
2023	$ 411,167
2024	359,345
2025	200,808
2026	706,575
	$ 1,677,895

NOTE H – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Mortality (a)	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(a) The mortality table used was developed based on CalPERS-specific data. For 2023, the rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website. For 2022, the table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions: In measurement year ended June 30, 2022, the discount rate and investment rate were reduced to 6.90% from 7.15%. Additionally, the inflation rate was adjusted from 2.50% to 2.30%.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% at June 30, 2023 and 7.15% at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years for the 2023 liability and over the short-term (first 10 years) and the long-term (11+ years) for the 2022 liability using building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE H – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	2023			2022		
Asset Class	Strategic Allocation	Real Return (a)	Asset Class	Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global equity- cap weighted	30.0%	4.54%	Global Equity	50.0%	4.80%	5.98%
Global equity non-cap-weighted	12.0%	3.84%	Global Fixed Income	28.0%	1.00%	2.62%
Private Equity	13.0%	7.28%	Inflation Sensitive		0.77%	1.81%
Treasury	5.0%	0.27%	Private Equity	8.0%	6.30%	7.23%
Mortgage-backed Securities	5.0%	0.50%	Real Estate	13.0%	3.75%	4.93%
Investment Grade Corporates	10.0%	1.56%	Liquidity	1.0%		(0.92)%
High Yield	5.0%	2.27%				
Emerging Market Debt	5.0%	2.48%		100.0%		
Private Debt	5.0%	3.57%				
Real Assets	15.0%	3.21%				
Leverage	(5.0)%	(0.59)%				
Total	100.0%					

(a) An expected inflation of 2.30% used for this period.
(b) An expected inflation of 2.00% used for this period.
(c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Agency's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability	$ 10,021,396	$ 5,913,586
Current Discount Rate	6.90%	7.15%
Net Pension Liability	$ 6,306,737	$ 2,631,573
1% Increase	7.90%	8.15%
Net Pension Liability	$ 3,250,493	$ (81,621)

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE I – OTHER POST-RETIREMENT BENEFITS

Plan Description: The Agency's defined benefit OPEB plan provides OPEB benefit for all permanent full-time employees of the Agency. Benefits are set by the Memoranda of Understandings with the applicable employee bargaining units and may be amended by agreement between the Agency and the bargaining units. The Plan is a single employer defined benefit OPEB plan administered by the Agency. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. No prefunding contributions are being made to the Plan.

Benefits Provided: The Agency provides post-employment health care benefits established by Agency resolution to all qualifying employees. Eligibility for retiree health benefits is as follows:

For employees hired by the Agency on or before November 1, 2004, upon retirement from Agency service, regular full-time or eligible part-time employees who have reached age fifty (50), have served a minimum of five (5) years of accumulated CalPERS service, may be eligible for continued medical insurance coverage. Such insurance shall include the employee and their eligible dependents at the time of retirement. At such time the employee and/or his/her dependents become eligible for Medicare coverage, the Agency's policy will provide only supplemental or secondary coverage to Medicare. Retired employees will be required to contribute toward the cost of such insurance as provided in the prevailing memorandum of understanding, subject to a vesting schedule.

For employees hired by the Agency after November 1, 2004, upon retirement from Agency service, regular full-time or eligible part-time employees who have reached age fifty (50), have served a minimum of ten (10) years of continuous service with the Agency immediately preceding retirement and who have the required credited years of service with CalPERS, set forth below, may be eligible for continued medical insurance coverage. Such insurance shall include the employee and their eligible dependents at the time of retirement. At such time the employee and/or his/her dependents become eligible for Medicare coverage, the Agency's policy will provide only supplemental or secondary coverage to Medicare. Retired employees contribute to the plan at a gradually decreasing rate with ten to twenty years of service.

For employees hired between July 24, 2014 and March 2018, eligible employees will receive medical insurance upon retirement up to the employee's eligibility for Medicare. Coverage will terminate upon employee Medicare eligibility for the employee and dependents. Retired employees contribute to the plan at a gradually decreasing rate with ten to twenty years of service.

For employees hired on or after March 1, 2018, the Agency will contribute $100 per month to a retiree medical savings account, with an additional matching contribution of the participating employee's contributions up to $100 per month. This plan is in lieu of participating in the Agency's retiree medical plan upon retirement. All current employees have an option to enroll in this plan, but then they are no longer eligible for the retiree medical benefits discussed in the prior paragraphs.

Employees Covered by Benefit Terms: As of the June 30 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	20	20
Active employees	26	26
Total	46	46

Total OPEB Liability: The Agency's total OPEB liability for the years ending June 30, 2023 and 2022 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of June 30, 2021 and 2020, respectively.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2021 and 2020 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023	2022
Measurement date	June 30, 2022	June 30, 2021
Valuation date	June 30, 2021	June 30, 2021
Actuarial assumptions:		
Inflation	2.30%	2.50%
Payroll growth	2.80%	2.80%
Discount rate	3.90%	2.10%
Mortality rate	CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021	CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.	Post-retirement mortality projected fully generational with Scale MP-2020.
Healthcare trend rate	Non-medicare 5.50% for 2023, decreasing to an ultimate rate of 5.30% in 2075. Medicare 5.30% for 2023, decreasing to an ultimate rate of 4.04% in 2075.	Non-medicare 5.75% for 2022, decreasing to an ultimate rate of 4.04% in 2075 Medicare 5.40% for 2022, decreasing to an ultimate rate of 4.04% in 2075
Participation rate	100.00%	100.00%

The discount rate used to measure the total OPEB liability was increased from 2.10% for June 30, 2022 to 3.90% for June 30, 2023. The discount rate was based on the average of S&P Municipal Bond 20 Year High Grade Rate Index (4.09% on June 30, 2022 and 2.19% on June 30, 2021), and Fidelity General Obligation AA 20 Year Bond Index (3.69% on June 30, 2022 and 1.92% on June 30, 2021), rounded to the nearest 5 basis point at June 30, 2020 and 2019.

Retirement mortality information was derived from data during 1997 to 2015 CalPERS experience study dated November 2021. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes in Assumptions: Changes in assumptions as of the June 30, 2022 measurement date include changes to the inflation rate, discount rate and healthcare trend rate, payroll growth, mortality termination, disability and retirement rates updated to the 2017 CalPERS experience study. Changes of assumptions in 2021 include the changes in the discount rate and healthcare trend rate.

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

Changes in the Total OPEB Liability: The changes in the total OPEB liability for the plan are as follows:

	Increase (Decrease) Total OPEB Liability
Balance at July 1, 2021	$ 10,747,423
Changes in the year:	
Service cost	390,000
Interest	270,041
Differences between expected and actual experience	(2,613,644)
Assumption changes	457,703
Benefit payments	(232,077)
Net changes	(1,727,977)
Balance at June 30, 2022 (June 30, 2021 measurement date)	9,019,446
Changes in the year:	
Service cost	323,767
Interest	193,623
Differences between expected and actual experience	(739,395)
Assumption changes	(2,060,625)
Benefit payments	(247,473)
Net changes	(2,530,103)
Balance at June 30, 2023 (June 30, 2022 measurement date)	$ 6,489,343

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2023		
	1% Decrease 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
Total OPEB liability	$ 7,534,379	$ 6,489,343	$ 5,640,989

	2022		
	1% Decrease 1.10%	Current Discount Rate 2.10%	1% Increase 3.10%
Total OPEB liability	$ 10,676,808	$ 9,019,446	$ 7,699,595

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2023		
	1% Decrease (4.3% decreasing to 3.04%)	Current Healthcare Cost Trend Rates (5.3% decreasing to 4.04%)	1% Increase (6.3% decreasing to 5.04%)
Total OPEB liability	$ 5,452,708	$ 6,489,343	$ 7,813,209

	2022		
	1% Decrease (4.4% decreasing to 3.04%)	Current Healthcare Cost Trend Rates (5.4% decreasing to 4.04%)	1% Increase (6.4% decreasing to 5.04%)
Total OPEB liability	$ 7,476,931	$ 9,019,446	$ 11,032,642

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2023 and 2022, the Agency recognized an OPEB credit of $(992,975) and $(383,653), respectively.

NOTE I – OTHER POST-RETIREMENT BENEFITS (Continued)

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

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	$ 219,956		$ 247,473	
Differences between actual and expected experience		$ (4,522,266)		$ (4,936,255)
Changes in assumptions	889,225	(2,070,583)	1,101,003	(578,717)
Total	$ 1,109,181	$ (6,592,849)	$ 1,348,476	$ (5,514,972)

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2022	$ (1,510,365)
2023	(1,375,365)
2024	(1,319,365)
2025	(945,743)
2026	(552,786)
Thereafter	-
	$ (5,703,624)

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between expected and actual experience and changes of assumptions are recognized over the expected average remaining service lifetime (EARSL), which was six years at the June 30, 2021 valuation date.

NOTE J – LINE OF CREDIT

On September 1, 2020, the Agency obtained a $2 million line of credit, secured by inventory, chattel paper, accounts receivable and equipment at an interest rate of the lender's base lending rate plus 1.50%. The rate at June 30, 2021 was 4.75%. The line of credit has been extended to April 10, 2024.

NOTE K – COMMITMENTS AND CONTINGENCIES

In July 2020, the Agency entered into a contract with a general contractor on the Pioneer Phase 3 project for $5,496,613, of which $668,339 remains unspent at June 30, 2023. The project is funded by a combination of USDA loans and grants.

NOTE L – INSURANCE

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official's liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The Agency pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The Agency's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	$ 5,000,000	$ 55,000,000	None
Property Damage	10,000,000	500,000,000	$ 1,000 to 100,000
Crime		100,000	1,000
Cyber Liability		5,000,000	$ 75,000 to 100,000
Workers Compensation liability	2,000,000	Statutory	None
Excess Crime		1,000,000	100,000

The Agency continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the Agency is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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REQUIRED SUPPLEMENTARY INFORMATION

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AMADOR WATER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30,2023	June 30,2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.13478%	0.13859%	0.12695%	0.04832%	0.04730%	0.04761%	0.04707%	0.04580%	0.04931%
Proportionate share of the net pension liability	$ 6,306,737	$ 2,631,573	$ 5,354,854	$ 4,951,343	$ 4,558,042	$ 4,721,415	$ 4,073,067	$ 3,143,683	$ 3,068,160
Covered payroll - measurement period	$ 3,359,724	$ 3,241,637	$ 3,458,365	$ 3,286,241	$ 2,975,301	$ 2,891,092	$ 2,738,454	$ 2,520,123	$ 2,040,605
Proportionate share of the net pension liability as a percentage of covered payroll	187.72%	81.18%	154.84%	150.67%	153.20%	163.31%	148.74%	124.74%	150.36%
Plan fiduciary net position as a percentage of the total pension liability	53.27%	123.18%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%
Discount rate	6.90%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.50%
Notes to Schedule:									
Reporting valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

Note: The proportion of the net pension liability percentage was changed starting in 2021 to include only the miscellaneous plan. Proportions for prior years were not readily available for update.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	June 30,2023	June 30,2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 781,602	$ 791,089	$ 725,027	$ 672,055	$ 580,886	$ 494,480	$ 456,825	$ 398,264	$ 340,922
Contributions in relation to the actuarially determined contributions	(781,602)	(791,089)	(725,027)	(672,055)	(580,886)	(494,480)	(456,825)	(398,264)	(340,922)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 3,949,245	$ 3,359,724	$ 3,241,637	$ 3,458,365	$ 3,286,241	$ 2,975,301	$ 2,891,092	$ 2,738,454	$ 2,520,123
Contributions as a percentage of covered payroll	19.79%	23.55%	22.37%	19.43%	17.68%	16.62%	15.80%	14.54%	13.53%
Notes to Schedule:									
Contribution valuation date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry age normal								
Amortized method	Level percentage of payroll, closed								
Remaining amortization period	Varies, not more than 30 years								
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service								
Payroll growth	2.75%	2.75%	2.75%	2.50%	2.875%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.								
Mortality	Most recent CalPERS Experience Study.								

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

AMADOR WATER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2023

	2023	2022	2021	2020	2019	2018
Service cost	$ 323,767	$ 390,000	$ 411,091	$ 379,301	$ 495,583	$ 609,000
Interest	193,623	270,041	368,820	370,096	455,484	403,000
Changes in benefit terms					(26,861)	
Differences between expected and actual experience	(739,395)	(2,613,644)	(1,624,289)		(3,084,661)	
Assumption changes	(2,060,625)	457,703	434,173	634,765	(278,001)	(1,393,000)
Benefit payments	(247,473)	(232,077)	(279,697)	(283,381)	(252,000)	(237,000)
Net change in total OPEB liability	(2,530,103)	(1,727,977)	(689,902)	1,100,781	(2,690,456)	(618,000)
Total OPEB liability - beginning	9,019,446	10,747,423	11,437,325	10,336,544	13,027,000	13,645,000
Total OPEB liability - ending	$ 6,489,343	$ 9,019,446	$ 10,747,423	$ 11,437,325	$ 10,336,544	$ 13,027,000
Covered-employee payroll - measurement period	$ 1,991,305	$ 2,162,628	$ 2,573,150	$ 2,564,017	$ 2,939,386	$ 2,891,092
Total OPEB liability as percentage of covered-employee payroll	325.88%	417.06%	417.68%	446.07%	351.66%	450.59%
Notes to schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Measurement period	June 30, 2022	June 30,2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Discount Rate	3.90%	2.10%	2.45%	3.15%	3.5%	3.4%
Inflation	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%
Medical trend	5.50% to 4.04%	5.75% to 4.04%	6.50% to 4.25%	6.50% to 4.25%	6.25% to 4.25%	6.25% to 3.50%
Salary increases	2.80%	3.00%	3.80% to 9.40% based on years of service			
Retirement age	50-75 years. Probabilities of retirement are based on the most recent CalPERS experience study.					

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes: None since June 30, 2018.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SUPPLEMENTARY INFORMATION

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AMADOR WATER AGENCY

SCHEDULE OF NET POSITION BY FUND

June 30, 2023

	Water Fund	Waste Water	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 4,081,206	$ 890,103		$ 4,971,309
Accounts receivable				
Current services	1,748,640	311,627		2,060,267
Grants	1,040,178			1,040,178
Taxes	38,780	2,273		41,053
Other	169,634			169,634
Accrued interest receivable	6,762	35		6,797
Due from City of Plymouth, current portion	54,855			54,855
Inventory	296,641			296,641
Prepaid expenses	84,271	7,865		92,136
TOTAL CURRENT ASSETS	7,520,967	1,211,903		8,732,870
Noncurrent Assets:				
Restricted Assets				
Cash and cash equivalents	2,657,365	978,324		3,635,689
Interfund loans receivable	776,552	781,506	$ (1,558,058)	
TOTAL NONCURRENT ASSETS	3,433,917	1,759,830	(1,558,058)	3,635,689
Capital Assets:				
Nondepreciable	11,593,595	297,139		11,890,734
Depreciable, net of accumulated depreciation	89,398,129	6,743,008		96,141,137
TOTAL CAPITAL ASSETS, NET	100,991,724	7,040,147		108,031,871
Other Assets:				
Due from City of Plymouth, noncurrent portion	2,459,332			2,459,332
TOTAL OTHER ASSETS	2,459,332			2,459,332
TOTAL ASSETS	114,405,940	10,011,880	(1,558,058)	122,859,762
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	2,416,179	439,825		2,856,004
Other post employment benefits	931,712	177,469		1,109,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,347,891	617,294		3,965,185
LIABILITIES				
Current Liabilities:				
Accounts payable	1,449,955	62,831		1,512,786
Accrued expenses and other liabilities	166,448	12,739		179,187
Accrued interest payable	221,115	23		221,138
Deposits	362,029	33,348		395,377
Current portion of noncurrent liabilities	1,801,891	34,685		1,836,576
TOTAL CURRENT LIABILITIES	4,001,438	143,626		4,145,064
Noncurrent Liabilities:				
Notes payable, net of current portion	14,713,680			14,713,680
Bonds payable, net of current portion	22,076,809			22,076,809
Interfund loans payable		1,558,058	(1,558,058)	
Compensated absences	128,168	30,612		158,780
Net pension obligation	5,335,500	971,237		6,306,737
Net other postemployment benefits (OPEB) obligation	5,451,048	1,038,295		6,489,343
Lease liability	4,837	537		5,374
Subscription arrangement liability	5,241	582		5,823
TOTAL NONCURRENT LIABILITIES	47,715,283	3,599,321	(1,558,058)	49,756,546
TOTAL LIABILITIES	51,716,721	3,742,947	(1,558,058)	53,901,610
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding	84,434			84,434
Pensions	335,445	61,062		396,507
OPEB	5,537,993	1,054,856		6,592,849
TOTAL DEFERRED INFLOWS	5,957,872	1,115,918		7,073,790
NET POSITION				
Net investment in capital assets	62,433,001	7,034,955		69,467,956
Restricted	3,433,917	1,759,830		5,193,747
Unrestricted	(5,787,680)	(3,024,476)		(8,812,156)
TOTAL NET POSITION	$ 60,079,238	$ 5,770,309	$ -	$ 65,849,547

AMADOR WATER AGENCY

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION BY FUND

For the year ended June 30, 2023

	Water Fund	Waste Water	Eliminations	Total
OPERATING REVENUES				
Current services	$13,903,120	$ 2,682,992		$ 16,586,112
Other operating revenue	992,300	197,458		1,189,758
TOTAL OPERATING REVENUE	14,895,420	2,880,450		17,775,870
OPERATING EXPENSES				
General and administrative	4,101,279	423,130		4,524,409
Transmission and distribution	3,058,730	672,925		3,731,655
Maintenance	849,545	638,307		1,487,852
Water treatment	1,098,602	68,463		1,167,065
Depreciation	3,796,314	377,172		4,173,486
TOTAL OPERATING EXPENSES	12,904,470	2,179,997		15,084,467
NET INCOME (LOSS) FROM OPERATIONS	1,990,950	700,453		2,691,403
NON-OPERATING REVENUES (EXPENSES)				
Taxes and assessments	622,924	35,569		658,493
Investment income	233,322	30,273		263,595
Loss on sale and disposition of capital assets				
Other non-operating revenue	6,781	6,009		12,790
Interest expense	(1,149,270)	(671)		(1,149,941)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(286,243)	71,180		(215,063)
CAPITAL CONTRIBUTIONS				
Grant revenue	1,401,601			1,401,601
Capacity fees and other capital revenues	2,357,082	85,906		2,442,988
TOTAL CAPITAL CONTRIBUTIONS	3,758,683	85,906		3,844,589
INCOME (LOSS) BEFORE TRANSFERS	5,463,390	857,539		6,320,929
TRANSFERS				
Transfers in	291,958	57,713	$ (349,671)	
Transfers out	(270,042)	(79,629)	349,671	
TOTAL TRANSFERS	21,916	(21,916)		
CHANGE IN NET POSITION	5,485,306	835,623		6,320,929
Net position, beginning of year	54,593,932	4,934,686		59,528,618
NET POSITION AT END OF YEAR	$ 60,079,238	$ 5,770,309	$ -	$ 65,849,547

OTHER REPORTS

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

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

To the Board of Directors
Amador Water Agency
Sutter Creek, California

We have audited, 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, the financial statements of the Amador Water Agency (the Agency) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 7, 2023.

Internal Control over Financial Reporting

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

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

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

To the Board of Directors
Amador Water Agency

Report on Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Company, LLP

December 7, 2023

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Amador Water Agency
Sutter Creek, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Amador Water Agency's (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct material effect on each of the Agency's major federal programs for the year ended June 30, 2023. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* , and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not fo the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Board of Directors
Amador Water Agency

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Richardson & Company, LLP

December 7, 2023

AMADOR WATER AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1.	Type of auditor's report issued:	Unmodified
2.	Internal controls over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified not considered to be material weaknesses? considered to be material weaknesses?	None noted
3.	Noncompliance material to financial statements noted?	No

Federal Awards

1.	Internal control over major programs:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified not considered to be material weaknesses? considered to be material weaknesses?	None noted
2.	Type of auditor's report issued on compliance for major programs:	Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No
4.	Identification of major programs:	

Federal Assistance Listing (AL) Number	Name of Federal Program
10.760	Water and Waste Disposal Systems for Rural Communities

5.	Dollar Threshold used to distinguish between Type A and Type B programs?	$750,000
6.	Auditee qualified as a low-risk auditee under 2 CFR, Section 200.516(a)?	Yes

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

COMPLIANCE

None

INTERNAL CONTROL OVER COMPLIANCE

None

D. PRIOR YEAR FINDINGS- FINANCIAL STATEMENT AUDIT

None

E. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

COMPLIANCE

None

INTERNAL CONTROL OVER COMPLIANCE

None

AMADOR WATER AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing (AL) Number	Pass-Through Grantors' Number	Expenditures
MAJOR FEDERAL AWARDS:			
U.S. Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities	10.760		$ 2,233,140
TOTAL MAJOR FEDERAL AWARDS			2,233,140
NON-MAJOR FEDERAL AWARDS:			
U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)			
Passed through California Governor's Office of Emergency Services			
Hazard Mitigation Grant Program	97.039	FEMA-4382-DR-CA	149,513
TOTAL NON-MAJOR FEDERAL AWARDS			149,513
TOTAL FEDERAL AWARDS			$ 2,382,653

AMADOR WATER AGENCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023 and 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Amador Water Agency (the Agency) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Agency's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Agency.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Agency's portion, may be more than shown.

NOTE D – INDIRECT COST ALLOCATION PLAN

The Agency elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for the Hazard Mitigation Grant Program AL number 97.039 during the year ended June 30, 2023.

NOTE E – CLUSTERS OF PROGRAMS

There were no clusters of the Agency's federal programs during the year ended June 30, 2023.

NOTE F – SUBRECIPIENTS

There were no subrecipients of the Agency's federal programs during the year ended June 30, 2023.

NOTE G – LOAN PROGRAMS

Loan programs with outstanding loan balances at June 30, 2023 included the Water and Waste Disposal Systems for Rural Communities Program AL number 10.760, which had an outstanding balance of $4,851,000.

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