



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

ALAMEDA COUNTY FLOOD CONTROL  
AND WATER CONSERVATION DISTRICT  
Zone 7 Water Agency

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED INFORMATION AS  
OF JUNE 30, 2020)  
Livermore, CA



**Alameda County Flood Control and Water Conservation District  
Zone 7 Water Agency  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021  
(With Summarized Information for the Year Ended June 30, 2020)**

**Table of Contents**

	<u>Page</u>
<b><u>INTRODUCTORY SECTION (Unaudited)</u></b>	
Letter of Transmittal .....	i
Organization Structure .....	xviii
List of Elected Officials and Agency Management .....	xix
Project Team .....	xx
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xxi
 <b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors’ Report on Financial Statements</b> .....	1
<b>Management’s Discussion and Analysis (Required Supplementary Information) (Unaudited)</b> .....	5
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	24
Statement of Activities .....	26
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	33
Reconciliation of the Governmental Funds Balance Sheet to the Governmental Wide Statement of Net Position .....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	36
Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Change in Net Position of Governmental Activities .....	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Flood Protection Operations Fund – Budget and Actual .....	38
<b>Proprietary Fund Financial Statements:</b>	
Statement of Net Position – Proprietary Funds .....	40
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	43
Statement of Cash Flows – Proprietary Funds .....	44
<b>Notes to the Financial Statements</b> .....	49

**Alameda County Flood Control and Water Conservation District  
Zone 7 Water Agency  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021  
(With Summarized Information for the Year Ended June 30, 2020)**

**Table of Contents (Continued)**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Required Supplementary Information (Unaudited)</b>	
Cost-Sharing Multiple Employer Defined Pension Plan:	
Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date – Miscellaneous.....	83
Schedule of Contributions – Miscellaneous.....	84
Cost-Sharing Multiple Employer Defined OPEB Plan:	
Schedule of the Plan’s Proportionate Share of the Net OPEB Liability and Related Ratios .....	87
Schedule of Contributions.....	88
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
<b>Supplementary Information:</b>	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet .....	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	92
<i>Nonmajor Water Enterprise Funds:</i>	
Combining Statement of Net Position.....	93
Combining Statement of Revenues, Expenses and Changes in Net Position.....	94
Combining Statement of Cash Flows .....	95
<b>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 <i>Government Auditing Standards</i>.....</b>	
	<b>97</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2021**  
**(With Summarized Information for the Year Ended June 30, 2020)**

**Table of Contents (Continued)**

---

	<u>Page</u>
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	
Net Position by Component – Last Ten Fiscal Years .....	102
Changes in Net Position – Last Ten Fiscal Years .....	104
Fund Balances of Governmental Funds .....	107
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years .....	108
Revenue Capacity – Ten-Year Summary of Revenue by Source – Water Enterprise System.....	111
Revenue Capacity – Ten-Year Summary of Revenue by Source – Flood Protection System .....	112
Treated and Untreated Water Rates – Ten Year History .....	113
Water Sales by Category – Ten Year History .....	114
Principal Treated Water Customers – Current Complete Year Comparison to Nine Years Ago .....	115
Assessed Value of Taxable Property – Last Ten Fiscal Years.....	116
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	117
Property Tax Levies and Collections – Last Ten Fiscal Years .....	119
Principal Property Tax Payers – Current Year and Nine Years Ago .....	120
Water Enterprise Outstanding Debt by Type – Last Ten Fiscal Years .....	121
Legal Debt Margin Information – Last Ten Fiscal Years .....	122
Demographic and Economic Statistics –	
For Alameda County and the Zone 7 Service Area – Last Ten Fiscal Years.....	123
Principal Employers In Alameda County – Current Year and Nine Years Ago .....	124
Full-time Equivalent District Employees by Function/Program Budget – Last Ten Fiscal Years .....	125
Operating Indicators – Fiscal Years 2011-2020.....	126
Operating Information – Capital Asset Statistics – Fiscal Years 2011-2020.....	127

*This page intentionally left blank.*

December 3, 2021

To the Board of Directors:

## The Annual Comprehensive Financial Report for the Zone 7 Water Agency

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) of the Alameda County Flood Control and Water Conservation District, Zone 7, California (Agency), for the fiscal year ended June 30, 2021 (with summarized information for the year ended June 30, 2020).

The Annual Comprehensive Financial Report is prepared in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”) as promulgated by the Governmental Accounting Standards Board (“GASB”).

The intended purpose of the financial report is to provide the Board of Directors, the customers of the Agency, and other interested parties with reliable information on the finances of the Agency. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not surpass its benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements.

The Pun Group, LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the Agency financial statements for the year ended June 30, 2021. The purpose of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2021, are free of material misstatement. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and be read in conjunction with the MD&A.

The Annual Comprehensive Financial Report follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (“GFOA”) and the Agency is submitting this CAFR to GFOA for review and certification.

## Agency Profile

Zone 7 Water Agency is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act. The Act (Chapter 55 of the California Water Code Appendix) was passed by the State Legislature in 1949. The Agency was established by a vote of the residents of the Livermore-Amador Valley area in 1957, with its own independent elected board to provide local control of integrated water resources. The Agency’s Administrative Office is located in the City of Livermore in Alameda County. Livermore was founded in 1869 and is one of California’s oldest wine regions. The Agency currently serves an estimated population of 266,000 people and is responsible for providing wholesale treated (drinking) and untreated (agricultural) water, flood control, and groundwater management throughout eastern Alameda County.

The Agency provides wholesale potable (treated) water to retail water suppliers, untreated irrigation water, and flood protection services. Its territory includes 425 square miles of eastern Alameda County. The Agency has broad power to finance, construct, and operate a system for the transportation, storage, treatment, and distribution of water.

The Agency imports water into the Valley from the State Water Project (“SWP”), operated by the Department of Water Resources (“DWR”) of the State of California. The State issued bonds to finance the SWP. The Agency is one of 29 water contractors who share the cost of the debt service for the SWP bonds.



Aerial view of the South Bay Aqueduct and Dyer Reservoir. Credit: Department of Water Resources

The Agency’s four retail water customers are the City of Livermore, the City of Pleasanton, Dublin-San Ramon Services District, and California Water Service Company – Livermore District. These retailers distribute the water to municipal and industrial customers in Dublin, Livermore, Pleasanton, and through a special agreement with Dublin-San Ramon Services District, the Dougherty Valley portion of San Ramon

## History and Services

Since long before the Agency was created, the critical issues of water supply, water quality, and flood protection have shaped the region’s ability to prosper. Although the Tri-Valley was far less populated during the first half of the 20th Century than it is today, a declining groundwater table and periods of drought had local farmers, vintners, and residents alike worried about their livelihoods, according to reports published in 1948. There was frequent flooding, particularly in northern Pleasanton, where Hacienda Business Park and various residential developments are now located.



The Agency was established in 1957 by local voters demanding local control over local water-resource planning, flood protection, and financing. The Agency has taken the Tri-Valley a long way in resolving many of its most pressing water supply, water quality, and flood protection problems. The locally elected, seven-member Board of Directors has continually formulated and implemented needed programs for flood protection and water resource management, incorporating co-benefits of recreation, and environmental protection and enhancements where feasible. Many issues have persisted over the decades, and their implications on local land use, local control, and local financing continue to surface. Indeed, challenges continue as the Agency works to improve water reliability and quality, along with flood protection, in the most economical and environmentally sound ways possible, and to accommodate new development approved by Tri-Valley cities and/or the County at no cost or harm to existing residents.

The Agency has long been known for its proactive groundwater basin stewardship. Continuing in that tradition, on December 21, 2016, the Agency Board of Directors adopted a resolution officially accepting the role of Groundwater Sustainability Agency (“GSA”) for the Livermore Valley Groundwater Basin under the Sustainable Groundwater Management Act (“SGMA”). The Agency was one of several agencies recognized in the legislation as being a trusted groundwater basin manager and identified as the exclusive local agency eligible to perform the GSA role within its service area.



Through coordination with other local agencies in the region and neighboring groundwater basins, the Agency was able to notify the State that it will continue sustainable groundwater management for the entire portion of the Livermore Valley groundwater basin that is within the Agency’s service area as well as a small portion that lies within Contra Costa County

Since its formation, the Agency has continued to take steps to expand its level of local control and autonomy. Most recently, in 2003, state legislation granted the Agency more authority over issues and projects of exclusive interest to the Agency, allowing the Board to improve economic efficiencies and reduce administrative duplication with the county.

Local control has allowed the Agency to develop master plans that sustainably integrate and optimize water supply reliability, water quality, flood management and environmental stewardship. Meanwhile, the Agency has participated with other water, recycled water, sewer, and storm water utilities in the greater Bay Area to explore potential opportunities to pool services/equipment for increased efficiency.

## Agency Service Area

The Agency supplies treated drinking water to retailers serving a population of 266,000 people and businesses in Pleasanton, Livermore, Dublin, and through a special agreement with the Dublin-San Ramon Services District, the Dougherty Valley area in San Ramon. The Agency also supplies untreated irrigation water to local vineyards, farms, and golf courses, and provides both flood protection and groundwater management in eastern Alameda County.



## Agency-Wide Strategic Overview

On June 17, 2020, the Board adopted the 2020-2024 Five-Year Strategic plan and a revised Mission and Vision Statement with updated Values & Goals.

### Mission

Deliver safe, reliable, efficient, and sustainable water and flood protection services.

### Vision

Provide excellent water and flood protection services to enhance the quality of life, economic vitality, and environmental health of the communities we serve.

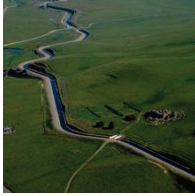
### Values

“Our shared values guide all our actions.”

– Valerie Pryor, General Manager

- Transparency** – We operate in an open and transparent fashion.
- Customer Service** – We are prompt, respectful, and courteous in all of our interactions.
- Collaboration** – We embrace collaboration to enhance our services.
- Environmental Sensitivity** – We deliver our services in an environmentally-sensitive manner.
- Fiscal Responsibility** – We operate in a productive, cost effective, and efficient manner.
- Innovation** – We encourage innovation, creativity, and ingenuity.
- Integrity** – We maintain the highest ethical standards and open, honest communications.
- Leadership and Service** – We maintain a diverse team of highly skilled professionals devoted to honest and accountable stewardship of our resources.
- Proactivity** – We proactively address issues and embrace continuous improvement.
- Safety** – We are committed to public and employee safety.

## Organization-Wide Goals



### GOAL A | Reliable Water Supply and Infrastructure

Provide customers with reliable water supply and infrastructure.



### GOAL B | Safe Water

Provide customers with safe water.



### GOAL C | Groundwater Management

Manage and protect the groundwater basin as the State designated Groundwater Sustainability Agency.



### GOAL D | Effective Flood Protection

Provide an effective system of flood protection.



### GOAL E | Effective Operations

Provide the Agency with effective leadership, administration, and governance.



### GOAL F | Stakeholder Engagement

Engage our stakeholders to foster understanding of their needs, the Agency, and its functions.



### GOAL G | Fiscal Responsibility

Operate the Agency in a fiscally responsible manner.

## Economic Condition and Fiscal Outlook



The Agency's Administrative Office is located in the City of Livermore, in Alameda County which is part of the Tri-Valley area of Dublin-Livermore-Pleasanton. The Tri-Valley is located 39 miles east of San Francisco, California and 28 miles north of Silicon Valley. This area is a crossroads, not only literally (for commuters traveling from the Central Valley to Silicon Valley and other employment destinations) but also figuratively (for major employers including both vineyards and high-tech firms.) With a combined

population now of 266,000 residents, the Tri-Valley area is proving to be one of the fastest growing areas in the Bay Area.

**DUBLIN**, located in the desirable Tri-Valley region, has emerged as an outstanding community for families. Known as the “New American Backyard”, Dublin is an attractive destination for businesses and residents alike who want access to transportation (two major freeways and two BART stations), excellent schools, beautiful parks and public facilities, safe neighborhoods, and a wide variety of housing types. Dublin has progressive policies that promote quality growth in office, retail, and residential development. Dublin continues to work to expand and enhance the quality of life for all members of our community.

**LIVERMORE** is a community that reflects an eclectic blend of science, arts, western culture, and award-winning wineries and breweries. The City's renowned reputation in science, technology, and innovation is showcased by the Lawrence Livermore and Sandia National Laboratories, and its regional i-GATE Innovation Hub and “Switch” facility. The San Francisco Premium Outlets and the vibrant downtown highlight a wide range of shopping, dining, and entertainment opportunities for Livermore's 89,000 residents and visitors. Livermore's diverse community amenities, business friendly atmosphere, and strong public schools make it the perfect location for entrepreneurs and businesses of all sizes including new arrivals Tesla Motors and the Gillig Bus Company.

**PLEASANTON** carries a small-town ambiance with a metropolitan edge that contributed to its inclusion as the only Bay Area city on Money Magazine's 2010 list of America's 100 Best Small Cities. This City of 70,000 supports a thriving business community of more than 4,000 companies, from Fortune 500 to home-grown innovation firms. Pleasanton's highly educated population and workforce reflect the community values education and preeminent school system. Downtown Pleasanton is a charming historic destination with a mix of unique shops, services, and restaurants. Nearby Stoneridge Shopping Center features more than 165 specialty stores.

Most of the Agency's service area lies within the County of Alameda which possesses a large and diverse economic base, consisting of research and high technology, professional services, agriculture, finance, retail trade, medical and health services, government services and many others. The 2020-21 local roll included

assessments of 512,246 taxable properties within Alameda County. The assessed value of these properties totaled \$343 billion, a \$21.5 billion or a 6.69% increase above the previous year assessment roll. The growing economy and increase in real estate values and new construction are responsible for this 6.69% increase. Since 2014, the Assessment Roll has increased by 40% or \$97.5 billion. Other factors leading to this year's assessment growth included the mandatory inflation index of 2% being applied to all property's assessed values that were not affected by assessment declines in prior years. This inflation index, roll corrections, base value restorations, and other miscellaneous factors added \$5.6 billion. Reassessments due to sales/transfers of real estate added \$10.5 billion, new construction activity added \$4.3 billion, while business personal property assessments increased by \$1.1 billion. A copy of the [2020-21 annual report](#) is available at the Alameda County Assessor Office website. COVID-19 did not appear to impact the FY 2020-21 assessment roll.

Cities within the Agency service area remained relatively stable in population over the period from 2020 to 2021. The cities of Dublin and Pleasanton saw slight declines in population growth (0.7% and 0.4% respectively)<sup>1</sup> and the city of Livermore had a slight increase in population of 0.1%. The service area experienced a continued decline in the construction of new developments following the March 2020 COVID-19 Shelter in Place orders.

The COVID-19 pandemic had a significant impact on the local economy, particularly on unemployment rates in 2020. As of October 2021, the unemployment rate was reported at 5% versus 7.9% in October 2020<sup>2</sup>. These numbers demonstrate the impact of the COVID-19 pandemic on Alameda County residents has subsided and the local economy is recovering.

## Long-Term Financial Planning / Strategic Planning

**Credit Rating:** In 2018, the Agency issued \$64,010,000 Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 Series A to finance the construction of an ozone treatment facility at the Del Valle Water Treatment Plant and to refinance bonds associated with the Cawelo Groundwater Banking Program. In July 2020, Fitch conducted a surveillance review and as a result, upgraded Zone 7's bond rating from AA to AA+. In June 2021, after their annual surveillance review, Fitch Ratings affirmed Zone 7's bond rating of AA+. Fitch Rating is one of the largest American credit rating agencies and is one of three nationally recognized statistical rating organizations designated by the U.S. Securities and Exchange Commission in 1975. Fitch based its rating affirmation on the following factors:

- Strong financial leadership
- Fixed rate component of the water rate structure
- Strong reserves to weather the current economic downturn
- Healthy levels of capital investment to maintain the Agency's infrastructure
- Strong balance of stored groundwater and banked water to deal with SWP and hydrology variability

<sup>1</sup> State of CA, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, released May 2021: <https://dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

<sup>2</sup> Unemployment State rates: <https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Labor-Force-and-Unemployment-Rate-for-California-S/8z4h-2ak6>

- Dedication to expanding water supply through investment in water supply and reliability projects

**Water Rates:** The Agency’s largest revenue source is the sale of water, acting as a wholesaler for four water supply retailers in Livermore, Pleasanton, Dublin and by a special agreement with the Dublin San Ramon Services District, the Dougherty Valley area in San Ramon. In 2018, Zone 7’s Board of Directors approved a four-year rate schedule that included a set increase each year from Calendar Year 2019-2022. Under that schedule, the next and final rate increase of 6.7%, of the four-year rate schedule, will go into effect on January 1, 2022. The Agency will conduct a new rate study in Summer 2022.

**Strategic Planning:** On June 18, 2020, the Board adopted a 2020-24 Five-Year Strategic Plan. The Strategic Plan was developed through a collaborative process with the Board of Directors, management, and staff. The planning consultant interviewed each of the seven Board members regarding their perspectives on the future challenges for the Agency. These interviews were followed by a management workshop. Four workshop sessions with Agency employees and supervisors mined key strengths, weaknesses, opportunities, and threats facing the Agency. The Board discussed the strategic challenges facing the Agency and refined a vision, mission, and set of goals for the 5-Year Strategic Plan at a Board Retreat in early 2020. Based upon staff input and Board direction, the management team then developed “initiatives” for each of these goals. The Strategic Plan will be reevaluated regularly to adjust as conditions warrant.

**Capital Improvement Plan:** The Capital Improvement Program (“CIP”) describes the capital investments the Agency intends to make over a multi-year period. The CIP is the basis from which final capital budgeting decisions flow. The Agency prepares a ten-year CIP for the Water System and is currently in the process of transitioning to a ten-year CIP for the Flood Protection System. The CIP is updated about every other year.

For purposes of the CIP, capital outlay is distinguished from capital projects. Capital outlay includes only those projects or equipment purchases between \$5,000 and \$50,000 and having more than one year of useful life. Capital outlay is funded through the operating budget. All capital projects or equipment purchases of at least \$50,000 or over and having five years of useful life are included in the capital improvement planning process.

The Del Valle Water Treatment Plant, which has been serving Zone 7 well since it was built in the 1970s, has been upgraded to utilize a powerful disinfectant called ozone. The Ozonation Project, which is part of Zone 7's CIP, represents a capital investment of \$49 million, funded by bonds. Construction of the new facility was completed in July 2020. The new treatment system is fully online and will improve overall water quality for an estimated 40 million gallons per day (mgd) production. The project included the modification of



existing facilities and construction of new facilities including an ozone generation building, contactor structure, existing filters modifications, chemical feed facilities, Power and Water Resource Pooling Authority (“PWRPA”) electrical facilities and a plant utility water pump station. This project will improve water quality, enhance the water treatment process, and increase production reliability. Zone 7 is also investing in ozonation at the Patterson Pass Water Treatment Plant; that system is scheduled to go online in 2022.

## Significant Accomplishments

### Water Supply, Reliability, and Quality

**Drought Conditions:** Fiscal year 2020-21 was a critically dry year and the second dry year in a row for the State of California. On September 1, 2021, the Board (Resolution No. 21-67) declared a state of drought emergency within its service area and a Stage 2 water shortage. This declaration included mandatory conservation of 15% to align with Governor Newsom’s drought emergency proclamation.

The Agency maintains a diverse water supply portfolio (local groundwater, groundwater banks in Kern County, and surface water) and proactively pursued and secured water transfers in Spring 2021. Because of the Agency’s actions, water demands are continuing to be met, and no additional rate increases are needed.

**Sustainable Groundwater Management:** The Sustainable Groundwater Management Act (“SGMA”) is historic legislation which requires local agencies to adopt groundwater management plans and monitor and manage groundwater resources in a sustainable way. In 2014, the State of California’s Sustainable Groundwater Management Act recognized the Agency’s sustainable groundwater management program by naming the Agency the exclusive Agency to continue this role in its service area. At the end of 2016, the Agency officially accepted the new role and filed an Alternative Sustainable Groundwater Management Plan. Early in 2017, the Agency’s Board of Directors adopted a Sustainable Groundwater Management Ordinance to clarify the Agency’s responsibilities related to groundwater management for the Livermore-Amador Valley groundwater basin as well as a small portion that lies within Contra Costa County.

In April 2020, DWR awarded Zone 7 Water a \$500,000 Sustainable Groundwater Management grant to support development of the previously approved Alternative Groundwater Sustainability Plan (GSP). Currently Zone 7 provides groundwater basin oversight services such as data collection, monitoring, modeling, and annual reporting. The funding will be used to help develop and implement the 2022 Update of the Alternative GSP (next five-year iteration of the plan), enabling the Agency to continue sustainability efforts in managing the Livermore Valley Groundwater Basin and provide reliable water to our customers.

**Water Quality:** All water supplied during 2020 not only met, but often performed better than the regulatory standards set by the state and federal governments. In July 2020, the Agency met major milestones in improving infrastructure by completing the Del Valle Water Treatment Plant Ozone project. With new state-of-the-art facilities for ozonation, the Agency can maintain its commitment of not only meeting but performing better than regulatory compliance requirements to provide an additional margin of safety and address local concerns for taste, odor, and water hardness. Ozone treatment is the technology of choice for disinfecting water, reducing chlorine-related byproducts, and killing even more pathogens than chlorine making the Agency’s water cleaner, safer and better tasting – straight from the tap. The Agency is also making continued progress toward the completion of the construction of the ozone project at the Patterson Pass water treatment plant. That system is scheduled to go online in 2022.

**Flood Protection:** The Agency’s Five-Year Strategic Plan includes an initiative to update the flood protection strategy. A consultant with expertise in flood protection engineering provided a high-level assessment of the Agency’s flood protection policies and of the overall flood protection system currently in place.

The recommendation of the consultant was to pursue a new flood system management plan, which would incorporate some of the existing plans, but provide a more contemporary approach to the existing Stream Management Master Plan by focusing on flood protection goals and incorporating climate change into a revised strategy. It would also look for opportunities to engage partner agencies during development and expand engagement with the community in discussions about flood risk and the revised approach.

In Spring 2021, the Agency hired a consultant to complete Phase I of the Flood Management Plan. This Phase includes establishing Agency flood management guidance such as flood management guiding principles, flood performance goals and objectives, flood system definition, and best management practices.





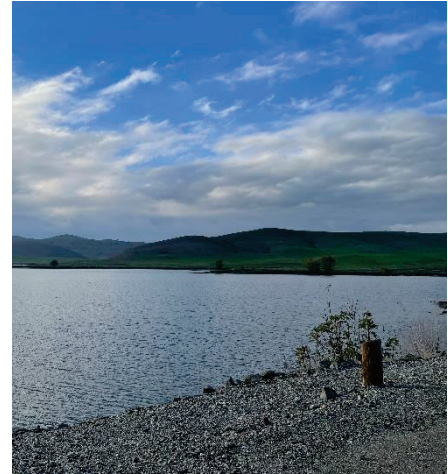
The following are some of the key accomplishments related to the Flood Protection Program in FY 2020-21:

- Continued pursuing programmatic permits from California Department of Fish and Wildlife, Regional Water Quality Control Board, and the United States Army Corps of Engineers
- Prioritized district wide bank repairs and continued to plan for an additional 7 repairs in 2022.
- The Arroyo Mocho Stanley Reach Bank Stabilization Project was authorized for construction in April 2021 and work began in May 2021. By end of June 2021, about 50% of the channel restoration had been completed.
- Zone 7 awarded USGS 3D Elevation Program grant to acquire high-definition elevation data, in collaboration with the USGS.
- The Bank Stabilization, Arroyo Del Valle Project restored 220 linear feet of levee and included 150 ft of geogrid support.
- A report of Evaluation and Cost Analyses for Repair Alternatives was completed to evaluate potential repair alternatives and conceptual-level construction cost estimates for Zone 7's chronically problematic reaches of earthen flood control channels along the I-680 freeway corridor in Pleasanton area is completed.
- Bi-annual inspection and reports on conditions of Zone 7 bridges were completed.

**Long-Term Water Supply Reliability:** Back-to-back dry years are a challenge for water suppliers as water becomes a scarce resource. With 2021 being the second dry year in a row, the Agency worked to maintain water supply reliability for its customers. The Agency will continue investment and participation in water supply reliability projects as part of its mission to deliver safe, reliable, efficient, and sustainable water, such as the Los Vaqueros Reservoir Expansion and Sites Reservoir projects.

The Agency will also continue to pursue the following projects, with direction from the Board of Directors, as long as the projects demonstrate progress toward attaining new sustainable water supplies both regionally and locally and are fiscally feasible:

- ❖ Bay Area Regional Desalination Project
- ❖ Delta Conveyance
- ❖ Los Vaqueros Reservoir Expansion
- ❖ Potable Reuse
- ❖ Sites Reservoir
- ❖ Water Transfers
- ❖ Intertie with a neighboring water agency



The Agency will also continue to evaluate and pursue water conservation activities to help the Retailers comply with State mandates for long-term water use efficiency standards beginning in 2023.

Additional long-term planning milestones from this year include the completion of the 2020 Urban Water Management Plan and the 2020 Tri-Valley Municipal and Industrial Water Demand Study.

2020 Urban Water Management Plan: Every five (5) years, the Agency completes an Urban Water Management Plan (UWMP). The UWMP describes the availability and reliability of the Agency's water supplies and current and projected water use. The UWMP lays out supply and demand projections for the next 20 years under normal and drought conditions, and thus serves as an important long-term planning tool and a means of communicating to the public. The 2020 Urban Water Management Plan was adopted by the Board on May 19, 2021 (Resolution No. 21-43).

2020 Tri-Valley Municipal and Industrial Water Demand Study: The Agency completed the 2020 Tri-Valley Municipal and Industrial Water Demand Study (Demand Study) to better plan for long-term reliability for the Tri-Valley region. The Demand Study was a regional effort and included close collaboration with the Agency's retailers. A land use-based tool for projecting municipal and industrial water demands at buildout was developed as well to support the Demand Study. The Agency will use this tool to continue updating the region's water demand projections as the Tri-Valley moves closer to buildout, which will inform investments in water supplies and infrastructure.

**Communications and Outreach:** The Agency adopted the 2020-24 Five-Year Strategic Plan in June 2020. The revised plan is a living document that guides Agency communications and allow for adaptability in a

climate where many variables are not constant, including drought and water supply conditions, disaster and emergencies, economic climate, and new technology advancements.

**Newly Designed Website:** Milestones in communications included the launch of the Agency's newly designed website. The website is part of the Agency's Strategic Plan and features a new vibrant design, upgraded cybersecurity protocols, a streamlined site navigation structure, and refreshed content. The Agency's new website hosts many resources for the Tri-Valley community and now features education resources for educators.

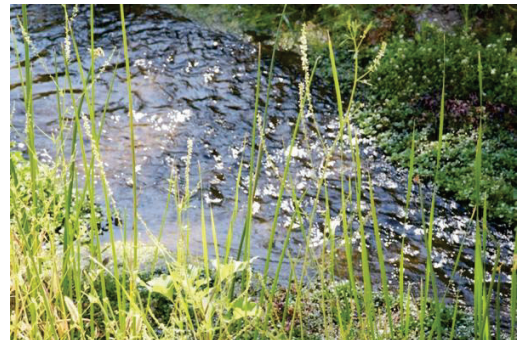
**Schools' Program:** The Zone 7 Schools Program was designed around the idea that teaching kids to be water-savvy today translates to water-wise adults for generations to come. While classroom visits were not possible due to COVID - 19 restrictions, fully accessible virtual lessons were created to continue our valued program. Lessons in the program are aligned with the Next Generation Sciences Standards for K-12 content, created and taught by certified educators.



Funded by Zone 7 Water Agency and supported by its Board of Directors, the program invests in youth water system education and appreciation. The program reached over 6,000 students during the 2020-21 school year through 253 virtual presentations.

**Workforce Development:** The Agency continued its proactive role as a Baywork signatory in FY 2020-21. Bayworks's signatories strategically invest resources together to sustain and develop the reliable workforce needed to serve our customers and protect the environment both now and for future generations. As a signatory agency, Zone 7 is better able to expand its reach throughout the Bay Area, particularly among job seekers. The partnership also provides job training opportunities and skills advancement for prospective and existing employees in the workforce and enables the sharing of best practices with other water agencies.

**Living Arroyos Program:** The Agency continued to partner with the City of Livermore, the City of Pleasanton and the Livermore Area Recreation and Park District to engage the community in participating in watershed stewardship activities. The benefits of this strategic partnership are cost sharing, leveraging unique resources, aligning the community vision of the watershed, avoiding redundancy, and achieving long-term management goals.





Living Arroyos Program Volunteer Day

The program's Saturday volunteer workdays allow residents to assist with restoring creek banks with native vegetation while learning about local ecology. The program also employs college students and young professionals as interns, allowing them to learn stream management techniques hands-on to augment their classroom learning.

Living Arroyos was recognized by CASQA for the 2020 CASQA Outstanding Sustainable Stormwater Project/Program Award. The City of Livermore nominated Living Arroyos/Adopt a Creek Spot Program for consideration and the CASQA Awards committee selected Living Arroyos as a winning program.

Accomplishments since the program's inception, include:

- Involvement of 350 community volunteers
- 1,386 volunteer hours comprised of tree planting, grass seeding, weed management, trash collection, and mulching activities
- 7,923 trees planted
- 2,539 live plant stakes installed
- 58,439 gallons of weeds removed
- 9,630 gallons of trash removed

## Financial Policies

**Financial Reserve Policy:** The Financial Reserve policy was initially adopted by the Board in 2005 and updated with the adoption of an Interim Reserve policy on April 17, 2013. On September 28, 2016, the Board adopted a Final Reserve Policy (Resolution No. 16-166). The 2016 revisions helped to further strengthen the Agency's financial position.

On May 15, 2019, the Board adopted Resolution No. 19-37, approving a revised reserve policy. The new policy eliminated Drought Contingency and Rate Stabilization Reserves and created a Reserve for Economic Uncertainties. The Reserve for Economic Uncertainties is prudent to help maintain a high bond rating and to protect the Agency from the effects of fluctuations in water usage and the cost of imported water to which the Agency is vulnerable, and other unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situations. The reserve is targeted at 15% of budgeted volume-based water sales revenue. The revised policy also eliminated the Building Sinking Fund Reserve which was liquidated with the purchase of the North Canyons Building and added the Debt Rate Stabilization Reserves that were established as part of the debt issuance in 2018.

**Investment Policy:** The Agency's Investment Policy was adopted by the Board on June 16, 2021 (Resolution No. 21-48). The Agency's Investment Policy is in compliance with the California Government

Code, Section 53600 et seq. The investment of idle funds is delegated by Agency's Board to the Assistant General Manager – Finance as the Treasurer who assumes full responsibility for the transactions of the investment program. The objectives of the investment policy are safety of principal, liquidity, return on investment or yield, and diversity. The Investment Policy applies to the Agency's pooled investment fund which encompasses all monies under the direct oversight of the Agency Treasurer and is reviewed on an annual basis.

**Debt Policy:** The Debt policy was adopted by the Board in June 2017 (Resolution No. 17-52). The Debt Policy provides the guidelines under which specific projects outlined in the biennial planning process and documented in the Capital Improvement Plan may be best financed. Debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency recognizes that changes in the capital markets and other unforeseen circumstances may require action deviating from this Debt Management Policy. In cases requiring any exception to this policy, approval from the Board will be required. The Debt Management Policy is not applicable to intra-agency borrowing.

**Budget Controls:** The Agency maintains budgetary controls, the objectives of which are to ensure compliance with legal provisions, embodied in the two-year budget approved by the Board. Activities of the governmental funds and proprietary funds are included in the annual appropriated budget. Additionally, as a management tool, project-length financial plans are included in the annual Capital Improvement Program. The legal level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, further limited by two categories, the operating budget (consisting of total operations and operating projects) and the capital budget (consisting of capital project expenditures).

The Agency also maintains an encumbrance accounting system as one process to accomplish budgetary control. Budget adjustments that increase or decrease revenue projections, appropriations or reserves of any fund at the fund level require Board approval. Budget and actual comparisons are provided in this report for the Governmental Fund (Flood Protection). The guidelines used by the Agency in developing this formal budget process are those recommended by the Government Finance Officers Association.

**Internal Control:** The Agency management is responsible for establishing and maintaining adequate internal controls to assure the Agency operations are effective and efficient, that applicable laws and regulations are followed, and financial reports are reliable. Existing internal controls are monitored, and changes are implemented as needed. These controls are designed to provide reasonable, but not absolute, assurance that (1) assets are safeguarded against waste, fraud and inefficient use; and (2) the Agency's financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and judgments by management. We believe that the Agency's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## Other Information

### Independent Audit

An independent audit by certified public accountants is important in determining the reliability of the Agency's financial statements. The importance of such verification has been recognized by the federal and state governments, and the general public. The Agency contracted with the accounting firm of The Pun Group, LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

### Awards

**Certificate of Achievement for Excellence in Financial Reporting:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the Agency for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized the Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current the Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**GFOA Distinguished Budget Award:** For the sixth time, the Agency was awarded the Government Finance Officers Association's Distinguished Budget Award for its two-year budget (FY 2020-22). The award is the highest form of recognition in governmental budgeting and reflects the Agency's commitment to public transparency and accountability. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. In order to receive the budget award, the Agency had to satisfy fourteen nationally recognized criteria.

## Acknowledgements

The preparation of this Annual Comprehensive Financial Report represents a successful team effort by staff from many departments within the Agency who have demonstrated their dedication and professionalism in the creation of this report. We also wish to thank the Agency’s auditors, The Pun Group, LLP for their assistance and guidance and the Board for their structural guidance and consistent fiduciary focus.

Respectfully submitted,

DocuSigned by:  
*Valerie Pryor*  
FFAEC424A8EE4C9...

---

**Valerie Pryor**

General Manager

DocuSigned by:  
*Osborn Solitei*  
30C75F5FFCB44E5...

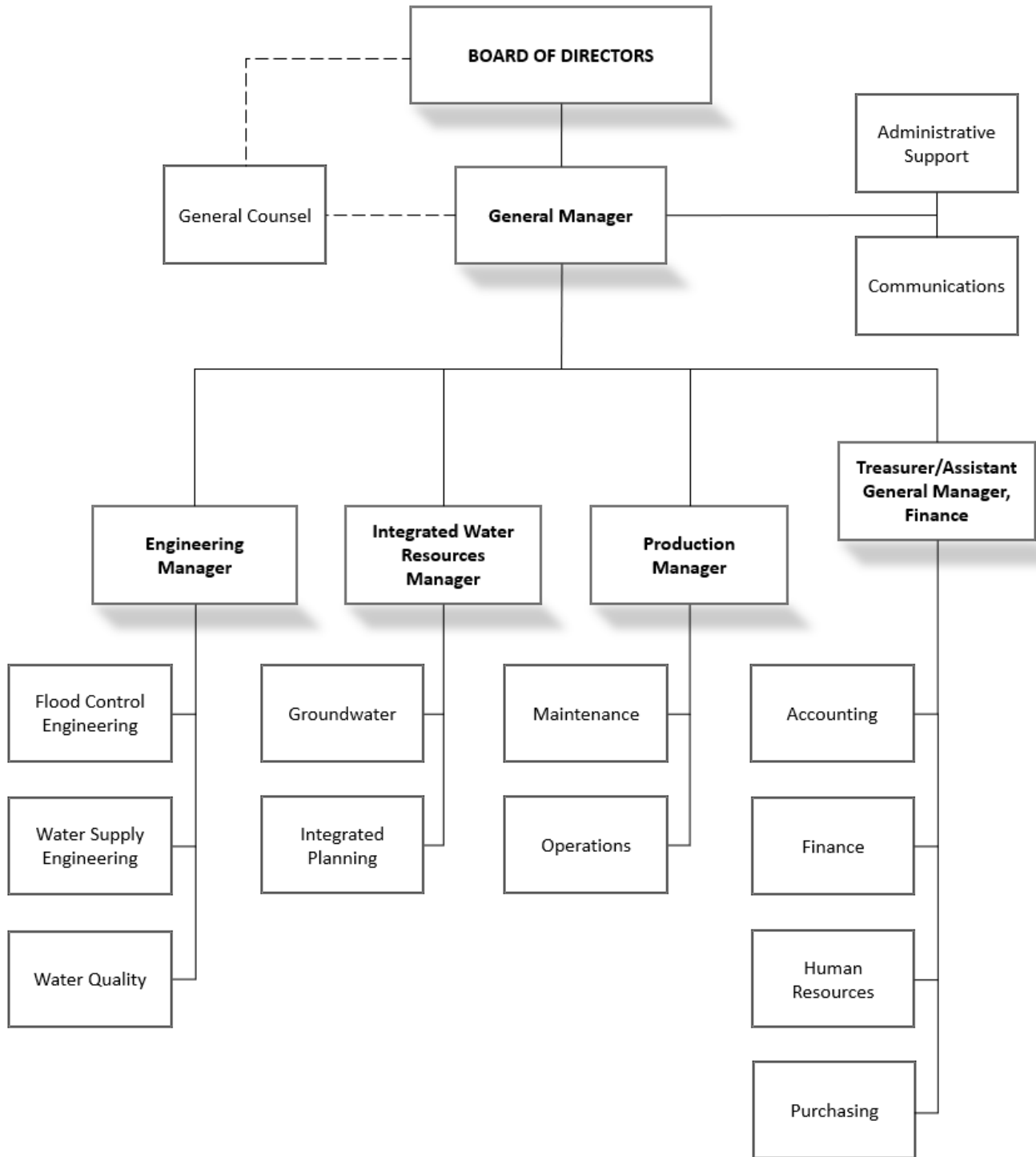
---

**Osborn Solitei**

Treasurer/Assistant  
General Manager, Finance

Alameda County Flood Control and Water Conservation District - Zone 7 Water Agency

Functional Organizational Chart  
Fiscal Year 2020-2021





# LIST OF ELECTED OFFICIALS AND AGENCY MANAGEMENT



**Angela Ramirez Holmes, *President***

Board Member since 2012 -- Term Expires June 30, 2024



**Sarah Palmer, *Vice President***

Board Member since 2006 -- Term Expires June 30, 2022



**Sands Figuers**

Board Member 1988-2000; again since 2008 -- Term Expires June 30, 2024



**Dennis Gambs**

Board Member since 2018 -- Term Expires June 30, 2022



**Laurene Green**

Board Member since 2020 -- Term Expires June 30, 2024



**Olivia Sanwong**

Board Member since 2018 -- Term Expires June 30, 2022



**Michelle Smith McDonald**

Board Member since 2019 -- Term Expires June 30, 2022

## Executive Management Team

**Valerie Pryor, *General Manager***

**Osborn Solitei, *Treasurer/Assistant General Manager, Finance***

**Alameda County Flood Control and Water Conservation  
District, Zone 7**

**2021 Annual Comprehensive Financial Report  
Project Team**

**Audit/Financial Statement Coordinator**

**Osborn Solitei**

Treasurer/Assistant General Manager, Finance

**Teri Yasuda**

Accounting Manager

**Flora Guo**

Sr. Auditor/ Accountant

**Elizabeth Foss**

Financial Analyst

**JaVia Green**

Financial Analyst



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Alameda County Flood Control & Water  
Conservation District - Zone 7 Water Agency  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

*This page intentionally left blank.*



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alameda County Flood Control and  
Water Conservation District – Zone 7 Water Agency  
Livermore, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of governmental activities, business-type activities and each major fund, and aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (the “Agency”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the Table of Contents.

### *Management’s Responsibility for the Financial Statements*

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

### *Auditors’ Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency’s preparation and fair presentation of the financial statements 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’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities and each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Prior-Year Comparative Information*

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2020, from which such summarized information was derived.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section, listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 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, 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.

*The PwC Group, LLP*

Walnut Creek, California  
December 3, 2021

*This page intentionally left blank.*



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management’s Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2021 and 2020**

---

The Government Accounting Standards Board Statement Number 34 requires that management prepare a Management’s Discussion and Analysis (“MD&A”) section as a component of the audited Financial Statements.

The Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (“Agency”) MD&A presents management’s analysis of the Agency’s financial condition and activities for the year ended June 30, 2021 and 2020. The MD&A is intended to serve as an introduction to the Agency’s basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section. A narrative overview and comparative analysis of fiscal year 2021 to 2020 information is presented in this report. Readers are encouraged to consider the information presented here as complementary to the information contained in the accompanying financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

The information in this MD&A is presented in the following order:

- Financial Highlights
- Overview of Financial Statements
- Capital Assets
- Debt Administration
- Request for Information

**Financial Highlights**

- The Agency’s net position increased by \$18.5 million or 3.5 percent from \$536.0 million to \$554.5 million mainly due to an increase in total assets of \$17.0 million. The increase was offset by a decrease in long-term debt of \$2.1 million, pension liability of \$1.4 million and OPEB liability of \$0.6 million. The current liabilities and compensated absences increased by \$2.2 million and \$0.6 million respectively. Total revenues decreased by \$11.4 million for the fiscal year ended June 30, 2021.
- Total revenues decreased by \$11.4 million or 8.8 percent from \$129.8 million to \$118.4 million mainly due to decrease in charges for services of \$6.5 million from the previous year as a result of slower construction and development activities in the service area due to COVID-19 pandemic. The decrease in development activities is offset by an increase in water sales due to increased residential water demand and an increase in property tax during the fiscal year due to increased property assessed valuations.
- Total expenses increased by \$3.6 million or 3.7 percent from \$96.2 to 99.8 million mainly due to increase of \$5.4 million for the Water Enterprise projects during the fiscal year. The increase is offset by \$1.2 million decrease in the State Water Project pass-through payments to California State Department of Water Resources (DWR) and \$0.6 million decrease in Flood Protection projects during the fiscal year.
- Capital assets increased by \$30.1 million or 10.0 percent from \$300.0 million to \$330.1 million mainly due to the construction of the Del Valle Water Treatment Ozone Plant and construction in progress of the Patterson Pass Water Treatment Plant ozone and upgrade projects.

**Overview of Financial Statements**

This discussion and analysis serves as an introduction to the Agency’s basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

**Agency-wide financial statements**

The Agency-wide financial statements are designed to provide readers with an overview of the Agency's finances. The Agency-wide financial statements present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting.

*The statement of net position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

*The statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide statements distinguish functions of the Agency that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include the Flood Protection Fund and Flood Protection Development Impact Fee Fund. The business-type (proprietary) activities include the Water Enterprise System.

The government-wide financial statements can be found in the financial section of this report.

**Fund financial statements**

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds

The Agency's governmental funds consist of three funds: Flood Protection Operations, Flood Protection Development Impact Fee and Non-Major Governmental Fund. These funds are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed near-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Agency-wide financial statements. However, unlike the Agency-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the year. A reconciliation of both the *governmental funds balance sheet* and the *governmental funds statement of revenues, expenditures, and change in fund balances* to the *Agency-wide statements* are provided to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found in the financial section of this report.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

Proprietary funds

The Agency's proprietary funds consist of five enterprise funds: Water Enterprise Operations, State Water Facilities, Water Enterprise Capital Expansion, Water Facilities and Water Supply and Reliability. Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). Enterprise funds are 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 costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user rates, charges, and fees. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using the accrual method of accounting. The basic proprietary fund financial statements can be found in the financial Section of this report.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees. Such required supplementary information can be found in the financial section of this report.

**Government-wide Financial Analysis**

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the Agency's financial condition and also indicate whether the financial condition of the Agency improved during the last fiscal year. The Agency's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition. A summary of the Agency's Statement of Net Position is presented below:

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

**Statement of Net Position**  
June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current assets	\$ 99,003,755	\$ 91,526,897	\$ 229,167,360	\$ 249,823,311	\$ 328,171,115	\$ 341,350,208
Capital assets	32,772,306	32,993,757	297,359,476	266,963,758	330,131,782	299,957,515
<b>TOTAL ASSETS</b>	<b>131,776,061</b>	<b>124,520,654</b>	<b>526,526,836</b>	<b>516,787,069</b>	<b>658,302,897</b>	<b>641,307,723</b>
<b>Deferred Outflows of Resources</b>						
Pension related	526,710	303,995	4,908,905	3,218,541	5,435,615	3,522,536
OPEB related	105,154	22,369	980,030	236,832	1,085,184	259,201
<b>Total Deferred Outflows of Resources</b>	<b>631,864</b>	<b>326,364</b>	<b>5,888,935</b>	<b>3,455,373</b>	<b>6,520,799</b>	<b>3,781,737</b>
<b>Liabilities:</b>						
Current liabilities	4,134,364	1,867,531	11,486,294	11,557,498	15,620,658	13,425,029
Noncurrent liabilities	1,672,810	1,664,696	81,900,173	85,492,376	83,572,983	87,157,072
<b>TOTAL LIABILITIES</b>	<b>5,807,174</b>	<b>3,532,227</b>	<b>93,386,467</b>	<b>97,049,874</b>	<b>99,193,641</b>	<b>100,582,101</b>
<b>Deferred Inflows of Resources</b>						
Pension related	802,440	600,408	7,478,671	6,356,820	8,281,111	6,957,228
OPEB related	271,536	134,210	2,530,687	1,420,957	2,802,223	1,555,167
<b>Total Deferred Inflows of Resources</b>	<b>1,073,976</b>	<b>734,618</b>	<b>10,009,358</b>	<b>7,777,777</b>	<b>11,083,334</b>	<b>8,512,395</b>
<b>Net Position:</b>						
Net Investment in capital assets	32,772,306	32,993,757	246,793,230	227,930,485	279,565,536	260,924,242
Restricted	72,715,433	69,648,891	110,609,342	131,461,963	183,324,775	201,110,854
Unrestricted	20,039,036	17,937,525	71,617,374	56,022,343	91,656,410	73,959,868
<b>TOTAL NET POSITION</b>	<b>\$ 125,526,775</b>	<b>\$ 120,580,173</b>	<b>\$ 429,019,946</b>	<b>\$ 415,414,791</b>	<b>\$ 554,546,721</b>	<b>\$ 535,994,964</b>

As the above table indicates, the total assets increased by \$17.0 million or 2.7 percent from \$641.3 million to \$658.3 million during the fiscal year ended June 30, 2021. The increase is mainly due to the construction of the Del Valle Water Treatment Ozone Plant and construction in progress of the Patterson Pass Water Treatment Plant ozone and upgrade projects as the Agency used the 2018 Water Revenue Bonds in the acquisition fund. The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2021, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$554.5 million compared to \$536 million at June 30, 2020.

The largest portion of the Agency's net position, \$279.5 million or 50 percent reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Deferred outflows of resources is the amount of the effect of pension and Other Postemployment Benefits Other than Pension (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2021 and 2020 were \$5.4 million and \$3.5 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2021 and 2020 were \$1.1 million and \$0.3 million, respectively.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

Deferred inflows of resources is the result of pension and OPEB accounting and is comprised of changes in assumptions and differences between expected and actual investment returns in the ACERA pension plan and OPEB plan, which will be amortized as a component of pension expense over time. The deferred inflows of resources due to pensions (GASB Statement No. 68) at June 30, 2021 and 2020 were \$8.3 million and \$6.9 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2021 and 2020 were \$2.8 million and \$1.5 million, respectively.

For Fiscal year ended June 30, 2021, total liabilities reflect a decrease of \$1.4 million from \$100.6 million to \$99.2 million mainly due to a \$1.4 million decrease in the net pension liability, \$0.6 million decrease in OPEB liability, \$2.1 million retirement in bonds payable. The decrease is offset by an increase of \$0.6 million in compensated absences and \$2.3 million in accounts payable and accrued expenses

The total net position increased by \$18.5 million or 3.5 percent from \$536 million to \$554.5 million mainly due \$30.2 million increase in capital assets as a result of the construction of the Del Valle Water Treatment Ozone Plant and construction in progress of the Patterson Pass Water Treatment Plant ozone and upgrade projects. The current and other assets decreased by \$13.1 million from the prior year mainly due to a decrease in restricted cash in the Water Enterprise Operations Fund as a result of use of the 2018 Water Revenue Bonds proceeds for construction of Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone projects and due to decrease in charges for services as a result of slower construction and development activities in the service area.

**Statement of Net Position**  
June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current assets	\$ 91,526,897	\$ 87,435,578	\$ 249,823,311	\$ 264,275,707	\$ 341,350,208	\$ 351,711,285
Capital assets	32,993,757	33,164,265	266,963,758	225,236,620	299,957,515	258,400,885
<b>TOTAL ASSETS</b>	<b>124,520,654</b>	<b>120,599,843</b>	<b>516,787,069</b>	<b>489,512,327</b>	<b>641,307,723</b>	<b>610,112,170</b>
<b>Deferred Outflows of Resources</b>						
Pension related	303,995	922,269	3,218,541	8,380,552	3,522,536	9,302,821
OPEB related	22,369	96,193	236,832	874,092	259,201	970,285
<b>Total Deferred Outflows of Resources</b>	<b>326,364</b>	<b>1,018,462</b>	<b>3,455,373</b>	<b>9,254,644</b>	<b>3,781,737</b>	<b>10,273,106</b>
<b>Liabilities:</b>						
Current liabilities	1,867,531	2,960,200	11,557,498	12,078,936	13,425,029	15,039,136
Noncurrent liabilities	1,664,696	2,836,991	85,492,376	95,690,541	87,157,072	98,527,532
<b>TOTAL LIABILITIES</b>	<b>3,532,227</b>	<b>5,797,191</b>	<b>97,049,874</b>	<b>107,769,477</b>	<b>100,582,101</b>	<b>113,566,668</b>
<b>Deferred Inflows of Resources</b>						
Pension related	600,408	369,654	6,356,820	3,359,005	6,957,228	3,728,659
OPEB related	134,210	68,096	1,420,957	618,784	1,555,167	686,880
<b>Total Deferred Inflows of Resources</b>	<b>734,618</b>	<b>437,750</b>	<b>7,777,777</b>	<b>3,977,789</b>	<b>8,512,395</b>	<b>4,415,539</b>
<b>Net Position:</b>						
Net Investment in capital assets	32,993,757	33,164,265	227,930,485	210,675,110	260,924,242	243,839,375
Restricted	69,648,891	66,872,665	131,461,963	127,521,329	201,110,854	194,393,994
Unrestricted	17,937,525	15,346,434	56,022,343	48,823,266	73,959,868	64,169,700
<b>TOTAL NET POSITION</b>	<b>\$ 120,580,173</b>	<b>\$ 115,383,364</b>	<b>\$ 415,414,791</b>	<b>\$ 387,019,705</b>	<b>\$ 535,994,964</b>	<b>\$ 502,403,069</b>

As the above table indicates, the total assets increased by \$31.2 million or 5.1 percent from \$610.1 million to \$641.3 million during the fiscal year ended June 30, 2020. The increase is mainly due to construction in progress at the Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone and upgrade projects as the Agency used the 2018 Water Revenue Bonds in the acquisition fund.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2020, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$536 million compared to \$502.4 million at June 30, 2019.

The largest portion of the Agency's net position, \$260.9 million or 49 percent reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Deferred outflows of resources is the amount of the effect of pension and Other Postemployment Benefits Other than Pension (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals.

The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2020 and 2019 were \$3.5 million and \$9.3 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2020 and 2019 were \$0.3 million and \$1.0 million, respectively.

Deferred inflows of resources is the result of pension and OPEB accounting and is comprised of changes in assumptions and differences between expected and actual investment returns in the ACERA pension plan and OPEB plan, which will be amortized as a component of pension expense over time. The deferred inflows of resources due to pensions (GASB Statement No. 68) at June 30, 2020 and 2019 were \$6.9 million and \$3.7 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2020 and 2019 were \$1.5 million and \$0.7 million, respectively.

For Fiscal year ended June 30, 2020, total liabilities reflect a decrease of \$13.0 million from \$113.6 million to \$100.6 million mainly due to a \$7.7 million decrease in the net pension liability, \$1.6 million decrease in OPEB liability, \$1.5 million in accounts payable and accrued expenses and a \$2.1 million retirement in bonds payable.

The total net position increased by \$33.6 million or 6.7 percent from \$502.4 million to \$536 million mainly due \$41.6 million increase in capital assets as a result of the construction at the Del Valle Water Treatment Plant ozone project, Patterson Pass Water Treatment Plant ozone and upgrade projects. The current and other assets decreased by \$10.4 million from the prior year mainly due to a decrease in restricted cash in the Water Enterprise Operations Fund as a result of use of the 2018 Water Revenue Bonds proceeds for construction of Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

**Statement of Activities and Changes in Net Position**  
For the Years Ended June 30, 2021 and 2020

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Charges for services	\$ 2,636,027	\$ 1,694,933	\$ 95,880,047	\$ 103,347,579	\$ 98,516,074	\$ 105,042,512
Grants and other contributions	81,730	79,929	6,640,849	6,509,157	6,722,579	6,589,086
Capital grants and contributions	474,319	488,451	-	26,226	474,319	514,677
General revenues:						
Property taxes	10,344,149	9,834,264	-	-	10,344,149	9,834,264
Investment earnings and others	1,053,076	3,325,314	1,259,099	4,468,253	2,312,175	7,793,567
<b>Total revenues</b>	<b>14,589,301</b>	<b>15,422,891</b>	<b>103,779,995</b>	<b>114,351,215</b>	<b>118,369,296</b>	<b>129,774,106</b>
<b>Expenses:</b>						
Flood Protection Operations	8,948,348	9,547,702	-	-	8,948,348	9,547,702
Flood Protection Development Impact Fee	208,142	168,503	-	-	208,142	168,503
Flood Protection Grants	474,319	497,987	-	-	474,319	497,987
State Water Project	-	-	23,173,321	24,333,554	23,173,321	24,333,554
Water Enterprise	-	-	67,013,409	61,634,465	67,013,409	61,634,465
<b>Total expenses</b>	<b>9,630,809</b>	<b>10,214,192</b>	<b>90,186,730</b>	<b>85,968,019</b>	<b>99,817,539</b>	<b>96,182,211</b>
Change in net position before transfers	4,958,492	5,208,699	13,593,265	28,383,196	18,551,757	33,591,895
Transfers, net	(11,890)	(11,890)	11,890	11,890	-	-
Change in net position	4,946,602	5,196,809	13,605,155	28,395,086	18,551,757	33,591,895
Net position at beginning of year	120,580,173	115,383,364	415,414,791	387,019,705	535,994,964	502,403,069
Net position at end of year	<b>\$ 125,526,775</b>	<b>\$ 120,580,173</b>	<b>\$ 429,019,946</b>	<b>\$ 415,414,791</b>	<b>\$ 554,546,721</b>	<b>\$ 535,994,964</b>

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased \$18.5 million from the prior year. The table above indicates the Agency total revenues decreased by \$11.4 million or 8.8 percent to \$118.4 million from \$129.8 million in the prior year. The decrease is mainly due to a decrease in charges for services of \$6.5 million from the previous year as a result of slow construction and development activities in the service area due to COVID-19 pandemic. Investment earnings also decreased by \$4 million due to the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic. Other revenues also decreased by \$1.5 million mainly due to a \$1.2 million one-time U.S. Army Corp of Engineers refund received in the prior fiscal year. The decrease is offset by a modest \$0.6 million increase in property tax revenue.

Total expenses increased slightly by \$3.6 million or 3.7 percent from \$96.2 million to \$99.8 million mainly due to an increase of \$5.4 million for the Water Enterprise projects during the fiscal year. The increase is offset by \$1.2 million decrease in the State Water Project pass-through payments to California State Department of Water Resources (DWR) and \$0.6 million decrease in Flood Protection projects during the fiscal year.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

**Statement of Activities and Changes in Net Position**  
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Charges for services	\$ 1,694,933	\$ 3,522,081	\$ 103,347,579	\$ 106,647,694	\$ 105,042,512	\$ 110,169,775
Grants and other contributions	79,929	70,969	6,509,157	6,723,525	6,589,086	6,794,494
Capital grants and contributions	488,451	125,352	26,226	-	514,677	125,352
General revenues:						
Property taxes	9,834,264	9,144,785	-	-	9,834,264	9,144,785
Investment earnings and others	3,325,314	1,664,573	4,468,253	5,187,260	7,793,567	6,851,833
<b>Total revenues</b>	<b>15,422,891</b>	<b>14,527,760</b>	<b>114,351,215</b>	<b>118,558,479</b>	<b>129,774,106</b>	<b>133,086,239</b>
<b>Expenses:</b>						
Flood Protection Operations	9,547,702	10,308,973	-	-	9,547,702	10,308,973
Flood Protection Development Impact Fee	168,503	367,976	-	-	168,503	367,976
Flood Protection Grants	497,987	125,352	-	-	497,987	125,352
State Water Project	-	-	24,333,554	21,420,192	24,333,554	21,420,192
Water Enterprise	-	-	61,634,465	63,564,015	61,634,465	63,564,015
<b>Total expenses</b>	<b>10,214,192</b>	<b>10,802,301</b>	<b>85,968,019</b>	<b>84,984,207</b>	<b>96,182,211</b>	<b>95,786,508</b>
Change in net position before transfers	5,208,699	3,725,459	28,383,196	33,574,272	33,591,895	37,299,731
Transfers, net	(11,890)	(12,444)	11,890	12,444	-	-
Change in net position	5,196,809	3,713,015	28,395,086	33,586,716	33,591,895	37,299,731
Net position at beginning of year	115,383,364	111,670,349	387,019,705	353,432,989	502,403,069	465,103,338
Net position at end of year	<b>\$ 120,580,173</b>	<b>\$ 115,383,364</b>	<b>\$ 415,414,791</b>	<b>\$ 387,019,705</b>	<b>\$ 535,994,964</b>	<b>\$ 502,403,069</b>

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased \$33.6 million from the prior year. The table above indicates the Agency total revenues decreased by \$3.3 million or 2.5 percent to \$129.8 million from \$133.1 million in the prior year. The decrease is mainly due to a decrease in charges for services of \$5.1 million from the previous year as a result of slow construction and development activities in the service area due to COVID-19 pandemic. Investment earnings also decreased by \$0.5 million due to the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic. The decrease is offset by a \$0.7 million increase in property tax revenue and \$1.4 million increase in other revenues as a result of a \$1.2 million one-time U.S. Army Corp of Engineers refund received during the fiscal year.

Total expenses increased slightly by \$0.4 million or 0.4 percent from \$95.8 million to \$96.2 million mainly due to increase of \$2.9 million for the State Water Project pass-through payments to California State Department of Water Resources (DWR). The increase was offset by \$1.9 million decrease in Water Enterprise Capital Expansion projects and \$0.8 million in Flood Protection Operations projects during the fiscal year.



**Alameda County Flood Control and Water Conservation District  
Zone 7 Water Agency  
Management’s Discussion and Analysis (Unaudited) (Continued)  
For the Year Ended June 30, 2021 and 2020**

---

**Governmental Activities**

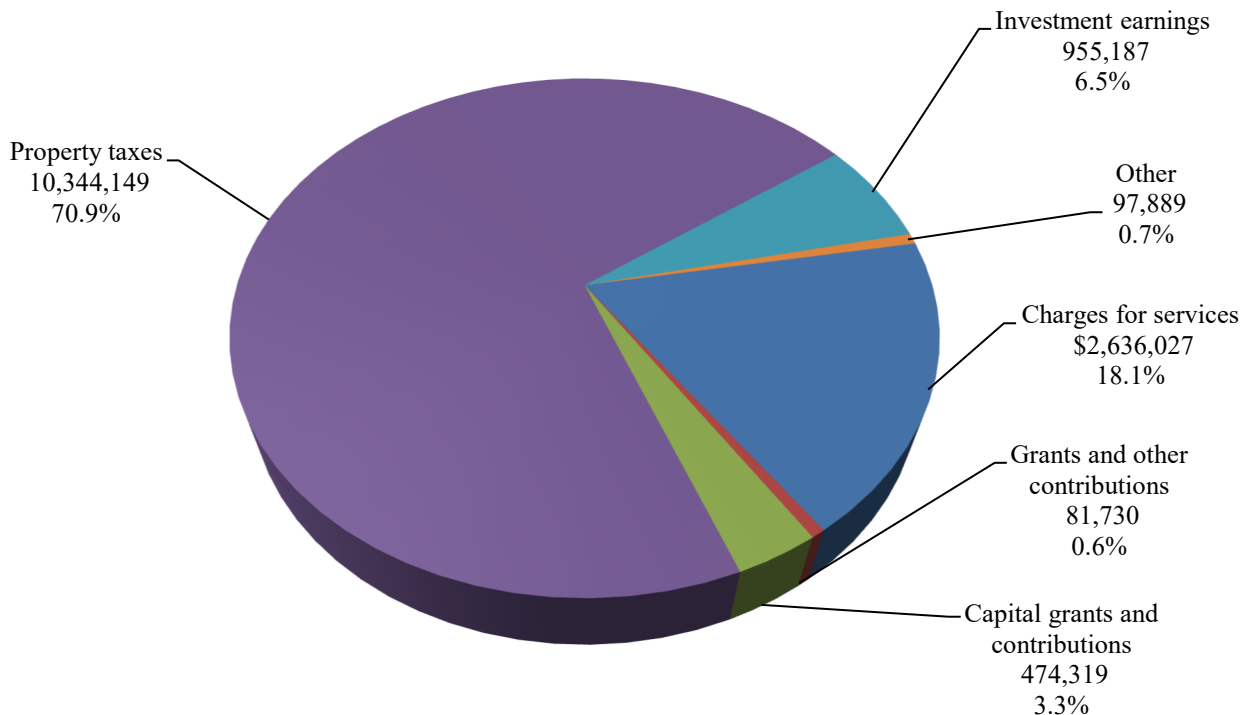
The net position for the Agency’s governmental activities increased by \$4.9 million from \$120.6 million to \$125.5 million. The net position increased from the prior year mainly due to a \$7.5 million increase in current and other assets as a result of an increase in cash and investments from development activities in the service area. Total revenues were \$14.6 million and total expenses (including transfers) were \$9.6 million.

**Revenues:** Significant changes in revenue are as follows:

Total revenues decreased by \$0.8 million from the prior year or 5.4 percent.

- Charges for services increase by \$1.0 million or 55.5 percent mainly due to construction and development activities in the Livermore and Dublin-Dougherty Valley service areas.
- Property tax revenue increased by \$0.5 million or 5.2 percent because of slightly higher total assessed value.
- Investment earnings decreased by \$0.8 million due to a decrease in interest rates by the actions of the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic.

**Revenues by Source - Governmental Activities**



**Expenses:** Total expenses decreased by \$0.6 million or 5.7 percent in the governmental activities mainly due to less flood protection maintenance and the flood emergency repair program activities during the fiscal year. In March 2021, the Board approved the Flood Management Plan Phase I which will direct the Agency’s future maintenance activities and capital project for flood protection.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

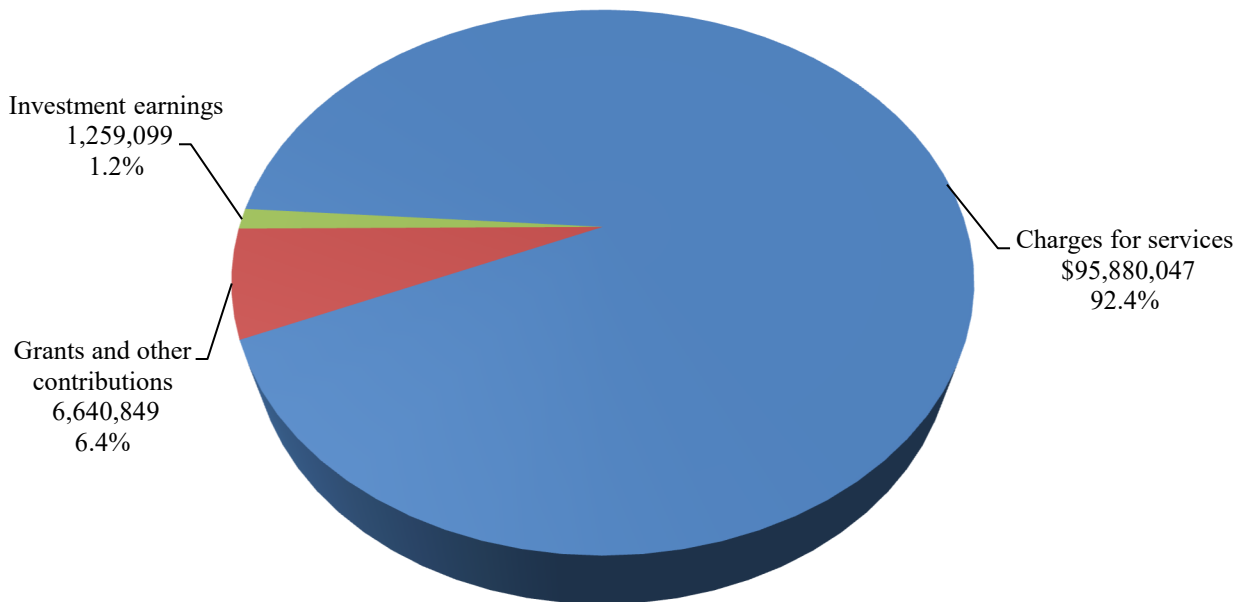
**Business-Type Activities**

The net position for the Agency's business-type activities increased by \$13.6 million from \$415.4 million to \$429 million during the current year. The net position increased from the prior year mainly due to a \$30.4 million increase in capital assets as a result of the construction of the Del Valle Water Treatment Plant ozone project, Patterson Pass Water Treatment Plant ozone and upgrade projects. Total revenues were \$103.8 million and total expenses (including transfers) were \$90.2 million.

**Revenues:** Significant changes in revenues are as follows:

- Charges for services: includes water rate revenue and connections fees. Charges for services decreased by a net of \$7.5 million from the prior year. The decrease is mainly due to a \$8.8 million or 39.4 percent decrease in connection fee revenues as a result of slower construction and development activities in the service area due to COVID-19 pandemic. The decrease is offset by a \$1.2 million increase in water sales due to increased residential water demand and \$1.1 million increase in property taxes as a result of increased property assess valuations.
- Investment earnings: decreased by \$3.2 million or 71.8 percent due to the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic.
- Grants and other contributions: include intergovernmental revenue such as DWR refunds and grant proceeds. Grants and other contributions increased by \$0.1 million or 2.0 percent mainly due to the DWR refunds. DWR refunds and credits vary year to year based on the level of prior year expenditures.

**Revenues by Source - Business-type Activities**



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management’s Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

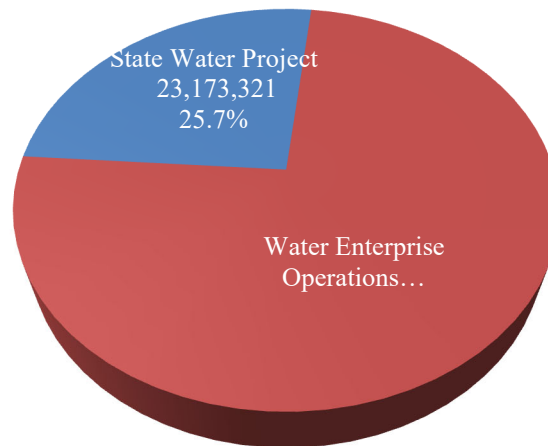
---

**Expenses:** Significant changes in expenses are as follows:

Total expenses: The total is \$90.2 million which is a \$4.2 million or 4.9 percent increase from the prior year mainly attributed to the following:

- State Water Project: Expenses decreased by \$1.2 million or 4.8 percent mainly due to State Water Project costs delays. The delays are due to Cal-Fire permits reviews, subsidence project delays and dam safety project delays.
- Water Enterprise: includes Water Enterprise Operations, Water Enterprise Capital Expansion, and Non-Major Enterprise Funds. Expenses increased by \$5.4 million or 8.7 percent mainly due to \$6.2 million in the retirement of the Patterson Pass Water Treatment Plant Ultra Filtration (UF) and UF Ferric Chloride storage assets, \$1.0 million increase expenses in the Water Enterprise Capital Expansion fund as result of other services, which include payments for Sites Reservoir and Los Vaqueros Expansion Projects. The increase is offset by a decrease of \$1.8 million in the Water Enterprise Operations mainly due to salaries, wages, and benefits.

**Expenses by Source - Business-type Activities**



**Governmental Funds**

The Agency’s governmental funds consist of three funds; Flood Protection Operations, Flood Protection Development Impact Fee and Non-Major Governmental Funds. As of June 30, 2021, the Agency’s governmental funds reported combined ending fund balance of \$94.7 million.

- **Flood Protection Operations Fund** – This fund provides for general administration and the maintenance and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund pays for renewal/replacement and improvement projects for the existing flood protection system. As of June 30, 2021, its fund balance was \$22.1 million, an increase of \$2.1 million from prior fiscal year. The increase in fund balance is mainly due to a 5.2 percent increase in property tax resulting from higher total assessed valuation and less expenditures incurred during the year than revenue earned. The \$22.1 million fund balance is committed as follows; \$17.6 million for capital projects, \$4.5 million for operating contingency.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

- **Flood Protection Development Impact Fee Fund** – The purpose of this fund is to ensure that the Agency is able to meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects. As of June 30, 2021, its restricted fund balance was \$72.7 million, an increase of \$3.1 million from prior fiscal year. The increase in fund balance was mainly due to less expenses incurred during the year than revenue earned. In accordance with the Agency Goal D – Effective Flood Project, Strategic Initiative Plan No. 10, the Board approved Flood Management Plan Phase I in March 2021 which will direct the Agency's future maintenance activities and capital project for flood protection.

**Proprietary Funds**

The Agency's proprietary fund statements provide the same type of information as is found in the government-wide financial statements, but in more detail.

- **State Water Facilities Fund** – This fund finances the "fixed cost" payment to the State Department of Water Resources ("DWR") to import water to the Agency. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt. Net position of the State Water Facilities Fund as of June 30, 2021 was \$38.1 million, an increase of \$5.6 million from the prior fiscal year.

Operating revenue increased by \$0.2 million due to an increase in the Dougherty Valley Surcharge Assessment. Intergovernmental revenue increased by \$0.3 million, and the property tax override levy increased by \$1.1 million from the prior fiscal year due the Board approval of an increase assessed property tax override. Operating expenses decreased by \$1.2 million or 4.8 percent due to delays with the DWR fixed charges associated with the State Water Project.

- **Water Enterprise Operations** is a fund that accounts for operations in a manner similar to a private business enterprise. Operations are accounted for in such a manner as to show net income or loss in the fund is intended to be entirely or predominately self-supported from user charges. The purpose of Water Enterprise Operations is to ensure that the current water treatment and delivery systems are maintained effectively, and that capital replacement and improvement needs are funded. This also pays for capital projects including the renewal, replacement and improvement of the current water treatment and delivery system.

Net position of the Water Enterprise Operations Fund as of June 30, 2021 was \$320.4 million, an increase of \$36.7 million from prior fiscal year. Operating revenues increased by a net of \$0.1 million due to an increase in water sales as a result of increased residential water demand.

Investment earnings decreased by \$1.2 million mainly due to the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic. Operating expenses were \$39.9 million a decrease of \$1.8 million from the prior fiscal year. In operating expenses, salaries, wages and benefits decreased by \$2.9 million from the previous year, chemical purchases decreased by \$0.8 million mainly due to the use of Ozone for water treatment. The decrease were offset by \$1.8 million increase in water purchases due to more water transfer purchased as a result of low State Water Project allocation and \$0.7 million increase in utilities as a result of groundwater pumping and use of Ozone facilities for water treatment.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

- **Water Enterprise Capital Expansion** – The purpose of this fund is to ensure that the Agency is able to meet future needs for increased water demands. The program is primarily intended to provide funding for new facilities and additional water supplies to serve additional capacity requirements of new development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity). As of June 30, 2021, the net position for the fund was \$66.3 million, a decrease of \$26.4 million from prior fiscal year.

Operating revenues were \$8.8 million less than the prior fiscal year. The decrease is mainly due to a \$8.8 million or 39.4 percent decrease in connection fee revenues as a result of slower construction and development activities in the service area. Operating expenses were \$1.0 million or 5.8 percent more than prior fiscal year mainly due to Sites Reservoir and Los Vaqueros Expansion Projects costs. Non-operating revenues (expenses) decreased by \$1.8 million from prior year mainly due to interest income from investments.

**Governmental Funds Budgetary Highlights**

A comparative budgetary statement for the Agency's governmental fund (Special Revenue Fund) for the year ended June 30, 2021:

	Final Budgeted Amounts	Actual Amounts Budgetary Basis	Budget Variance	
			June 30, 2021	June 30, 2020
REVENUES:				
Property taxes	\$ 9,572,352	\$ 10,344,149	\$ 771,797	\$ 551,161
Intergovernmental revenues	64,700	81,730	17,030	15,229
Charges for services	47,650	78,651	31,001	(20,841)
Investment earnings	102,365	237,812	135,447	269,904
Others	35,000	97,889	62,889	1,535,288
Total Revenue	<u>\$ 9,822,067</u>	<u>\$ 10,840,231</u>	<u>\$ 1,018,164</u>	<u>\$ 2,350,741</u>
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	2,660,107	2,319,263	340,844	(278,290)
Services and supplies	10,353,937	6,364,255	3,989,682	5,295,733
Capital outlay:				
Equipment and capital structures	541,000	1,340	539,660	2,285,340
Total Expenditures	<u>\$ 13,555,044</u>	<u>\$ 8,684,858</u>	<u>\$ 4,870,186</u>	<u>\$ 7,302,783</u>
EXCESS REVENUES OVER EXPENDITURES	(3,732,977)	2,155,373	5,888,350	9,653,524
Other Financing Sources (Uses)				
Transfers (out) (Note 3)	(14,145)	(11,890)	(2,255)	(2,255)
NET CHANGE IN FUND BALANCE	<u>\$ (3,747,122)</u>	<u>2,143,483</u>	<u>\$ 5,890,605</u>	<u>\$ 9,655,779</u>
Fund balance, beginning of year		<u>20,010,475</u>		
FUND BALANCE, END OF YEAR		<u>\$ 22,153,958</u>		

The Agency's actual special revenue fund revenues are over the budget by \$1.0 million due to higher assessed property values by \$0.7 million and \$0.1 million from investment earnings.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

Variations between budget and actual expenditures in the special revenue fund reflect overall expenditures less than the final budget by \$4.9 million. The variance is primarily due the re-prioritization and deferral of capital projects while the Flood Master Plan Phase I approved by the Board in March 2021 is being developed.

**Capital assets**

As of June 30, 2021, the agency's investment in capital assets totaled \$279.5 million (net of accumulated depreciation) which is an increase of \$18.6 million from the net investment in capital assets balance of \$260.9 million at June 30, 2020. The increase in capital assets was primarily due to construction in progress for the Patterson Pass Water Treatment Plant (PPWTP) upgrades and ozone projects and construction of the Del Valle Water Treatment Plant (DVWTP) Ozone Plant.

There were many capital project activities in FY 2020-21. They include the DVWTP and PPWTP ozone projects, PPWTP upgrade project, Arroyo Mocho, Arroyo Mocho Granada/Medeiros project and other miscellaneous repair projects. Additional information on the Agency's capital assets is provided in Note 4 of the financial statement. A comparison of the Agency's capital assets over the past three fiscal years is presented below:

Capital Assets  
Business-type Activities  
For the Years Ended June 30, 2021, 2020 and 2019  
(In millions of dollars)

	2021	2020	2021 vs. 2020		2019	2020 vs. 2019	
			\$ Change	% Change		\$ Change	% Change
Easements	\$ 1.9	\$ 1.9	\$ -	0%	\$ 1.8	\$ 0.1	6%
Land	9.6	9.6	-	0%	9.6	-	0%
Treatment Plants	146.6	117.2	29.4	25%	117.2	-	0%
Construction in Progress	83.2	89.3	(6.1)	-7%	44.5	44.8	101%
Office Building	7.1	7.1	-	0%	7.1	-	0%
Pipelines	53.9	53.9	-	0%	53.9	-	0%
Reservoirs	2.9	1.9	1.0	53%	1.9	-	0%
Water Entitlements	36.7	36.7	-	0%	36.7	-	0%
Wellfields	31.2	31.2	-	0%	31.2	-	0%
Supervisory Control and Data Acquisition Project	9.7	9.7	-	0%	9.7	-	0%
Others	9.6	9.0	0.6	7%	5.7	3.3	58%
Subtotal	392.4	367.5	24.9	7%	319.3	48.2	15%
Less Accumulated depreciation/amortization	95.0	100.5	(5.5)	-5%	94.1	6.4	7%
Capital assets, net	\$ 297.4	\$ 267.0	\$ 30.4	11%	\$ 225.2	\$ 41.8	19%

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management’s Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

Capital Assets  
Governmental Activities  
For the Years Ended June 30, 2021, 2020 and 2019  
(In millions of dollars)

	2021		2020		2021 vs. 2020		2019		2020 vs. 2019	
	\$		\$		\$ Change	% Change	\$		\$ Change	% Change
Land	\$ 21.2	\$ 21.2	\$ 21.2	\$ 21.2	\$ -	0%	\$ 21.2	\$ -	\$ -	0%
Easements	0.1	0.1	0.1	0.1	-	0%	0.1	-	-	0%
Flood Control Channels	12.4	12.4	12.4	12.4	-	0%	12.4	-	-	0%
Construction in Progress	1.4	1.3	1.3	1.3	0.1	8%	1.2	0.1	0.1	8%
Office Building	1.5	1.5	1.5	1.5	-	0%	1.5	-	-	0%
Others	1.0	1.0	1.0	1.0	-	0%	1.0	-	-	0%
Subtotal	37.6	37.5	37.5	37.5	0.1	0%	37.4	0.1	0.1	0%
Less Accumulated depreciation/amortization	4.8	4.5	4.5	4.5	0.3	7%	4.2	0.3	0.3	7%
Capital assets, net	\$ 32.8	\$ 33.0	\$ 33.0	\$ 33.0	\$ (0.2)	-1%	\$ 33.2	\$ (0.2)	\$ (0.2)	-1%

**Debt Administration and Bond Rating**

As of June 30, 2021, the Agency had \$61.3 million in outstanding debt and \$5.3 million of unamortized bond premium. However, the Agency partners with other public agencies and pays for debt incurred on the Agency’s behalf. For example, the Agency pays the State incurred debt for capital projects to maintain, improve or expand the State Water Project infrastructure. The Agency, under the terms of its contract with the State, is obligated to pay its share of the debt payments regardless of the amount of water purchased.

The Agency has a bonded indebtedness limit that shall not exceed 5 percent of the assessed valuation of all taxable property in any zone lying, in whole or in part of the agency’s service area, per Alameda County Flood Control and Water Conservation District Act, (ACT 20), §36.6.

**Bond Ratings:**

A credit rating is a value assigned by one or more of the recognized rating agencies that “grade” a jurisdiction’s credit, or financial trustworthiness. The three primary rating agencies are Moody’s Investors Service (“Moody’s”), Standard & Poor’s Rating Services (“S&P”), and Fitch Ratings (“Fitch”). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy, and outstanding debt. In the Agency credit rating for the Livermore Valley Water Financing Authority (LVWFA), Water Revenue Bonds, 2018 Series A, were as follows:

<u>Type of Bond</u>	<u>Ratings</u>	
	<u>S &amp; P</u>	<u>Fitch</u>
LVWFA Water Revenue Bonds, 2018 Series A	AA+/Stable	AA+/Stable

On June 24, 2021, Fitch Rating affirmed the Livermore Valley Water Financing Authority's series 2018 water revenue bonds rating of ‘AA+’.

On July 17, 2020, Fitch Rating upgraded the Livermore Valley Water Financing Authority's series 2018 water revenue bonds issued on behalf of the Alameda County Flood Control and Water Conservation District, Zone 7 bonds to ‘AA+’ from ‘AA’. The Rating outlook is stable. Fitch based its rating upgrade on the following factors: strong financial leadership; fixed rate component of the water rate structure; strong reserves to weather the current economic downturn; healthy levels of capital investment to maintain the Agency’s infrastructure; strong balance of stored groundwater and banked water to deal with SWP and hydrology variability; and dedication to expanding water supply through investment in water supply and reliability projects

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Management’s Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021 and 2020**

---

Additional information on the Agency’s long-term debt is provided in Note 5 of the financial statements.

**Economic factors and next year’s budget and rates**

- The Board of Directors adopted the Agency’s two-year budget on June 17, 2020 and on June 16, 2021, adopted a Mid-Cycle budget amendment for FY 2021-22. The budget provides funding for the Agency’s operating, capital and debt service payments for the fiscal years ending June 30, 2021 and 2022.
- In October 2021, the Alameda County’s average unemployment rate was reported at 5% versus 7.9% in October 2020.
- In 2018, the Board of Directors approved a four-year rate schedule that included a set increase each year from Calendar Year 2019-2022. Under that schedule, the next rate increase of 6.7% was scheduled to go into effect on January 1, 2021. With the disruption to economic activity that the COVID-19 pandemic caused, the Board adopted a budget that utilized one-time savings and the deferral of some work in order to delay CY 2021 rate increase and keep rates at the same level as the CY 2020 treated water rates, through December 31, 2021. This action was taken to provide relief and stability to the Tri Valley residents and businesses. The rates for CY 2021 and CY 2022 are shown in the table below:

<b>Calendar Year</b>	<b>CY 2021</b>	<b>CY 2022</b>
Volume-based Rate per CCF	\$ 2.10	\$ 2.06
Fixed Charge Recovery	40.0%	42.5%
Total Fixed Charges	\$ 21,497,919	\$ 25,716,705

**Requests for Information**

This financial report is designed to provide our customers, ratepayers, investors and creditors with a general overview of the Agency’s finances and to demonstrate accountability for the money it receives. Requests for additional financial information should be addressed to the Finance Department, Zone 7 Water Agency, 100 N. Canyons Parkway, Livermore, CA 94551. This report is also available online at <http://www.zone7water.com>.



## **BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Net Position**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

ASSETS	Governmental	Business-Type	Total	
	Activities	Activities	2021	2020
<b>Current assets:</b>				
Pooled cash in County Treasury (Note 2)	\$ 82,115,520	\$ 67,898,239	\$ 150,013,759	\$ 155,168,477
Cash and investments - Agency Treasury (Note 2)	14,885,240	136,122,843	151,008,083	149,297,733
Restricted cash (Note 2)	1,071,531	10,133,582	11,205,113	20,395,441
Accounts receivable, net	1,005,466	13,956,487	14,961,953	15,570,897
Internal balances	(74,002)	74,002	-	-
Prepaid expenses	-	982,207	982,207	917,660
<b>Total current assets</b>	<b>99,003,755</b>	<b>229,167,360</b>	<b>328,171,115</b>	<b>341,350,208</b>
<b>Noncurrent assets:</b>				
Capital assets (Note 4):				
Rights of way, water entitlements, easements and construction in progress	22,654,144	131,225,721	153,879,865	159,941,304
Depreciable, net of accumulated depreciation	10,118,162	166,133,755	176,251,917	140,016,211
<b>Total noncurrent assets</b>	<b>32,772,306</b>	<b>297,359,476</b>	<b>330,131,782</b>	<b>299,957,515</b>
<b>Total assets</b>	<b>131,776,061</b>	<b>526,526,836</b>	<b>658,302,897</b>	<b>641,307,723</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related (Note 7)	526,710	4,908,905	5,435,615	3,522,536
OPEB related (Note 8)	105,154	980,030	1,085,184	259,201
<b>Total deferred outflows of resources</b>	<b>631,864</b>	<b>5,888,935</b>	<b>6,520,799</b>	<b>3,781,737</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Net Position (Continued)**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

LIABILITIES	Governmental	Business-Type	Total	
	Activities	Activities	2021	2020
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	3,102,376	9,199,012	12,301,388	10,041,560
Deposits payable	1,031,988	328,115	1,360,103	1,355,553
Compensated absences (Note 6)	-	514,167	514,167	657,916
Bonds payable (Note 5)	-	1,445,000	1,445,000	1,370,000
<b>Total current liabilities</b>	<b>4,134,364</b>	<b>11,486,294</b>	<b>15,620,658</b>	<b>13,425,029</b>
<b>Noncurrent liabilities:</b>				
Compensated absences, due in more than one year	-	1,093,323	1,093,323	532,014
Bonds payable (Note 5)	-	65,216,411	65,216,411	67,335,423
Net pension liability (Note 7)	1,667,376	15,539,802	17,207,178	18,610,738
Net OPEB liability (Note 8)	5,434	50,637	56,071	678,897
<b>Total noncurrent liabilities</b>	<b>1,672,810</b>	<b>81,900,173</b>	<b>83,572,983</b>	<b>87,157,072</b>
<b>Total liabilities</b>	<b>5,807,174</b>	<b>93,386,467</b>	<b>99,193,641</b>	<b>100,582,101</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related (Note 7)	802,440	7,478,671	8,281,111	6,957,228
OPEB related (Note 8)	271,536	2,530,687	2,802,223	1,555,167
<b>Total deferred inflows of resources</b>	<b>1,073,976</b>	<b>10,009,358</b>	<b>11,083,334</b>	<b>8,512,395</b>
<b>NET POSITION</b>				
Net investment in capital assets	32,772,306	246,793,230	279,565,536	260,924,242
Restricted for capital projects and water expansion	72,715,433	110,609,342	183,324,775	201,110,854
Unrestricted	20,039,036	71,617,374	91,656,410	73,959,868
<b>Total net position</b>	<b>\$ 125,526,775</b>	<b>\$ 429,019,946</b>	<b>\$ 554,546,721</b>	<b>\$ 535,994,964</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Total</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>					
Flood protection operations	\$ 8,948,348	\$ 78,651	\$ 81,730	\$ -	\$ 160,381
Flood protection development impact fee	208,142	2,557,376	-	-	2,557,376
Flood protection grants	474,319	-	-	474,319	474,319
<b>Total Governmental Activities</b>	<b>9,630,809</b>	<b>2,636,027</b>	<b>81,730</b>	<b>474,319</b>	<b>3,192,076</b>
<b>Business-Type Activities:</b>					
State water project	23,173,321	24,633,172	3,803,475	-	28,436,647
Water Enterprise	67,013,409	71,246,875	2,837,374	-	74,084,249
<b>Total Business-Type Activities</b>	<b>90,186,730</b>	<b>95,880,047</b>	<b>6,640,849</b>	<b>-</b>	<b>102,520,896</b>
<b>Total Primary Government</b>	<b>\$ 99,817,539</b>	<b>\$ 98,516,074</b>	<b>\$ 6,722,579</b>	<b>\$ 474,319</b>	<b>\$ 105,712,972</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
			<b>2021</b>	<b>2020</b>
<b>Governmental Activities:</b>				
Flood protection operations	\$ (8,787,967)	\$ -	\$ (8,787,967)	(9,365,054)
Flood protection development impact fee	2,349,234	-	2,349,234	1,423,711
Flood protection grants	-	-	-	(9,536)
<b>Total Governmental Activities</b>	<b>(6,438,733)</b>	<b>-</b>	<b>(6,438,733)</b>	<b>(7,950,879)</b>
<b>Business-Type Activities:</b>				
State water project	-	5,263,326	5,263,326	2,640,512
Water Enterprise	-	7,070,840	7,070,840	21,274,431
<b>Total Business-Type Activities</b>	<b>-</b>	<b>12,334,166</b>	<b>12,334,166</b>	<b>23,914,943</b>
<b>Total Primary Government</b>	<b>(6,438,733)</b>	<b>12,334,166</b>	<b>5,895,433</b>	<b>15,964,064</b>
<b>General Revenues:</b>				
Property taxes:				
Secured	9,586,161	-	9,586,161	9,078,288
Unsecured	482,845	-	482,845	449,664
Supplemental	275,143	-	275,143	306,312
Investment earnings	955,187	1,259,099	2,214,286	6,213,743
Other	97,889	-	97,889	1,579,824
<b>Total General Revenues</b>	<b>11,397,225</b>	<b>1,259,099</b>	<b>12,656,324</b>	<b>17,627,831</b>
<b>Transfers, net</b>	<b>(11,890)</b>	<b>11,890</b>	<b>-</b>	<b>-</b>
<b>Changes in Net Position</b>	<b>4,946,602</b>	<b>13,605,155</b>	<b>18,551,757</b>	<b>33,591,895</b>
<b>Net Position - Beginning of Year</b>	<b>120,580,173</b>	<b>415,414,791</b>	<b>535,994,964</b>	<b>502,403,069</b>
<b>Net Position - End of Year</b>	<b>\$ 125,526,775</b>	<b>\$ 429,019,946</b>	<b>\$ 554,546,721</b>	<b>\$ 535,994,964</b>

*This page intentionally left blank.*



## **FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2021	2020
<b>ASSETS</b>					
<b>Current assets</b>					
Cash in County treasury (Note 2)	\$ 22,248,795	\$ 59,866,725	\$ -	\$ 82,115,520	\$ 77,386,517
Cash in Agency treasury (Note 2)	2,679,428	12,205,812	-	14,885,240	12,634,092
Restricted cash (Note 2)	1,071,531	-	-	1,071,531	1,071,352
Accounts receivable, net	94,091	726,274	185,101	1,005,466	440,388
Due from other funds	70,119	-	-	70,119	234,344
<b>Total assets</b>	<b>\$ 26,163,964</b>	<b>\$ 72,798,811</b>	<b>\$ 185,101</b>	<b>\$ 99,147,876</b>	<b>\$ 91,766,693</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 2,978,021	\$ 83,375	\$ 40,980	\$ 3,102,376	\$ 835,546
Deposits payable	1,031,985	3	-	1,031,988	1,031,985
Due to other funds	-	-	144,121	144,121	239,796
<b>Total liabilities</b>	<b>4,010,006</b>	<b>83,378</b>	<b>185,101</b>	<b>4,278,485</b>	<b>2,107,327</b>
<b>Fund balances (Note 1N):</b>					
Restricted	-	72,715,433	-	72,715,433	69,648,891
Committed:					
Flood protection capital projects	17,597,536	-	-	17,597,536	14,951,157
Flood protection operating contingency	4,556,422	-	-	4,556,422	5,059,318
<b>Total fund balances</b>	<b>22,153,958</b>	<b>72,715,433</b>	<b>-</b>	<b>94,869,391</b>	<b>89,659,366</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,163,964</b>	<b>\$ 72,798,811</b>	<b>\$ 185,101</b>	<b>\$ 99,147,876</b>	<b>\$ 91,766,693</b>

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**June 30, 2021**

---

**Total Fund Balances - Total Governmental Funds** \$ 94,869,391

Amounts reported for Governmental Activities in the Statement of Net position are different from those reported in the Governmental Funds

**CAPITAL ASSETS**

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	\$	22,654,144	
Depreciable, net		10,118,162	32,772,306

**PENSION**

Net pension liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	526,710
Net pension liability	(1,667,376)
Pension related deferred inflows of resources	(802,440)

**OPEB**

Net OPEB liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	105,154
Net OPEB liability	(5,434)
OPEB related deferred inflows of resources	(271,536)

**Net Position of Governmental Activities** \$ 125,526,775

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

	Flood	Flood	Total	Totals	
	Protection Operations	Protection Development Impact Fee	Non-Major Governmental Funds	2021	2020
<b>Revenues:</b>					
Property taxes	\$ 10,344,149	\$ -	\$ -	\$ 10,344,149	\$ 9,834,264
Intergovernmental	81,730	-	474,319	556,049	568,380
Charges for services	78,651	2,557,376	-	2,636,027	1,694,933
Investment earnings	237,812	717,375	-	955,187	1,745,490
Other revenues	97,889	-	-	97,889	1,579,824
<b>Total revenues</b>	<b>10,840,231</b>	<b>3,274,751</b>	<b>474,319</b>	<b>14,589,301</b>	<b>15,422,891</b>
<b>Expenditures:</b>					
Current:					
Salaries and employee benefits transferred from district-wide	2,319,263	35,778	46,166	2,401,207	2,205,357
Services and supplies	6,364,255	172,364	428,153	6,964,772	8,008,597
Capital outlay:					
Equipment and capital infrastructure	1,340	67	-	1,407	13,059
<b>Total expenditures</b>	<b>8,684,858</b>	<b>208,209</b>	<b>474,319</b>	<b>9,367,386</b>	<b>10,227,013</b>
<b>Revenues over (under) expenditures</b>	<b>2,155,373</b>	<b>3,066,542</b>	<b>-</b>	<b>5,221,915</b>	<b>5,195,878</b>
<b>Other financing (uses):</b>					
Transfers out	(11,890)	-	-	(11,890)	(11,890)
<b>Total other financing (uses)</b>	<b>(11,890)</b>	<b>-</b>	<b>-</b>	<b>(11,890)</b>	<b>(11,890)</b>
<b>Net change in fund balances</b>	<b>2,143,483</b>	<b>3,066,542</b>	<b>-</b>	<b>5,210,025</b>	<b>5,183,988</b>
<b>Fund balances:</b>					
Beginning of year	20,010,475	69,648,891	-	89,659,366	84,475,378
End of year	\$ 22,153,958	\$ 72,715,433	\$ -	\$ 94,869,391	\$ 89,659,366



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Reconciliation of the Net Change in Fund Balances - Total Governmental Funds**  
**with the Change in Net Position of Governmental Activities**  
**For the Year Ended June 30, 2021**

---

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 5,210,025
---	--------------

Amounts reported for Governmental activities in the Statement of Activities were reported differently because:

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	75,611
Depreciation expense is deducted from the fund balance	(297,062)

**ACCRUALS OF PENSIONS AND OPEB**

Net pension liability and related deferred inflows and outflows of resources	(40,586)
Net OPEB liability and related deferred inflows and outflows of resources	(1,386)

<b>Change in Net Position of Governmental Activities</b>	<u>\$ 4,946,602</u>
--	---------------------

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Flood Protection Operations Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 9,572,352	\$ 9,572,352	\$ 10,344,149	\$ 771,797
Intergovernmental revenue	64,700	64,700	81,730	17,030
Charges for services	47,650	47,650	78,651	31,001
Investment earnings	102,365	102,365	237,812	135,447
Other revenue	35,000	35,000	97,889	62,889
<b>Total Revenues</b>	<u>9,822,067</u>	<u>9,822,067</u>	<u>10,840,231</u>	<u>1,018,164</u>
<b>Expenditures:</b>				
Current:				
Flood protection:				
Salaries and benefits	2,660,107	2,660,107	2,319,263	340,844
Services and supplies	8,521,937	10,353,937	6,364,255	3,989,682
Capital outlay:				
Equipment and capital structure	541,000	541,000	1,340	539,660
<b>Total Expenditures</b>	<u>11,723,044</u>	<u>13,555,044</u>	<u>8,684,858</u>	<u>4,870,186</u>
<b>Revenues over (under) expenditures</b>	<u>(1,900,977)</u>	<u>(3,732,977)</u>	<u>2,155,373</u>	<u>5,888,350</u>
<b>Other Financing (Uses):</b>				
Transfers out	(14,145)	(14,145)	(11,890)	2,255
<b>Total Other Financing (Uses)</b>	<u>(14,145)</u>	<u>(14,145)</u>	<u>(11,890)</u>	<u>2,255</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,915,122)</u>	<u>\$ (3,747,122)</u>	2,143,483	<u>\$ 5,890,605</u>
<b>FUND BALANCE:</b>				
Beginning of year			20,010,475	
End of year			<u>\$ 22,153,958</u>	

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

	State	Water	Water	Non-Major	Totals	
	Water	Enterprise	Enterprise		Enterprise Funds	2021
	Facilities	Operations	Capital Expansion			
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash in County treasury (Note 2)	\$ 22,979,940	\$ 35,337,400	\$ 4,978,953	\$ 4,601,946	\$ 67,898,239	\$ 77,781,960
Cash in Agency treasury (Note 2)	14,231,941	46,242,659	75,648,243	-	136,122,843	136,663,641
Restricted cash and investments (Note 2)	-	9,300,357	833,225	-	10,133,582	19,324,089
Receivables, net	-	12,451,275	1,505,212	-	13,956,487	15,130,509
Due from other funds	-	74,002	-	-	74,002	5,452
Prepaid deposits	842,083	140,124	-	-	982,207	917,660
<b>Total current assets</b>	<b>38,053,964</b>	<b>103,545,817</b>	<b>82,965,633</b>	<b>4,601,946</b>	<b>229,167,360</b>	<b>249,823,311</b>
<b>Noncurrent assets:</b>						
Capital assets (Note 4):						
Right of ways, water entitlements and construction in progress	-	131,225,721	-	-	131,225,721	137,362,771
Improvements, net of depreciation	-	166,133,755	-	-	166,133,755	129,600,987
<b>Total noncurrent assets</b>	<b>-</b>	<b>297,359,476</b>	<b>-</b>	<b>-</b>	<b>297,359,476</b>	<b>266,963,758</b>
<b>Total assets</b>	<b>38,053,964</b>	<b>400,905,293</b>	<b>82,965,633</b>	<b>4,601,946</b>	<b>526,526,836</b>	<b>516,787,069</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related (Note 7)	-	4,745,836	163,069	-	4,908,905	3,218,541
OPEB related (Note 8)	-	947,474	32,556	-	980,030	236,832
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>5,693,310</b>	<b>195,625</b>	<b>-</b>	<b>5,888,935</b>	<b>3,455,373</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

	State	Water	Water	Non-Major	Totals	
	Water	Enterprise	Enterprise		Enterprise Funds	2021
	Facilities	Operations	Capital Expansion			
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	1,659	5,545,913	3,651,440	-	9,199,012	9,206,014
Deposits	-	-	-	328,115	328,115	323,568
Compensated absences (Note 6)	-	514,167	-	-	514,167	657,916
Bonds payable (Note 5)	-	885,000	560,000	-	1,445,000	1,370,000
<b>Total current liabilities</b>	<b>1,659</b>	<b>6,945,080</b>	<b>4,211,440</b>	<b>328,115</b>	<b>11,486,294</b>	<b>11,557,498</b>
<b>Noncurrent liabilities:</b>						
Compensated absences (Note 6)	-	1,093,323	-	-	1,093,323	532,014
Bonds payable (Note 5)	-	53,374,027	11,842,384	-	65,216,411	67,335,423
Net pension liability (Note 7)	-	15,023,587	516,215	-	15,539,802	17,004,631
Net OPEB liability (Note 8)	-	48,955	1,682	-	50,637	620,308
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>69,539,892</b>	<b>12,360,281</b>	<b>-</b>	<b>81,900,173</b>	<b>85,492,376</b>
<b>Total liabilities</b>	<b>1,659</b>	<b>76,484,972</b>	<b>16,571,721</b>	<b>328,115</b>	<b>93,386,467</b>	<b>97,049,874</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related (Note 7)	-	7,230,238	248,433	-	7,478,671	6,356,820
OPEB related (Note 8)	-	2,446,620	84,067	-	2,530,687	1,420,957
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>9,676,858</b>	<b>332,500</b>	<b>-</b>	<b>10,009,358</b>	<b>7,777,777</b>
<b>NET POSITION (Note 1M)</b>						
Net investment in capital assets	-	246,793,230	-	-	246,793,230	227,930,485
Restricted for:						
Capital projects and water expansion	38,052,305	6,300,000	66,257,037	-	110,609,342	131,461,963
Unrestricted	-	67,343,543	-	4,273,831	71,617,374	56,022,343
<b>Total net position</b>	<b>\$ 38,052,305</b>	<b>\$ 320,436,773</b>	<b>\$ 66,257,037</b>	<b>\$ 4,273,831</b>	<b>\$ 429,019,946</b>	<b>\$ 415,414,791</b>

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**  
(With summarized information for the year ended June 30, 2020)

	Major Funds			Non-Major Enterprise Funds	Totals	
	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion		2021	2020
<b>OPERATING REVENUES:</b>						
Water sales	\$ -	\$ 57,012,484	\$ -	\$ -	\$ 57,012,484	\$ 55,777,208
Connection and development fees	-	-	13,609,527	-	13,609,527	22,461,926
Charges for services	-	313,607	-	-	313,607	500,371
Other revenues	2,016,999	188,478	122,779	-	2,328,256	3,054,566
<b>Total operating revenues</b>	<b>2,016,999</b>	<b>57,514,569</b>	<b>13,732,306</b>	<b>-</b>	<b>73,263,874</b>	<b>81,794,071</b>
<b>OPERATING EXPENSES:</b>						
Salaries, wages and benefits	-	14,215,508	445,332	-	14,660,840	17,855,597
Contractual services	5,612	4,232,376	-	-	4,237,988	4,496,222
Technical supplies	-	440,665	-	-	440,665	277,074
Chemical purchases	-	1,793,501	-	-	1,793,501	2,556,168
Water purchases	23,167,709	4,584,666	16,667,609	-	44,419,984	43,724,787
Water storage	-	1,179,750	-	-	1,179,750	1,282,526
Utilities	-	3,203,479	-	-	3,203,479	2,521,296
Maintenance and repairs	-	1,608,859	-	-	1,608,859	1,950,838
Equipment and building rents	-	72,727	-	-	72,727	60,504
Other services and supplies	-	1,297,256	1,658,640	-	2,955,896	1,856,461
Risk management	-	532,293	-	-	532,293	806,154
Depreciation (Note 4)	-	6,760,363	-	-	6,760,363	6,429,526
<b>Total operating expenses</b>	<b>23,173,321</b>	<b>39,921,443</b>	<b>18,771,581</b>	<b>-</b>	<b>81,866,345</b>	<b>83,817,153</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(21,156,322)</b>	<b>17,593,126</b>	<b>(5,039,275)</b>	<b>-</b>	<b>(8,602,471)</b>	<b>(2,023,082)</b>
<b>NONOPERATING INCOME (LOSS):</b>						
Property taxes	22,616,173	-	-	-	22,616,173	21,553,508
Intergovernmental revenue	3,803,475	84,440	2,752,934	-	6,640,849	6,509,157
Investment earnings	303,505	501,026	382,227	72,341	1,259,099	4,468,253
Loss on disposal of assets	-	(6,186,608)	-	-	(6,186,608)	-
Interest expense for debt service	-	(1,811,150)	(322,627)	-	(2,133,777)	(2,150,866)
<b>Total Nonoperating Income (Loss)</b>	<b>26,723,153</b>	<b>(7,412,292)</b>	<b>2,812,534</b>	<b>72,341</b>	<b>22,195,736</b>	<b>30,380,052</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>5,566,831</b>	<b>10,180,834</b>	<b>(2,226,741)</b>	<b>72,341</b>	<b>13,593,265</b>	<b>28,356,970</b>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>						
Capital contributions	-	-	-	-	-	26,226
Transfers in (Note 3)	-	26,551,658	1,651,639	-	28,203,297	64,294,496
Transfers out (Note 3)	-	-	(25,844,350)	(2,347,057)	(28,191,407)	(64,282,606)
<b>Total Transfers and and Capital Contributions</b>	<b>-</b>	<b>26,551,658</b>	<b>(24,192,711)</b>	<b>(2,347,057)</b>	<b>11,890</b>	<b>38,116</b>
<b>CHANGES IN NET POSITION</b>	<b>5,566,831</b>	<b>36,732,492</b>	<b>(26,419,452)</b>	<b>(2,274,716)</b>	<b>13,605,155</b>	<b>28,395,086</b>
<b>NET POSITION:</b>						
Beginning of year	32,485,474	283,704,281	92,676,489	6,548,547	415,414,791	387,019,705
End of year	<u>\$ 38,052,305</u>	<u>\$ 320,436,773</u>	<u>\$ 66,257,037</u>	<u>\$ 4,273,831</u>	<u>\$ 429,019,946</u>	<u>\$ 415,414,791</u>

See accompanying Notes to the Financial Statements.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ 2,017,581	\$ 58,110,337	\$ 696,580
Cash received from connection and development fees	-	-	13,609,527
Cash paid to suppliers for goods and services	(23,185,385)	(20,387,144)	(17,025,766)
Cash paid to employees for services	-	(15,766,847)	(597,642)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(21,167,804)</b>	<b>21,956,346</b>	<b>(3,317,301)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	26,551,658	1,651,639
Transfers (out)	-	(68,550)	(25,844,350)
Property tax	22,616,173	-	-
Intergovernmental	3,803,475	84,440	2,752,934
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>26,419,648</b>	<b>26,567,548</b>	<b>(21,439,777)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of property, plant, and equipment	-	(43,342,689)	-
Proceeds from contribution	-	-	-
Premiums payments on long term debt	-	(840,000)	(530,000)
Interest paid	-	(2,282,339)	(559,700)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(46,465,028)</b>	<b>(1,089,700)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	303,505	501,026	382,227
<b>Net Cash Provided by Investing Activities</b>	<b>303,505</b>	<b>501,026</b>	<b>382,227</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>5,555,349</b>	<b>2,559,892</b>	<b>(25,464,551)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	31,656,532	88,320,524	106,924,972
End of year	<u>\$ 37,211,881</u>	<u>\$ 90,880,416</u>	<u>\$ 81,460,421</u>
<b>CASH AND CASH EQUIVALENTS:</b>			
Cash and investments	\$ 22,979,940	\$ 35,337,400	\$ 4,978,953
Cash and investments with fiscal agent	14,231,941	46,242,659	75,648,243
Cash and investments, restricted	-	9,300,357	833,225
<b>Total cash and cash equivalents</b>	<u>\$ 37,211,881</u>	<u>\$ 90,880,416</u>	<u>\$ 81,460,421</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (21,156,322)	\$ 17,593,126	\$ (5,039,275)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation		6,760,363	-
Changes in assets and liabilities:			
Receivables	-	600,221	573,801
Prepays	(12,064)	(52,483)	-
Accounts payable and accrued expenses	-	(1,273,817)	1,300,483
Compensated absences	-	417,560	-
Deposits	582	(4,453)	-
Net pension liability, deferred inflows and deferred outflows	-	(1,894,195)	(139,147)
Net OPEB liability, deferred inflows and deferred outflows	-	(189,976)	(13,163)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (21,167,804)</u>	<u>\$ 21,956,346</u>	<u>\$ (3,317,301)</u>

See accompanying Notes to the Financial Statements.



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

	Non-Major Enterprise Funds	Totals	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ 9,000	\$ 60,833,498	\$ 55,903,603
Cash received from connection and development fees	-	13,609,527	22,461,926
Cash paid to suppliers for goods and services	-	(60,598,295)	(60,099,633)
Cash paid to employees for services	-	(16,364,489)	(16,429,861)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>9,000</b>	<b>(2,519,759)</b>	<b>1,836,035</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	28,203,297	15,767,822
Transfers (out)	(2,347,057)	(28,259,957)	(15,761,384)
Property tax	-	22,616,173	21,553,508
Intergovernmental	-	6,640,849	6,509,157
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(2,347,057)</b>	<b>29,200,362</b>	<b>28,069,103</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of property, plant, and equipment	-	(43,342,689)	(48,156,664)
Proceeds from contribution	-	-	26,226
Premiums payments on long term debt	-	(1,370,000)	(1,305,000)
Interest paid	-	(2,842,039)	(2,908,912)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(47,554,728)</b>	<b>(52,344,350)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	72,341	1,259,099	4,468,253
<b>Net Cash Provided by Investing Activities</b>	<b>72,341</b>	<b>1,259,099</b>	<b>4,468,253</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>(2,265,716)</b>	<b>(19,615,026)</b>	<b>(17,970,959)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	6,867,662	233,769,690	251,740,649
End of year	\$ 4,601,946	\$ 214,154,664	\$ 233,769,690
<b>CASH AND CASH EQUIVALENTS:</b>			
Cash and investments	\$ 4,601,946	\$ 67,898,239	\$ 77,781,960
Cash and investments with fiscal agent	-	136,122,843	136,663,641
Cash and investments, restricted	-	10,133,582	19,324,089
<b>Total cash and cash equivalents</b>	<b>\$ 4,601,946</b>	<b>\$ 214,154,664</b>	<b>\$ 233,769,690</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ -	\$ (8,602,471)	\$ (2,023,082)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	6,760,363	6,429,526
Changes in assets and liabilities:			
Receivables	-	1,174,022	(3,426,451)
Prepays	-	(64,547)	(86,660)
Accounts payable and accrued expenses	-	26,666	(440,067)
Compensated absences	-	417,560	(59,939)
Deposits	9,000	5,129	(2,091)
Net pension liability, deferred inflows and deferred outflows	-	(2,033,342)	1,452,933
Net OPEB liability, deferred inflows and deferred outflows	-	(203,139)	(8,134)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 9,000</b>	<b>\$ (2,519,759)</b>	<b>\$ 1,836,035</b>

See accompanying Notes to the Financial Statements.

*This page intentionally left blank.*

**NOTES TO THE FINANCIAL STATEMENTS**

*This page intentionally left blank*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (the “Agency”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Agency’s significant policies:

**A. Financial Reporting Entity**

The Agency is a public corporation, organized and existing under the constitution and laws of the State of California. The Agency provides various services including the purchase, treatment and sales of water and the maintenance of flood control channels within the boundaries of its service area.

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

***Joint Powers Authority (JPA)***

The Livermore Valley Water Financing Authority (the “Authority”) was formed on November 1, 2017 to assist in the financing of public capital improvements. The Authority is a joint exercise agency organized under the laws of the State of California and was composed of the Alameda County Flood Control and Water Conservation District, Zone 7 (the “Agency”) and the California Statewide Communities Development Authority (“CSCDA”). The Agency Board of Directors serves as the governing board of the Authority. The Authority transactions are reported in Water Enterprise Operations and Water Enterprise Capital Expansion funds. Related debt is included in the long-term obligations of the Agency on the business-type activities column of the statement of net position.

**B. Basis of Accounting and Measurement Focus**

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues and expenditures or expenses, as appropriate. Agency resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

***Government-Wide Financial Statements***

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Agency in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

***Governmental Fund Financial Statements***

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Governmental Fund Financial Statements (Continued)*

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Under this method, revenues are recognized when measurable and available. Property taxes, benefit assessments, interest, grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The Agency reported the following major governmental funds in the accompanying financial statements:

The ***Flood Protection Operations Fund*** is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Agency that are not accounted for through other funds.

The ***Flood Protection Development Impact Fee Fund*** is used for the acquisition, construction, engineering and improvement of the flood protection and /or storm water drainage elements of the Stream Management Master Plan of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof.

The Agency reports the following non-major governmental funds:

The ***Environmental Protection Agency (EPA) Grant - Federal Fund*** is used to account for revenues and expenses resulting from the EPA Preparing for the Storm grant.

The ***Cal-OES Grant*** – Federal passed through grant to the California Governor’s Office of Emergency Services (Cal-OES) is used to account for revenues and expenditures for damages caused by January 2017 storms.

The ***Department of Water Resources (DWR) Sustainable Groundwater Management Grant- State Fund*** is used to account for revenues and expenses resulting from the 2022 Alternative Groundwater Sustainability Plan Grant.

*Proprietary Fund Financial Statements*

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Proprietary Fund Financial Statements (Continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Operations fund is the sale of water to outside customers. Operating expenses for the fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency reports the following major proprietary funds:

The *State Water Facilities Fund* is used for fixed State water charges and State water project bonded indebtedness.

The *Water Enterprise Operations Fund* accounts for enterprise operation and administration, emergency and support services, variable State water charges, water facilities maintenance and operation, renewal and replacement program, water facilities, water resources and water supply planning.

The *Water Enterprise Capital Expansion Fund* is used for Water Enterprise capital expansion projects and water purchases.

The Agency reports the following non-major proprietary funds:

The *Water Facilities Fund* is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits.

The *Water Supply and Reliability Fund* is used for future water, water storage and Delta- related projects.

***C. Cash and Cash Equivalents***

For purposes of the statement of cash flows the Agency defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

A portion of the Agency's cash is pooled with the Alameda County Treasurer, who acts as disbursing agent for the Agency. 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 the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasurer is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Investment and Fair Value Measurements***

The Agency invests in individual investments and in the County Treasury investment pool. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system.

The Agency's investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

If the fair value of an investment is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

***E. Receivables***

Accounts receivable arise from billings to customers for water and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

***F. Capital Assets***

Capital assets are those purchased or acquired with a useful life greater than one year and an original cost greater than \$250,000 for infrastructure, buildings, building improvements, land improvements and software. The Agency capitalizes equipment and land with a useful life greater than one year and an original cost greater than \$5,000. These assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***F. Capital Assets (Continued)***

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Capital Assets	Useful Life
Treatment plants	40 years
Treatment plants improvements	10-40 years
Sludge drying ponds	40 years
Pipeline	40 years
Equipment	3-10 years
Reservoir	40 years
Office building	40 years
Wellfields	40 years
Flood control channels	50 years
Rights of way	Indefinite
Water entitlement	Indefinite

***G. Budgets and Budgetary Accounting***

Formal budgets are employed as a management control during the year for the Funds.

Budgets for the Governmental Funds are prepared to include encumbrances at year-end. Budget comparisons presented are on GAAP budgetary basis.

***H. Encumbrances – Governmental Fund Financial Statements***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Flood Protection Operations Fund and Flood Protection Development Impact Fee Fund. Encumbrances at June 30, 2021 are as follows:

Fund	Encumbrances
Flood Protection Operations Major Funds	\$ 4,958,376

***I. Property Taxes***

The Agency receives property taxes and fixed state water charges from Alameda County. The Agency recognizes property taxes as revenue in the fiscal year of levy, based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become 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.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***J. Compensated Absences***

The Agency’s policy allows employees to accumulate earned but unused vacation and overtime compensation, subject to a vesting policy. The cost of vacation is recorded in the period it is earned. The Agency will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency, as these benefits do not vest with the employee. Therefore, sick leave is recorded as an expenditure in the period that the benefit is taken.

***K. Long-Term Debt and Related Costs***

Long-term debt is reported at face value, net of applicable premium and discounts. Costs related to the issuance of debt are reported as an expense. Deferred charge on refunding from advance refundings of debt are classified as a deferred outflow of resources and are amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

***L. Pension and OPEB***

For purposes of measuring the aggregate net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension/OPEB reporting:

Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Measurement Period	January 1, 2020 to December 31, 2020

Gains and losses related to changes in total pension/OPEB liability and fiduciary net position are recognized in pension/OPEB expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions/OPEB and are to be recognized in future pension/OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***M. Net Position***

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

*Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, related debt, and deferred inflows of resources.

*Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets as to the use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

*Unrestricted* – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

***N. Fund Balances***

In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

*Committed* – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the Board of Directors, prior to the end of the reporting period. Board of Directors adoption of a resolution is required to commit resources or to rescind the commitment. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

***O. Spending Policy***

*Government-Wide Financial Statements and the Proprietary Fund Financial Statements*

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the Agency's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

*Governmental Fund Financial Statements*

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Agency's policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Agency uses the unrestricted resources in the following order: (1) Committed, (2) Assigned, (3) Unassigned, except for instances wherein an ordinance specifies the fund balance.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. 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.

***Q. Implementation of Governmental Accounting Standards Board (GASB) Pronouncement***

During the fiscal year ended June 30, 2021, the Agency implemented the following accounting standards:

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The implementation of this statement did not have a significant impact to the Agency's financial statements.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The implementation of this statement did not have a significant impact to the Agency's financial statements.
- In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report.*, to establish the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Those provision are effective for fiscal years ending after December 15, 2021. The Agency has elected early implementation. The implementation of this statement did not have a significant impact to the Agency's financial statements.

***R. New GASB Pronouncements***

- In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 originally effective for the Agency's fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022..

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**R. New GASB Pronouncements (Continued)**

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 originally effective for the Agency’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2023.
- In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB Statement No. 92), to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. GASB Statement No. 92 originally effective for the Agency’s fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB Statement No. 93), to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR) which is expected to cease to exist in its current form at the end of 2021. GASB Statement No. 93 originally effective for the Agency’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2023.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94) to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 94 is effective for the Agency’s fiscal year ending June 30, 2023.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for the Agency’s fiscal year ending June 30, 2023.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**R. New GASB Pronouncements (Continued)**

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (GASB Statement No. 97), to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is effective for the Agency’s fiscal year ending June 30, 2022.

**Note 2 – Cash and Investments**

The Agency’s cash and investments consist of the following at June 30, 2021:

Pooled Cash and investment in County Treasury	\$ 150,013,759
Cash and investments - Agency Treasury	151,008,083
Restricted cash and investments	<u>11,205,113</u>
<b>Total cash and investments</b>	<b><u>\$ 312,226,955</u></b>
Cash and investment in Government Funds	\$ 98,072,291
Cash and investments in Proprietary Funds	<u>214,154,664</u>
<b>Total cash and investments</b>	<b><u>\$ 312,226,955</u></b>

***Investments Authorized by California Government Code and the Agency’s Investment Policy***

The Agency’s pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of principal, liquidity and yield.

The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

The Agency’s external investment pool is not registered with the Securities and Exchange Commission but rather the County Board of Supervisors created the Treasury Oversight Committee to establish regulations of the pooled investments.

A copy of the County investment policy is available upon request from the Alameda County Auditor- Controller’s Office at 1221 Oak Street, Room 249, Oakland, California, 94612.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

***Investments Authorized by California Government Code and the Agency’s Investment Policy (Continued)***

The non-pooled cash and investments are invested in accordance with the Agency’s Investment Policy and the California Government Code which allows the Agency to invest in the following, provided the credit ratings of the issuers are acceptable to the Agency and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Agency’s Investment Policy where the Agency Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality Portfolio	Maximum in Portfolio	Maximum Investment in One Issuer
Repurchase Agreements	360 Days	A	20%	(A)
California Local Agency Investment Fund	Upon Demand	N/A	(A)	(B)
U.S. Treasury Obligations	5 Years	N/A	(A)	(A)
U.S. Agency Securities	5 Years	N/A	(A)	(A)
Municipal Bonds and Notes	5 Years	N/A	40%	(A)
Bankers' Acceptances	180 Days	A1, P1	40%	25%
Commercial Paper	270 Days	A1, P1	25%	10%
Negotiable Certificates of Deposit	5 Years	A, A2	30%	5%
Certificates of Time Deposit	360 Days	A, A2	30%	5%
Medium Term Corporate Notes	5 Years	A3, A-	30%	5%
Money Market Mutual Funds	Upon Demand	N/A	20%	(A)
California Asset Management Program	Upon Demand	N/A	10%	(A)

(A) No Board established limit.

(B) LAIF limit is \$75,000,000.

The Agency is in compliance with the Board approved Investment Policy and California Government Code requirements.

***Disclosure Relating to 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. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 2 – Cash and Investments (Continued)**

***Disclosure Relating to Interest Rate Risk (Continued)***

As of June 30, 2021, approximately 48.8 percent of the securities in the Treasury Pool had maturities of one year or less as reported by Alameda County Treasurer.

Information about the sensitivity of the fair values of the Agency’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency’s investment by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	Total
<b><i>Pooled Cash and Investments in County Treasury</i></b>			
Cash in County Pool	\$ -	\$ -	\$ 150,013,759
<b><i>Cash and Investments - Agency Treasury</i></b>			
U.S. Treasury Notes	-	57,940,259	57,940,259
Commercial Paper	31,443,210	-	31,443,210
Corporate Bonds	1,194,971	34,580,768	35,775,739
Money Markey Fund	24,630,805	-	24,630,805
Total	<u>57,268,986</u>	<u>92,521,027</u>	<u>149,790,013</u>
Cash in bank			<u>1,218,070</u>
<b><i>Total Cash and Investments - Agency Treasury</i></b>			<u>151,008,083</u>
<b><i>Restricted Cash and Investments</i></b>			
Money Market Fund	<u>10,133,582</u>	-	<u>10,133,582</u>
	<u>10,133,582</u>	-	<u>10,133,582</u>
Cash in bank - Money Market			<u>1,071,531</u>
<b><i>Total Restricted Cash and Investments</i></b>			<u>11,205,113</u>
<b>Total Cash and Investments</b>			<u><u>\$ 312,226,955</u></u>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

***Disclosure Relating to 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 Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization. Presented below is the actual ratings as of June 30, 2021 for each investment type as provided by Moody's Investor Service:

Investment Type	Aaa	Aa1	Aa2	A1	A2	Baa2	P-1	Total
<b><i>Pooled Cash and Investments in County Treasury</i></b>								
<b>Not rated:</b>								
Cash in County Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$150,013,759
<b><i>Cash and Investments - Agency Treasury</i></b>								
U.S. Treasury Notes	57,940,259	-	-	-	-	-	-	57,940,259
Commercial Paper	-	-	-	-	-	-	31,443,210	31,443,210
Corporate Bonds	-	6,058,690	3,296,434	10,781,218	14,444,425	1,194,972	-	35,775,739
Money Market Fund	24,630,805	-	-	-	-	-	-	24,630,805
<b>Not rated:</b>								
Cash in bank								1,218,070
<b>Total Cash and Investments - Agency Treasury</b>	<b>82,571,064</b>	<b>6,058,690</b>	<b>3,296,434</b>	<b>10,781,218</b>	<b>14,444,425</b>	<b>1,194,972</b>	<b>31,443,210</b>	<b>151,008,083</b>
<b><i>Restricted Cash and Investments</i></b>								
Cash in bank - Money Market	1,071,531	-	-	-	-	-	-	1,071,531
<b>Not rated:</b>								
Money Market Fund								10,133,582
<b>Total Restricted Cash and Investments</b>	<b>1,071,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,205,113</b>
<b>Total Cash and Investments</b>								<b>\$312,226,955</b>

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

***Disclosure Relating to Concentration of Credit Risk***

The investment policy of the County Pool contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2021 Alameda County Annual Comprehensive Financial Report.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

***Fair Value Hierarchy***

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2021, the Agency had \$150,013,759 of cash and investments pooled with the Alameda County Treasurer that is exempt from the fair value hierarchy. The fair value of the pooled investment fund is provided by the Alameda County Treasurer and is valued using quoted prices for identical instruments in markets that are not active. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources.

The following is a summary of the fair value hierarchy of the fair value of investments of the Agency as of June 30, 2021:

	Level 1	Level 2	Total
<b><i>Cash and Investments - Agency Treasury</i></b>			
<b>Investments by Fair Value Level</b>			
U.S. Treasury Notes	\$ 57,940,259	\$ -	\$ 57,940,259
Commercial Paper	-	31,443,210	31,443,210
Corporate Bonds	-	35,775,739	35,775,739
<b>Investments Measured at Amortized Cost</b>			
Money Market Fund	-	-	24,630,805
<b><i>Total Cash and Investments - Agency Treasury</i></b>	<b>57,940,259</b>	<b>67,218,949</b>	<b>149,790,013</b>
<b><i>Restricted Cash and Investments</i></b>			
<b>Investments Measured at Amortized Cost</b>			
Money Market Fund	-	-	10,133,582
<b><i>Total Restricted Cash and Investments</i></b>	<b>-</b>	<b>-</b>	<b>10,133,582</b>
<b>Total Investments</b>			<b>\$ 159,923,595</b>

Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 3 – Interfund Transfers**

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
<b><u>Governmental Fund</u></b>		
Flood Protection Operations Funds	Water Enterprise Operations Fund	\$ 11,890 (A)
<b><u>Enterprise Funds:</u></b>		
Water Enterprise Capital Expansion Fund	Water Enterprise Operations Fund	25,844,350 (B)
Water Supply and Reliability Fund	Water Enterprise Capital Expansion Fund	1,651,639 (C)
Water Supply and Reliability Fund	Water Enterprise Operations Fund	695,418 (D)
		<u>\$ 28,203,297</u>

(A) Transfer to fund vehicle replacement.

(B) Transfer of completed construction projects and other capital assets.

(C) Transfer to fund Sites Reservoir Project and Los Vaqueros Reservoir Project.

(D) Transfer to fund Delta Conveyance Finance Authority Administration costs.

**Note 4 – Capital Assets**

**A. Governmental Activities**

Summary of changes in governmental activities capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Balance June 30, 2021
<i>Governmental Activities:</i>			
<i>Capital assets not being depreciated:</i>			
Rights of Way	\$ 21,203,051	\$ -	\$ 21,203,051
Easements	36,960	-	36,960
Construction in progress	1,338,522	75,611	1,414,133
Total capital assets not being depreciated	<u>22,578,533</u>	<u>75,611</u>	<u>22,654,144</u>
<i>Capital assets being depreciated:</i>			
Flood control channels	12,393,619	-	12,393,619
Other infrastructure	1,048,885	-	1,048,885
Office Building	1,459,756	-	1,459,756
Equipment	13,059	-	13,059
Total capital assets being depreciated	<u>14,915,319</u>	<u>-</u>	<u>14,915,319</u>
Less accumulated depreciation for:			
Flood control channels	(4,232,230)	(231,734)	(4,463,964)
Other infrastructure	(150,777)	(26,222)	(176,999)
Office Building	(115,564)	(36,494)	(152,058)
Equipment	(1,524)	(2,612)	(4,136)
Total accumulated depreciation	<u>(4,500,095)</u>	<u>(297,062)</u>	<u>(4,797,157)</u>
Total capital assets being depreciated, net	<u>10,415,224</u>	<u>(297,062)</u>	<u>10,118,162</u>
<b>Total governmental activities</b>	<u>\$ 32,993,757</u>	<u>\$ (221,451)</u>	<u>\$ 32,772,306</u>

Depreciation expense in the amount of \$297,062 was charged to Flood Protection of the primary government.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 4 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

Construction in progress at June 30, 2021 comprises the following projects:

Arroyo Mocho Medieros	\$	1,234,429
Arroyo Mocho Granada/Murrieta		81,958
North Canyons Administration Building HVAC Project		97,746
<b>Total</b>	<b>\$</b>	<b>1,414,133</b>

**B. Business-Type Activities**

Summary of changes in business-type activities capital assets for the year ended June 30, 2021 is as follows:

<i>Business--Type Activities:</i>	Balance July 1, 2020	Additions	Deletions	Transfer	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>					
Rights of way	\$ 9,553,081	\$ -	\$ -	\$ -	\$ 9,553,081
Water entitlements	36,655,364	-	-	-	36,655,364
Easements	1,862,074	-	-	-	1,862,074
Construction in progress	89,292,252	42,773,382	-	(48,910,432)	83,155,202
Total capital assets not being depreciated	137,362,771	42,773,382	-	(48,910,432)	131,225,721
<i>Capital assets being depreciated:</i>					
Equipment	4,851,401	569,307	-	-	5,420,708
Treatment plants	117,172,449	-	(18,437,749)	47,886,063	146,620,763
Office building	7,103,276	-	-	-	7,103,276
Reservoir	1,934,197	-	-	1,024,369	2,958,566
Pipelines	53,929,752	-	-	-	53,929,752
Wellfields	31,202,337	-	-	-	31,202,337
SCADA project	9,704,664	-	-	-	9,704,664
Other infrastructure	4,154,940	-	-	-	4,154,940
Total capital assets being depreciated	230,053,016	569,307	(18,437,749)	48,910,432	261,095,006
<i>Less accumulated depreciation for:</i>					
Equipment	(3,278,784)	(578,408)	-	-	(3,857,192)
Treatment plants	(56,775,281)	(3,321,845)	12,251,141	-	(47,845,985)
Office buildings	(1,500,238)	(177,582)	-	-	(1,677,820)
Reservoirs	(1,296,125)	(71,830)	-	-	(1,367,955)
Pipelines	(20,182,995)	(1,241,533)	-	-	(21,424,528)
Wellfields	(9,576,468)	(780,058)	-	-	(10,356,526)
SCADA project	(7,521,115)	(485,233)	-	-	(8,006,348)
Other infrastructure	(321,023)	(103,874)	-	-	(424,897)
Total accumulated depreciation	(100,452,029)	(6,760,363)	12,251,141	-	(94,961,251)
Total capital assets being depreciated, net	129,600,987	(6,191,056)	(6,186,608)	48,910,432	166,133,755
<b>Total business-type activities</b>	<b>\$ 266,963,758</b>	<b>\$ 36,582,326</b>	<b>\$ (6,186,608)</b>	<b>\$ -</b>	<b>\$ 297,359,476</b>

Depreciation expense in the amount of \$6,760,363 was charged to Water Enterprise Operations of the primary government.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 4 – Capital Assets (Continued)**

**B. Business-Type Activities (Continued)**

Construction in Progress at June 30, 2021 comprises the following projects:

Busch Valley Well 1	\$1,820,077
Patterson Pass Water Treatment Plant New Clearwell	231,185
Patterson Pass Water Treatment Plant Upgrades	45,936,874
Patterson Pass Water Treatment Plant Ozonation	33,050,176
Chain of Lakes (COL) Pipeline	493,609
NC Administration Building HVAC Project	367,711
Busch Valley Booster Pump Station	50,742
MGDP Concentrate Conditioning Facility	175,437
DVWTP Post Ozone Modifications	149,105
COL PFAS Treatment Facility	34,127
DVWTP Polymer Mixing System Replacement	131,895
Arroyo Mocho/Lake H Diversion	404,297
PPWTP New Media Filters	215,202
California Water Service Turnout 6 Replacement	38,227
MGDP Concentrate Sump Pump & VFD Replacement	56,538
<b>Total</b>	<b>\$ 83,155,202</b>

**Note 5 – Long Term Debt**

Summary of changes in business-type activities long-term debt for the year ended June 30, 2021 is as follows:

	<u>Original Issue Amount</u>	<u>Balance July 1, 2020</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amount due within one year</u>	<u>Amount more than one year</u>
2018 Water Revenue Bonds	\$ 64,010,000	\$ 62,705,000	\$ 1,370,000	\$ 61,335,000	\$ 1,445,000	\$ 59,890,000
Plus: Unamortized Bond Premium	7,506,832	6,000,423	674,012	5,326,411	-	5,326,411
<b>Total long-term debt</b>		<b>\$ 68,705,423</b>	<b>\$ 2,044,012</b>	<b>\$ 66,661,411</b>	<b>\$ 1,445,000</b>	<b>\$ 65,216,411</b>

**2018 Water Revenue Bonds**

On March 11, 2018, the Agency, via the Livermore Valley Water Financing Authority, issued the 2018 Water Revenue Bonds in the amount of \$64,010,000. Proceeds of the issuance are used to pay the cost of the 2018 Water Project, consisting of a water treatment plant and related facilities, prepay \$15,290,000 of the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, and to pay costs of issuance. Interest rates range from 3% to 5%. Principal and interest payments are due annually beginning July 1, 2019 through July 1, 2048.

The Agency's bond covenants contain events of default that require the net revenue of the Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency; or if any court or competent jurisdiction shall assume custody or control of the Agency. The Agency's bonds also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the bonds, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 5 – Long Term Debt (Continued)**

**2018 Water Revenue Bonds (Continued)**

At June 30, 2021, the debt service payments to maturity, including interest payments, were as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 1,445,000	\$ 2,771,663	\$ 4,216,663
2023	1,520,000	2,697,538	4,217,538
2024	1,595,000	2,619,663	4,214,663
2025	1,680,000	2,537,788	4,217,788
2026	1,770,000	2,451,538	4,221,538
2027-2031	10,305,000	10,800,813	21,105,813
2032-2036	12,085,000	7,948,338	20,033,338
2037-2041	9,940,000	5,688,219	15,628,219
2042-2046	12,180,000	3,442,950	15,622,950
2047-2049	8,815,000	559,500	9,374,500
Total Payments Due	61,335,000	<u>\$ 41,518,006</u>	<u>\$ 102,853,006</u>
Unamortized Premium	5,326,411		
Total	<u>\$ 66,661,411</u>		

**Arbitrage**

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Agency has evaluated the 2018 Water Revenue Bonds issue subject to the arbitrage rebate requirements and does not have a rebatable arbitrage liability as of June 30, 2021 and 2020.

**Note 6 – Compensated Absences**

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

Beginning Balance	\$ 1,189,930
Additions	737,828
Payments	<u>(320,268)</u>
Ending Balance	<u>\$ 1,607,490</u>
Current portion	<u>\$ 514,167</u>
Non-current Portion	<u>\$ 1,093,323</u>

Accrued vacation and sick leave are liquidated by the fund that has recorded the liability.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 7 – Alameda County Employees’ Retirement Association Pension Plan**

**Plan Descriptions** – Substantially all Agency permanent employees are required to participate in the Alameda County Employees’ Retirement Association (ACERA), a cost-sharing multiple employer public defined benefit retirement plan (Plan). The latest available actuarial and financial information for the Plan is for the year ended December 31, 2020. ACERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Alameda County Employees’ Retirement Association, 475 14th Street #1000, Oakland, California 94612.

**Benefits Provided** – The Plan provides for retirement, disability, and death and survivor benefits. Annual cost of living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Retirement benefits are based on age, length of service, date of membership and final average salary.

Subject to vested status, employees can withdraw contributions plus interests credited, or leave them as a deferred retirement when they terminate, or transfer to a reciprocal retirement system.

The Plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 4</b>
Hire date	Prior to July 1, 1983	July 1, 1983 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.61% at 62	2.43% at 65	2.5% at 67
Benefit vesting schedule	Age 50 with 5 years of service and a total of 10 years of qualifying membership, or age 70 regardless of service, or after 30 years, regardless of age.		Age 52 with 5 years of service or age 70 regardless of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Maximum monthly benefits, as a % of eligible compensation	100%	100%	100%
Required employee contribution rates	7.83% - 15.17%	5.41% - 11.42%	8.85%
Required employer contribution rates	19.00% and 28.49%	18.34% and 27.51%	26.63%

**Contributions** –The pension plan under the 1937 Act has no legal contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits and are between 5.41 and 15.17 percent of their annual covered salary effective September 2020. Member contributions are refundable upon termination from the retirement system.

State and Federal laws as well as the California Constitution provide the authority for the establishment of ACERA benefit provisions. In most cases where the 1937 Act provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employer’s governing board for the option to take effect. Separately, in 1984 the Alameda Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reserve (SRBR) for ACERA.



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 7 – Alameda County Employees’ Retirement Association Pension Plan (Continued)**

Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, retiree death benefit and retiree health benefits including the Monthly Medical Allowance (MMA), dental and vision care, and Medicare Part B reimbursement. The provision of all supplemental benefits from the SRBR is subject to available funding and annual review and authorization by the Board of Retirement. SRBR benefits are not vested.

In 2006 the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above. For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were \$1,317,549.

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*** – As of June 30, 2021, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate share of Net Pension Liability</b>
Miscellaneous	\$ 17,207,178

The Agency’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020 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 plan relative to the projected contributions of all participating employers, actuarially determined. The Agency’s proportionate share of the net pension liability for the Plan is as follows:

<b>Reporting Date as of June 30</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate share of Net Pension Liability</b>	<b>Covered payroll</b>	<b>Net Pension Liability as a percentage of its covered payroll</b>
2019	1.24%	\$ 26,320,948	\$ 11,839,254	222.32%
2020	1.11%	18,610,738	12,184,391	152.74%
2021	1.00%	17,207,178	11,869,970	144.96%

For the year ended June 30, 2021, the Agency recognized pension revenue of \$1,992,757. Changes in the Net Pension Liability are recorded in the fund that recorded the liability. At June 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contributions made after measurement date	\$ 1,518,488	\$ -
Changes in assumptions	3,504,062	801,508
Difference between actual and expected experience	413,065	126,523
Difference between projected and actual earning on pension plan investments	-	3,866,670
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,486,410
<b>Total</b>	<b>\$ 5,435,615</b>	<b>\$ 8,281,111</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 7 – Alameda County Employees’ Retirement Association Pension Plan (Continued)**

The \$1,518,488 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 deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period Ending June 30,</b>	<b>Deferred Outflows / (Inflows) of Resources</b>
2022	\$ (1,625,137)
2023	(537,038)
2024	(1,880,962)
2025	(338,722)
2026	17,875
Total	<u>\$ (4,363,984)</u>

**Actuarial Assumptions** – The total pension liabilities in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	3.25%
Projected Salary Increase	3.65% - 8.35% (1)
Cost of Living Adjustments	Tier 1: 3.00% ; Tier 2 and 4:2.00%
Investment Rate of Return	7.00% (2)
Mortality	RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables

(1) Vary by service, including inflation

(2) Net of pension plan investment expenses, including inflation

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as December 31, 2020.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 7 – Alameda County Employees’ Retirement Association Pension Plan (Continued)**

The long-term expected rate of return on pension plan investments was determined in 2020 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Domestic Large Cap Equity	22.40%	5.43%
Domestic Small Cap Equity	2.50%	6.21%
Developed International Equity	17.00%	6.67%
Small Cap International Equity	3.00%	7.36%
Emerging Markets Equity	5.00%	8.58%
U.S. Core Fixed Income	11.50%	1.10%
High Yield Bonds	1.60%	2.91%
Global Fixed Income	3.00%	-0.63%
Private equity	10.50%	10.00%
Real Estate	8.00%	4.58%
Commodities	0.75%	3.46%
Infrastructure	1.75%	7.80%
Private Credit	4.00%	8.50%
Absolute Return	9.00%	3.70%
Total	100.00%	

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change 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 Plan, 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:

<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
<u>Discount Rate</u>	<u>Current Discount</u>	<u>Discount Rate</u>
<u>- 1% (6.00%)</u>	<u>Rate (7.00%)</u>	<u>+ 1% (8.00%)</u>
\$ 27,542,924	\$ 17,207,178	\$ 8,702,311

**Note 8 – Postemployment Benefits Other Than Retirement**

**A. General Information about the Agency’s Other Post Employment Benefit (OPEB) Plan**

**Plan Description** – The Agency, through the County of Alameda (County), is a participant under the Alameda County Employees’ Retirement Association’s (ACERA) defined contribution plan for other postemployment benefits as established by the California Legislature under Article 5.5 of the County Employees Retirement Law of 1937. ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Postemployment Benefits Other Than Retirement (Continued)**

**A. General Information about the Agency’s Other Post Employment Benefit (OPEB) Plan (Continued)**

**Funding Policy** – The postemployment medical, dental and vision benefits are currently provided through the Supplemental Retirees Benefit Reserve (SRBR) as described in the Alameda County Employees’ Retirement Association Pension Plan note. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the assumed investment rate of return of the ACERA Defined Benefit Pension Plan. The Agency, through the County, does not make postemployment medical benefit payments directly to retirees and does not have the ability to fund these benefits. However, the Agency’s pension contribution to ACERA would be lower if not for the excess interest transfer to the SRBR.

**Benefits Provided** – The following is a summary of Plan benefits as of June 30, 2021:

<b>Membership Eligibility</b>	<p><i>Service Retirees:</i> Retired with at least 10 years of services (including deferred vested members who terminate employment and receive a retirement benefit from ACERA).</p> <p><i>Disabled Retirees:</i> A minimum of 10 years of service required for non-duty disability. There is no minimum service requirement for duty disability.</p>								
<b>Benefit Eligibility</b>	<p><b>1 Monthly Medical Allowance</b></p> <p><i>Service Retirees:</i> For retirees, a Maximum Monthly Medical Allowance of \$578.65 per month is provided, effective January 1, 2020 and through December 31, 2020. For the period January 1, 2021 through December 31, 2021 the maximum allowance will remain at \$578.65 per month. For those purchasing insurance through the Individual Medicare Exchange, the Monthly Medical Allowance was \$443.28 per month for 2020 and 2021. These Allowances are subject to the following subsidy schedule:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Completed Years of Service</u></th> <th style="text-align: right;"><u>Percentage Subsidized</u></th> </tr> </thead> <tbody> <tr> <td>10-14</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>15-19</td> <td style="text-align: right;">75%</td> </tr> <tr> <td>20+</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> <p><i>Disabled Retirees:</i> Non-duty retirees receive the same Monthly Medical Allowance as services retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those services retirees with 20 or more years of service.</p> <p><b>2 Medical Benefit Reimbursement Plan:</b></p> <p>The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must</p> <ul style="list-style-type: none"> <li>- Have at least 10 years of ACERA service,</li> <li>- Be eligible for Monthly Medical Allowance,</li> <li>- Provide proof of enrollment in Medical Part B</li> </ul> <p><b>3 Dental and Vision Plans:</b></p> <p>The SRBR provides dental and vision benefits for retirees only. The maximum combined dental and vision premiums will be \$46.28 in 2020 and \$48.12 in 2021. The eligibility for these premiums is as follows:</p> <p><i>Service Retirees:</i> Retired with at least 10 years of service.</p> <p><i>Disabled Retirees:</i> For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.</p>	<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>	10-14	50%	15-19	75%	20+	100%
<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>								
10-14	50%								
15-19	75%								
20+	100%								
<b>Deferred Benefit</b>	Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.								
<b>Death Benefit</b>	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.								

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Postemployment Benefits Other Than Retirement (Continued)**

**A. General Information about the Agency’s Other Post Employment Benefit (OPEB) Plan (Continued)**

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	98
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	Not available
Inactive employees entitled to but not yet receiving benefit payments	Not available
Total	98

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The Agency’s net OPEB liability was measured as of December 31, 2020 and the net OPEB liability was determined by an actuarial valuation dated December 31, 2019 that was rolled forward using standard update procedures to determine the Agency’s net OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary increases	3.25%
Investment Rate of Return	7.00%
Mortality Rate	RP-2014 Healthy Annuitant Mortality Table
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 6.75% to ultimate 4.50% over 9 years Medicare medical plan - Graded from 6.25% to ultimate 4.50% over 7 years Dental - 0.00% for the first two years and 4.00% after Vision - 0.00% for the first five years and 4.00% after Medicare Part B - 4.50%

**C. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Agency, as well as what the Agency’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
\$ 1,355,946	\$ 56,071	\$ (1,021,108)

Net OPEB Liability/(Asset)		
Healthcare		
1% Decrease (5.75% to 3.50%)	Cost Trend Rate (6.75% to 4.50%)	1% Increase (7.75% to 5.50%)
\$ (1,229,180)	\$ 56,071	\$ 1,648,125

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Postemployment Benefits Other Than Retirement (Continued)**

***D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the Agency recognized OPEB revenue of \$201,763. Changes in the Net OPEB Liability are recorded in the fund that recorded the liability. At June 30, 2021, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Changes in assumptions	\$ 681,231	\$ 52,726
Difference between actual and expected experience	-	542,933
Difference between projected and actual earnings on OPEB plan investments	-	1,586,939
Changes in proportion and differences between employer contributions and proportionate share of contributions	403,953	619,625
Total	<u>\$ 1,085,184</u>	<u>\$ 2,802,223</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

<u>Measurement Period Ending June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ (566,039)
2023	(257,447)
2024	(617,774)
2025	(386,164)
2026	41,854
Thereafter	68,531
	<u>\$ (1,717,039)</u>

**Note 9 – Insurance**

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority Property and Liability Insurance Programs for risk of loss. These programs provide general liability, including auto, property, crime, pollution, and cyber liability insurance coverage. The Agency is self-insured for worker's compensation claims under the County of Alameda self-insurance/ excess insurance program. The County is a member of the California State Association-Excess Insurance Authority (CSAC-EIA), a California Counties Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties. As of June 30, 2021, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

<u>Type of Coverage</u>	<u>Coverage Limit</u>	<u>Self Insured/Deductible</u>
General Liability, including Auto Liability	\$55,000,000	\$5,000,000
Workers' Compensation	Statutory Limit	3,000,000
Property	500,000,000	10,000
Crime	3,000,000	1,000
Pollution	10,000,000	250,000
Cyber Liability	5,000,000	50,000

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 10 – Commitment and Contingent Liabilities**

**A. Litigation**

The Agency is subject to various lawsuits or claims in the normal course of business including challenges over certain rates and changes and from time to time is involved in lawsuits in which damages are sought. The ultimate outcome of these matters is not presently determinable. In the opinion of the Agency, these actions when finally adjudicated will not have a material adverse effect on the financial position of the Agency.

**B. Water Supply Commitments**

As part of its water management activities the Agency has entered into various water supply commitment contracts to reduce the risk of supply shortages. Under these water right agreements, the Agency has agreed to pay annual amounts for the delivery of committed levels of water supplies.

**California Department of Water Resources:** The Agency has a cost-sharing water supply contract with the Department of Water Resources (DWR) which provides for the annual allocation of 80,619- acre feet (AF) of water through 2035. DWR as project manager and administrator, developed, constructed, operates and maintains the State Water Project (SWP) to provide water to the Agency and the other water wholesalers. The Agency costs under the contract consists of a variable operating cost component and a semi-fixed capital cost component, including debt service on bonds issued by DWR to construct the project and it determines the cost annually. In fiscal years 2021 and 2020, the costs under the contract were \$25.1 million and \$26.2 million, respectively.

Effective November 7th, 2003, Amendment No. 24 to the Water Supply Contract between the DWR and the Agency was executed to set forth their agreement regarding the Agency's responsibility for the repayment of costs for the development and construction of the South Bay Aqueduct Enlargement. The Agency's estimated obligation, including interest, was \$314.7 million. In fiscal years 2021 and 2020, the costs under Amendment No. 24 were \$17.1 million each year with a remaining obligation of \$166.1 million as of June 30, 2021 to be paid by 2035.

**Semitropic Water Storage District:** In January 1998, the Agency, along with other water wholesalers entered into a Water Banking and Exchange Program Agreement with Semitropic Water Storage District and its Improvement District that entitles the Agency to storage of up to 65,000 AF, withdrawal, and exchange rights for the Agency's SWP supplies. In January 2005, an amendment was executed, enabling the Agency to participate in the Stored Water Recovery Unit Program. In fiscal year 2020 the Agency's share of the operating, and maintenance costs and certain fees under the agreement were \$0.6 million and in fiscal year 2021 were \$1.2 million.

**Mojave Water District:** In April 2021, the Agency entered into a water transfer agreement with Mojave Water Agency (MWA) to transfer 4,490 acre-feet of MWA's Table A allocation from the State Water Project (SWP) to the Agency in 2021. The Agency will pay MWA a rate of \$850 for every acre-foot of water transferred from MWA with a total purchase cost not exceeding \$3.8 million.

In June 2021, the Agency's board approved a second water transfer agreement with MWA to transfer an additional 3,600 acre-feet of MWA's Article 56 Carryover Water to the Agency in 2021. The Agency will pay MWA a rate of \$1,000 for every acre-foot of water transferred from MWA with a total purchase cost not exceeding \$3.6 million.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 10 – Commitment and Contingent Liabilities (Continued)**

**B. Water Supply Commitments (Continued)**

**State Water Contractors:** In March 2021, the Agency entered into a water supply agreement with the State Water Contractors (SWC) known as the 2021 Dry Year Water Transfer Agreement. Under this agreement SWC administers and negotiates transfers amongst non-State Water Project sellers and buyers. The Agency costs under the contract consist of administrative costs and water purchase costs of \$625 per acre-foot for up to 500 acre-feet with total costs not exceeding \$0.3 million.

**Delta Conveyance Design and Construction Joint Powers Authority** – On May 14, 2018, the Agency along with participating State Water Contractors formed the Delta Conveyance Design and Construction Joint Powers Authority (“DCA”). The DCA entered into an agreement with DWR establishing that the DCA will undertake those activities required to complete the design and construction of the Delta Conveyance Project. The Delta Conveyance Project will make physical and operational improvements to the State Water Project (“SWP”) and the Central Valley Project (“CVP”) necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements. In January 2020, DWR released a Notice of Preparation (NOP) of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the ‘Delta Conveyance Project’ or Project referred to above. The Project is part of Governor Newsom’s portfolio approach to water management. The Agency is participating in the Delta Conveyance Project at a 2.2% participation level of Zone 7’s Table A amount of 80,619 acre-feet. Through a funding agreement with DWR for environmental planning costs, the Agency is contributing a total of \$1.4 million in calendar years 2021 and 2022. To-date no debt has been issued by the DCA and it is unknown when debt will be issued.

**Delta Conveyance Finance Authority** - On July 3, 2018, the Agency along with two other agencies formed the Delta Conveyance Finance Authority (“DCFA”). Subsequently, eight additional agencies have joined the DCFA. The DCFA was formed with the intent of issuing debt to fund a Delta Conveyance project. Each member agency shares equally in DCFA administrative costs, but obligations from any future debt issuance will be split according to water allocations.

The Agency has a 2 percent share of State Water Project Table A allocations, but the Agency’s actual cost share for delta conveyance may vary depending on project participation. To-date no debt has been issued by the DCFA and it is unknown when debt will be issued. On April 29, 2019, California Governor Gavin Newsom signed Executive Order N-10-19, directing State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, including modernization of conveyance through the California Bay-Delta through a single-tunnel project. Accordingly, on May 2, 2019 DWR withdrew proposed permits for the California WaterFix project in order to pursue a new environmental review and planning process for a Delta conveyance project aligned with the Governor’s vision.

DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent August 20, 2020. State and federal permitting processes are currently expected to be completed in mid-2024. DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent August 20, 2020. State and federal permitting processes are currently expected to be completed in mid-2024.



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

---

**Note 11 – Subsequent Events**

On August 18, 2021, the Agency voted to join the Los Vaqueros Reservoir Joint Powers Authority (Authority). The Agency, along with seven other water agencies in the region, established the Authority for the purpose of enhancing regional water conveyance and storage, providing for public benefits by expanding existing conveyance facilities, constructing new conveyance facilities serving Los Vaqueros Reservoir, and expanding the Los Vaqueros Reservoir. Development and construction of new and expanded facilities is expected to cost about one billion dollars with over \$600 million expected to be funded by state and federal programs with remaining costs funded by project partners, including the Agency. All new and expanded facilities are expected to be constructed and operational by 2030. Agency costs will be dependent on its project benefits which will be negotiated with the Authority as part of a Service Agreement. The Authority is authorized to issue bonds and levy charges on its members in accordance with the terms of their Service Agreement. Until it signs a Service Agreement, which is expected to occur sometime in fiscal year ended June 30, 2023, the Agency may withdraw from the Authority with no obligation to participate in or fund the project.

*This page intentionally left blank*

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2021**

---

**COST-SHARING MULTIPLE EMPLOYER DEFINED PENSION PLAN:**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

**SCHEDULE OF CONTRIBUTIONS**

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2021**

---

**Last Ten Fiscal Years**

**Cost-Sharing Multiple-Employer Defined Pension Plan**

Measurement period	2017	2018	2019	2020
Plan's proportion of the net pension liability	1.26%	1.24%	1.11%	1.00%
Plan's proportionate share of the net pension liability	\$ 19,859,054	\$ 26,320,948	\$ 18,610,738	\$ 17,207,178
Plan's covered payroll	\$ 12,229,930	\$ 11,719,529	\$ 12,130,078	\$ 11,869,970
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	162.38%	224.59%	153.43%	144.96%
Plan fiduciary net position as a percentage of the total pension liability	1.26%	1.24%	1.11%	1.00%

Measurement period	2014	2015	2016
Plan's proportion of the net pension liability	1.60%	1.18%	1.46%
Plan's proportionate share of the net pension liability	\$ 22,241,545	\$ 24,951,866	\$ 25,488,068
Plan's covered payroll	\$ 12,318,588	\$ 13,014,942	\$ 12,536,863
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	180.55%	191.72%	203.30%
Plan fiduciary net position as a percentage of the total pension liability	1.60%	1.18%	1.46%

<sup>1</sup> Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2021**

**Last Ten Fiscal Years**

**Cost-Sharing Multiple-Employer Defined Pension Plan**

Fiscal year	2018	2019	2020	2021
Actuarially determined contribution	\$ 4,272,678	\$ 4,468,041	\$ 2,923,829	\$ 2,711,470
Contributions in relation to the actuarially determined contribution	(4,272,678)	(4,468,041)	(2,923,829)	(2,711,470)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,997,578	\$ 11,839,254	\$ 12,184,391	\$ 12,615,174
Contributions as a percentage of covered payroll	35.61%	37.74%	24.00%	21.49%

Fiscal year	2015	2016	2016	2017
Actuarially determined contribution	\$ 4,324,438	\$ 4,568,731	\$ 4,568,731	\$ 4,616,119
Contributions in relation to the actuarially determined contribution	(4,324,438)	(4,568,731)	(4,568,731)	(4,616,119)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,505,557	\$ 12,840,271	\$ 12,840,271	\$ 12,351,170
Contributions as a percentage of covered payroll	34.58%	35.58%	35.58%	37.37%

**Methods and assumptions used to determine contribution rates:**

Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	3.25%
Projected Salary Increase	3.65% - 8.35% (1)
Cost of Living Adjustments	Tier 1: 3.00% ; Tier 2 and 4:2.00%
Investment Rate of Return	7.00% (2)
Mortality	RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables

(1) Vary by service, including inflation

(2) Net of pension plan investment expenses, including inflation



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2021**

---

**COST-SHARING MULTIPLE EMPLOYER DEFINED PENSION PLAN:**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

This schedule reports the proportion (percentage) of the collective net OPEB liability, the proportionate share (amount) of the collective net OPEB liability, the employer's covered employee payroll, the proportionate share (amount of the collective net OPEB liability as a percentage of the employer's covered employee payroll and the OPEB plan's fiduciary net position as a percentage of the total OPEB liability.

**SCHEDULE OF CONTRIBUTIONS**

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**Schedule of the Plan's Proportionate Share of the Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2021**

---

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined OPEB Plan

Measurement period	2017	2018	2019	2020
Plan's proportion of the net OPEB liability	1.43%	1.29%	0.78%	1.09%
Plan's proportionate share of the net OPEB liability	\$ 298,850	\$ 2,295,442	\$ 678,897	\$ 56,071
Plan's covered payroll	\$ 12,229,930	\$ 11,719,530	\$ 12,130,078	\$ 11,869,970
Plan's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.44%	19.59%	5.60%	0.47%
Plan's fiduciary net position as a percentage of the total net OPEB liability	1.43%	1.29%	0.78%	1.09%

<sup>1</sup> Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2021**

---

**Last Ten Fiscal Years**

**Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan**

Fiscal Year	2018	2019	2020	2021
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,957,944	\$ 9,400,208	\$ 5,942,078	\$ 8,531,883
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

\*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

**Notes to Schedule:**

Valuation date	December 31, 2019
Measurement Date	December 31, 2020
Actuarial cost method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	3.25%
Investment rate of return	7.00%
Mortality rates	RP-2014 Healthy Annuitant Mortality Table
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 6.75% to ultimate 4.50% over 9 years Medicare medical plan - Graded from 6.25% to ultimate 4.50% over 7 years Dental - 0.00% for the first two years and 4.00% after Vision - 0.00% for the first five years and 4.00% after Medicare Part B - 4.50%

**SUPPLEMENTARY INFORMATION**

*This page intentionally left blank.*

**Alameda County Flood Control and Water Conservation District  
Zone 7 Water Agency  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021**

(With summarized information as of June 30, 2020)

	Environmental Protection Agency (EPA) Grant - Federal	Cal OES Grant Federal	Department of Water Resources (DWR) Grant - State	Totals	
				2021	2020
<b>ASSETS</b>					
<b>Current Assets</b>					
Accounts receivable, net	\$ 49,365	\$ 61,733	\$ 74,002	\$ 185,100	\$ 247,791
<b>Total assets</b>	<b>\$ 49,365</b>	<b>\$ 61,733</b>	<b>\$ 74,002</b>	<b>\$ 185,100</b>	<b>\$ 247,791</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 40,980	\$ -	\$ -	\$ 40,980	\$ 7,996
Due to other funds	8,385	61,733	74,002	144,120	239,795
<b>Total liabilities</b>	<b>49,365</b>	<b>61,733</b>	<b>74,002</b>	<b>185,100</b>	<b>247,791</b>
<b>FUND BALANCES</b>					
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,365</b>	<b>\$ 61,733</b>	<b>\$ 74,002</b>	<b>\$ 185,100</b>	<b>\$ 247,791</b>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**  
(With summarized information for the year ended June 30, 2020)

	Environmental	Cal OES	Department of	Total Non-major	
	Protection Agency (EPA) Grant- Federal	Grant Federal	Water Resources (DWR) Grant - State	Governmental Funds	
				2021	2020
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 176,165	\$ 61,733	\$ 236,421	\$ 474,319	\$ 488,451
Other revenue	-	-	-	-	9,536
<b>Total revenues</b>	<u>176,165</u>	<u>61,733</u>	<u>236,421</u>	<u>474,319</u>	<u>497,987</u>
<b>EXPENDITURES:</b>					
Current:					
Salaries and employee benefits transferred from district-wide	17,577	2,299	26,290	46,166	14,406
Services and supplies	158,588	59,434	210,131	428,153	483,581
<b>Total expenditures</b>	<u>176,165</u>	<u>61,733</u>	<u>236,421</u>	<u>474,319</u>	<u>497,987</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-	-
<b>FUND BALANCES:</b>					
Beginning of year	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Combining Statement of Net Position**  
**Nonmajor Water Enterprise Funds**  
**June 30, 2021**

(With summarized information as of June 30, 2020)

	Water Facilities	Water Supply and Reliability	Totals	
			2021	2020
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash in County Treasury	\$ 4,020,186	\$ 581,760	\$ 4,601,946	\$ 6,867,662
<b>Total current assets</b>	<u>4,020,186</u>	<u>581,760</u>	<u>4,601,946</u>	<u>6,867,662</u>
<b>Total assets</b>	<u>4,020,186</u>	<u>581,760</u>	<u>4,601,946</u>	<u>6,867,662</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Deposits	328,115	-	328,115	319,115
<b>Total current liabilities</b>	<u>328,115</u>	<u>-</u>	<u>328,115</u>	<u>319,115</u>
<b>Total liabilities</b>	<u>328,115</u>	<u>-</u>	<u>328,115</u>	<u>319,115</u>
<b>NET POSITION</b>				
Unrestricted	3,692,071	581,760	4,273,831	6,548,547
<b>Total net position</b>	<u>\$ 3,692,071</u>	<u>\$ 581,760</u>	<u>\$ 4,273,831</u>	<u>\$ 6,548,547</u>

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Water Enterprise Funds**  
**For the Year Ended June 30, 2021**  
(With summarized information for the year ended June 30, 2020)

	Water Facilities	Water Supply and Reliability	Totals	
			2021	2020
<b>NONOPERATING REVENUES:</b>				
Investment earnings	\$ 45,938	\$ 26,403	\$ 72,341	\$ 140,290
<b>Income (loss) before transfers</b>	45,938	26,403	72,341	140,290
Transfers (out)	-	(2,347,057)	(2,347,057)	(408,901)
<b>CHANGES IN NET POSITION</b>	45,938	(2,320,654)	(2,274,716)	(268,611)
<b>NET POSITION:</b>				
Beginning of the year	3,646,133	2,902,414	6,548,547	6,817,158
End of the year	\$ 3,692,071	\$ 581,760	\$ 4,273,831	\$ 6,548,547

**Alameda County Flood Control and Water Conservation District**  
**Zone 7 Water Agency**  
**Combining Statement of Cash Flows**  
**Nonmajor Water Enterprise Funds**  
**For the Year Ended June 30, 2021**

(With summarized information for the year ended June 30, 2020)

	Water Facilities	Water Supply and Reliability	Totals	
			2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	9,000	-	9,000	-
<b>Net cash provided (used) by operating activities</b>	<b>9,000</b>	<b>-</b>	<b>9,000</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers (out)	-	(2,347,057)	(2,347,057)	(408,901)
<b>Net cash (used by) noncapital financing activities</b>	<b>-</b>	<b>(2,347,057)</b>	<b>(2,347,057)</b>	<b>(408,901)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	45,938	26,403	72,341	140,290
<b>Net cash provided by investing activities</b>	<b>45,938</b>	<b>26,403</b>	<b>72,341</b>	<b>140,290</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>54,938</b>	<b>(2,320,654)</b>	<b>(2,265,716)</b>	<b>(268,611)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	3,965,248	2,902,414	6,867,662	7,136,273
End of year	<u>\$ 4,020,186</u>	<u>\$ 581,760</u>	<u>\$ 4,601,946</u>	<u>\$ 6,867,662</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to cash flows				
Changes in assets and liabilities				
Deposits	9,000	-	9,000	-
<b>Net cash provided by operating activities</b>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ -</u>

*This page intentionally left blank.*



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

***Independent Auditors' Report***

To the Board of Directors of the  
Alameda County Flood Control and Water Conservation  
District, Zone 7 Water Agency  
Livermore, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alameda County Flood Control And Water Conservation District, Zone 7 Water Agency (the "Agency"), as of and for the year ended June 30, 2021, 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 3, 2021.

**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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors of the  
Alameda County Flood Control and Water Conservation  
District Zone 7 Water Agency  
Livermore, California  
Page 2

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*The PwC Group, LLP*

Walnut Creek, California  
December 3, 2021

**STATISTICAL SECTION**  
**(Unaudited)**

*This page intentionally left blank*



**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Statistical Section Overview**  
**(Unaudited)**

---

This part of the Alameda County Flood and Water Conservation District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Pages</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.	102-109
Revenue Capacity	
These schedules contain information to help the reader assess one of the government's most significant local revenue sources - property tax.	111-120
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	121-122
Demographic and Economic Information	
This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	123-125
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	126-127

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>2012</u>	<u>2013 (a)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental Activities</b>					
Net Investment in capital assets	\$ 14,301,567	\$ 16,232,189	\$ 30,403,950	\$ 30,385,318	\$ 30,334,638
Restricted	36,696,155	60,596,601	41,506,430	49,177,969	56,059,067
Unrestricted	<u>23,559,397</u>	<u>4,406,909</u>	<u>15,260,267</u>	<u>16,739,156</u>	<u>19,133,427</u>
<b>Total governmental activities net position</b>	<u>\$ 74,557,119</u>	<u>\$ 81,235,699</u>	<u>\$ 87,170,647</u>	<u>\$ 96,302,443</u>	<u>\$ 105,527,132</u>
<b>Business-type activities</b>					
Net Investment in capital assets	\$ 205,651,283	\$ 202,295,691	\$ 211,603,471	\$ 212,562,797	\$ 188,968,433
Restricted	37,928,558	65,125,317	42,196,142	50,917,217	82,151,910
Unrestricted	<u>41,291,980</u>	<u>40,127,373</u>	<u>57,821,385</u>	<u>36,428,063</u>	<u>30,717,428</u>
<b>Total business-type activities net position</b>	<u>\$ 284,871,821</u>	<u>\$ 307,548,381</u>	<u>\$ 311,620,998</u>	<u>\$ 299,908,077</u>	<u>\$ 301,837,771</u>
<b>Primary government</b>					
Net Investment in capital assets	\$ 219,952,850	\$ 218,527,880	\$ 242,007,421	\$ 242,948,115	\$ 219,303,071
Restricted	74,624,713	125,721,918	83,702,572	100,095,186	138,210,977
Unrestricted	<u>64,851,377</u>	<u>44,534,282</u>	<u>73,081,652</u>	<u>53,167,219</u>	<u>49,850,855</u>
<b>Total primary government net position</b>	<u>\$ 359,428,940</u>	<u>\$ 388,784,080</u>	<u>\$ 398,791,645</u>	<u>\$ 396,210,520</u>	<u>\$ 407,364,903</u>

(a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Governmental Activities</b>					
Net Investment in capital assets	\$ 31,990,546	\$ 32,247,481	\$ 33,164,265	\$ 32,993,757	\$ 32,772,306
Restricted	58,149,272	62,760,525	66,872,665	69,648,891	72,715,433
Unrestricted	<u>20,484,357</u>	<u>16,662,343</u>	<u>15,346,434</u>	<u>17,937,525</u>	<u>20,039,036</u>
<b>Total governmental activities net position</b>	<b><u>\$ 110,624,175</u></b>	<b><u>\$ 111,670,349</u></b>	<b><u>\$ 115,383,364</u></b>	<b><u>\$ 120,580,173</u></b>	<b><u>\$ 125,526,775</u></b>
<b>Business-type activities</b>					
Net Investment in capital assets	\$ 194,732,197	\$ 198,348,996	\$ 210,675,110	\$ 227,930,485	\$ 268,9; 5,452
Restricted	97,494,721	107,414,628	127,521,329	131,461,963	110,609,342
Unrestricted	<u>37,712,019</u>	<u>47,669,365</u>	<u>48,823,266</u>	<u>56,022,343</u>	<u>93,839,596</u>
<b>Total business-type activities net position</b>	<b><u>\$ 329,938,937</u></b>	<b><u>\$ 353,432,989</u></b>	<b><u>\$ 387,019,705</u></b>	<b><u>\$ 415,414,791</u></b>	<b><u>\$ 429,019,946</u></b>
<b>Primary government</b>					
Net Investment in capital assets	\$ 226,722,743	\$ 230,596,477	\$ 243,839,375	\$ 260,924,242	\$ 29; ,787,758
Restricted	155,643,993	170,175,153	194,393,994	201,110,854	183,324,775
Unrestricted	<u>58,196,376</u>	<u>64,331,708</u>	<u>64,169,700</u>	<u>73,959,868</u>	<u>91,878,632</u>
<b>Total primary government net position</b>	<b><u>\$ 440,563,112</u></b>	<b><u>\$ 465,103,338</u></b>	<b><u>\$ 502,403,069</u></b>	<b><u>\$ 535,994,964</u></b>	<b><u>\$ 554,546,721</u></b>

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2012	2013 (a)	2014	2015	2016
<b>Expenses</b>					
Governmental activities:					
Flood Protection Operations	\$ 8,499,485	\$ 3,947,332	\$ 1,488,735	\$ 4,705,166	\$ 5,328,998
Flood Protection Drainage DIF	5,903,778	705,688	4,029,268	499,169	794,922
Flood Protection Grants	-	-	-	-	-
Total governmental activities expenses	<u>14,403,263</u>	<u>4,653,020</u>	<u>5,518,003</u>	<u>5,204,335</u>	<u>6,123,920</u>
Business-type activities:					
State Water Project	13,858,280	14,002,380	13,681,891	16,359,406	20,621,344
Water Enterprise Funds	51,267,019	54,868,275	57,386,822	59,122,995	81,257,514
Total business-type activities expenses	<u>65,125,299</u>	<u>68,870,655</u>	<u>71,068,713</u>	<u>75,482,401</u>	<u>101,878,858</u>
Total primary government expenses	<u>\$ 79,528,562</u>	<u>\$ 73,523,675</u>	<u>\$ 76,586,716</u>	<u>\$ 80,686,736</u>	<u>\$ 108,002,778</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services	\$ 58,583	\$ 53,897	\$ 113,016	\$ 517,030	\$ 7,556,578
Operating grants and contributions	61,249	61,578	64,318	112,334	71,562
Other program revenues	5,505,787	5,095,420	4,953,372	8,032,445	40,202
Total governmental activities program revenues	<u>5,625,619</u>	<u>5,210,895</u>	<u>5,130,706</u>	<u>8,661,809</u>	<u>7,668,342</u>
Business-type activities:					
Charges for service:					
State Water Project	15,489,732	11,942,972	12,269,322	13,708,844	19,419,226
Water Enterprise Funds	35,559,292	38,231,851	58,119,942	56,369,393	68,594,249
Operating grants & contributions	106,194	68,416	4,347,897	5,012,899	15,285,044
Capital grants & contributions	13,700,090	30,824,513	-	-	-
Total business-type activities program revenues	<u>64,855,308</u>	<u>81,067,752</u>	<u>74,737,161</u>	<u>75,091,136</u>	<u>103,298,519</u>
Total primary government program revenues	<u>\$ 70,480,927</u>	<u>\$ 86,278,647</u>	<u>\$ 79,867,867</u>	<u>\$ 83,752,945</u>	<u>\$ 110,966,861</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (8,777,644)	\$ 557,875	\$ (387,297)	\$ 3,457,474	\$ 1,544,422
Business-type activities	(269,991)	12,197,097	3,668,448	(391,265)	1,419,661
Total primary government net expense	<u>\$ (9,047,635)</u>	<u>\$ 12,754,972</u>	<u>\$ 3,281,151</u>	<u>\$ 3,066,209</u>	<u>\$ 2,964,083</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property	\$ 5,773,050	\$ 5,959,083	\$ 6,201,653	\$ 6,759,202	\$ 7,329,117
Investment earnings and rental charges	239,596	161,622	189,800	194,118	342,127
Transfers	-	-	(13,334)	(13,333)	(13,333)
Other	-	-	-	-	22,356
Total governmental activities	<u>6,012,646</u>	<u>6,120,705</u>	<u>6,378,119</u>	<u>6,939,987</u>	<u>7,680,267</u>
Business-type activities:					
Investment earnings	610,133	331,588	390,865	314,297	496,700
Transfers	-	-	13,334	13,333	13,333
Total business-type activities	<u>610,133</u>	<u>331,588</u>	<u>404,199</u>	<u>327,630</u>	<u>510,033</u>
Total primary government	<u>\$ 6,622,779</u>	<u>\$ 6,452,293</u>	<u>\$ 6,782,318</u>	<u>\$ 7,267,617</u>	<u>\$ 8,190,300</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (2,764,998)	\$ 6,678,580	\$ 5,934,948	\$ 10,397,461	\$ 9,224,689
Business-type activities	340,142	12,528,685	4,072,647	(63,635)	1,929,694
Total primary government	<u>\$ (2,424,856)</u>	<u>\$ 19,207,265</u>	<u>\$ 10,007,595</u>	<u>\$ 10,333,826</u>	<u>\$ 11,154,383</u>

(a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2017	2018	2019	2020	2021
<b>Expenses</b>					
Governmental activities:					
Flood Protection Operations	\$ 5,341,751	\$ 12,859,064	\$ 10,308,973	\$ 9,547,702	\$ 8,948,348
Flood Protection Drainage DIF	1,841,555	542,139	367,976	168,503	208,142
Flood Protection Grants	-	1,230,924	125,352	497,987	474,319
Total governmental activities expenses	<u>7,183,306</u>	<u>14,632,127</u>	<u>10,802,301</u>	<u>10,214,192</u>	<u>9,630,809</u>
Business-type activities:					
State Water Project	20,985,604	19,794,128	21,420,192	24,333,554	23,173,321
Water Enterprise Funds	60,641,826	75,273,928	63,564,015	61,634,465	67,013,409
Total business-type activities expenses	<u>81,627,430</u>	<u>95,068,056</u>	<u>84,984,207</u>	<u>85,968,019</u>	<u>90,186,730</u>
Total primary government expenses	<u>\$ 88,810,736</u>	<u>\$ 109,700,183</u>	<u>\$ 95,786,508</u>	<u>\$ 96,182,211</u>	<u>\$ 99,817,539</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services	\$ 3,683,683	\$ 4,652,449	\$ 3,522,081	\$ 1,694,933	\$ 2,636,027
Operating grants and contributions	181,418	182,315	70,969	79,929	81,730
Capital grants and contributions	13,263	1,230,924	125,352	488,451	474,319
Total governmental activities program revenues	<u>3,878,364</u>	<u>6,065,688</u>	<u>3,718,402</u>	<u>2,263,313</u>	<u>3,192,076</u>
Business-type activities:					
Charges for service:					
State Water Project	20,795,420	22,927,398	23,420,521	23,415,684	24,633,172
Water Enterprise Funds	77,826,527	84,362,659	83,227,173	79,931,895	71,246,875
Operating grants & contributions	10,179,114	7,235,940	6,723,525	6,509,157	6,640,849
Capital grants & contributions	-	-	-	26,226	-
Total business-type activities program revenues	<u>108,801,061</u>	<u>114,525,997</u>	<u>113,371,219</u>	<u>109,882,962</u>	<u>102,520,896</u>
Total primary government program revenues	<u>\$ 112,679,425</u>	<u>\$ 120,591,685</u>	<u>\$ 117,089,621</u>	<u>\$ 112,146,275</u>	<u>\$ 105,712,972</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (3,304,942)	\$ (8,566,439)	\$ (7,083,899)	\$ (7,950,879)	\$ (6,438,733)
Business-type activities	27,173,631	19,457,941	28,387,012	23,914,943	12,334,166
Total primary government net expense	<u>\$ 23,868,689</u>	<u>\$ 10,891,502</u>	<u>\$ 21,303,113</u>	<u>\$ 15,964,064</u>	<u>\$ 5,895,433</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785	\$ 9,834,264	\$ 10,344,149
Investment earnings and rental charges	518,982	897,199	1,485,504	1,745,490	955,187
Transfers	(12,445)	(12,444)	(12,444)	(11,890)	(11,890)
Other	-	34,267	179,069	1,579,824	97,889
Total governmental activities	<u>8,401,985</u>	<u>9,437,086</u>	<u>10,796,914</u>	<u>13,147,688</u>	<u>11,385,335</u>
Business-type activities:					
Investment earnings	915,090	2,021,455	5,187,260	4,468,253	1,259,099
Transfers	12,445	12,444	12,444	11,890	11,890
Total business-type activities	<u>927,535</u>	<u>2,033,899</u>	<u>5,199,704</u>	<u>4,480,143</u>	<u>1,270,989</u>
Total primary government	<u>\$ 9,329,520</u>	<u>\$ 11,470,985</u>	<u>\$ 15,996,618</u>	<u>\$ 17,627,831</u>	<u>\$ 12,656,324</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 5,097,043	\$ 870,647	\$ 3,713,015	\$ 5,196,809	\$ 4,946,602
Business-type activities	28,101,166	21,491,840	33,586,716	28,395,086	13,605,155
Total primary government	<u>\$ 33,198,209</u>	<u>\$ 22,362,487</u>	<u>\$ 37,299,731</u>	<u>\$ 33,591,895</u>	<u>\$ 18,551,757</u>

*This page intentionally left blank*

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

---

<b>Fiscal Year</b>	<b>Restricted</b>	<b>Committed</b>	<b>Total</b>
2012	36,696,155	23,559,397	60,255,552
2013	40,648,531	24,354,979	65,003,510
2014	41,506,430	15,260,267	56,766,697
2015	49,177,969	18,009,177	67,187,146
2016	56,059,067	20,666,297	76,725,364
2017	58,149,272	21,898,222	80,047,494
2018	62,760,525	18,352,377	81,112,902
2019	66,872,665	17,602,713	84,475,378
2020	69,648,891	20,010,475	89,659,366
2021	72,715,433	22,153,958	94,869,391

Note: In Fiscal Year 2013, the Agency implemented the provisions of GASB Statement 63 which replaced the term "net assets" with the term "net position."

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2012	2013	2014	2015	2016
<b>Revenues</b>					
Property taxes	\$ 5,773,050	\$ 5,959,083	\$ 6,201,653	\$ 6,759,202	\$ 7,329,117
Intergovernmental	61,249	61,578	64,318	144,691	71,562
Charges for services	5,522,909	5,135,797	4,879,252	8,516,405	7,556,578
Investment earnings	239,596	161,622	133,926	194,118	342,127
Other revenues	41,461	13,520	187,136	713	62,558
Total revenues	11,638,265	11,331,600	11,466,285	15,615,129	15,361,942
<b>Expenditures</b>					
Salaries and employee benefits					
transferred from district-wide	2,243,556	2,631,352	2,535,779	2,252,655	2,455,453
Services and supplies	6,851,120	3,498,544	2,650,121	2,821,192	3,354,938
Equipment and capital structures	5,130,850	451,740	14,503,864	107,500	
Other	88	2,006	-	-	-
Total Expenditures	14,225,614	6,583,642	19,689,764	5,181,347	5,810,391
Excess of revenues over/(under) expenditures	(2,587,349)	4,747,958	(8,223,479)	10,433,782	9,551,551
<b>Other Financing Sources (Uses)</b>					
Transfers Out	-	-	(13,334)	(13,333)	(13,333)
Total other financing sources (uses)	-	-	(13,334)	(13,333)	(13,333)
Net change in fund balances	\$ (2,587,349)	\$ 4,747,958	\$ (8,236,813)	\$ 10,420,449	\$ 9,538,218

Note: The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term net assets" with the term "net position". "



**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Changes in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

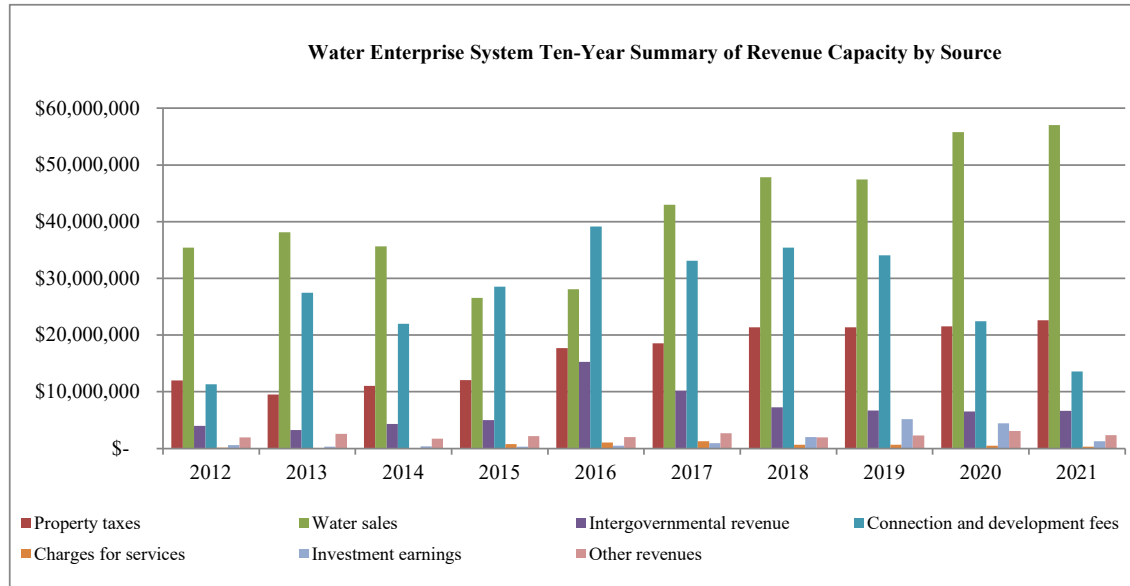
	2017	2018	2019	2020	2021
<b>Revenues</b>					
Property taxes	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785	\$ 9,834,264	\$ 10,344,149
Intergovernmental	181,418	1,413,239	196,321	568,380	556,049
Charges for services	3,683,683	4,652,449	3,522,081	1,694,933	2,636,027
Investment earnings	518,982	897,199	1,485,504	1,745,490	955,187
Other revenues	13,263	34,267	179,069	1,579,824	97,889
Total revenues	12,292,794	15,515,218	14,527,760	15,422,891	14,589,301
<b>Expenditures</b>					
Salaries and employee benefits					
transferred from district-wide	1,961,724	2,292,919	2,332,437	2,205,357	2,401,207
Services and supplies	4,187,243	11,014,697	8,612,252	8,008,597	6,964,772
Equipment and capital structures	2,809,252	1,129,750	208,151	13,059	1,407
Other	-	-	-	-	-
Total Expenditures	8,958,219	14,437,366	11,152,840	10,227,013	9,367,386
Excess of revenues over/(under) expenditures	3,334,575	1,077,852	3,374,920	5,195,878	5,221,915
<b>Other Financing Sources (Uses)</b>					
Transfers Out	(12,445)	(12,444)	(12,444)	(11,890)	(11,890)
Total other financing sources (uses)	(12,445)	(12,444)	(12,444)	(11,890)	(11,890)
Net change in fund balances	\$ 3,322,130	\$ 1,065,408	\$ 3,362,476	\$ 5,183,988	\$ 5,210,025

*This page intentionally left blank*

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Revenue Capacity  
Ten-Year Summary of Revenue by Source  
Fiscal Year Ended June 30**

**Water Enterprise System**

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Property taxes	\$ 12,017,106	\$ 9,517,243	\$ 11,016,532	\$ 12,060,478	\$ 17,716,841	\$ 18,524,750	\$ 21,385,641	\$ 21,353,809	\$ 21,553,508	\$ 22,616,173
Water sales	35,398,908	38,130,264	35,616,588	26,552,568	28,110,974	42,975,960	47,860,145	47,440,592	55,777,208	57,012,484
Intergovernmental revenue	3,972,942	3,263,820	4,347,890	5,012,899	15,285,044	10,179,114	7,235,940	6,723,525	6,509,157	6,640,849
Connection and development fees	11,345,942	27,483,527	21,973,245	28,521,399	39,135,444	33,128,280	35,434,462	34,068,092	22,461,926	13,609,527
Charges for services	160,384	101,587	49,734	771,485	1,050,070	1,276,122	665,688	687,569	500,371	313,607
Investment earnings	610,133	331,588	390,865	314,297	496,700	915,090	2,021,455	5,187,260	4,468,253	1,259,099
Other revenues	1,960,026	2,571,311	1,733,172	2,172,307	2,000,146	2,716,835	1,944,121	2,310,887	3,080,792	2,328,256
<b>Total Revenues</b>	<b>\$ 65,465,441</b>	<b>\$ 81,399,340</b>	<b>\$ 75,128,026</b>	<b>\$ 75,405,433</b>	<b>\$ 103,795,219</b>	<b>\$ 109,716,151</b>	<b>\$ 116,547,452</b>	<b>\$ 117,771,734</b>	<b>\$ 114,351,215</b>	<b>\$ 103,779,995</b>

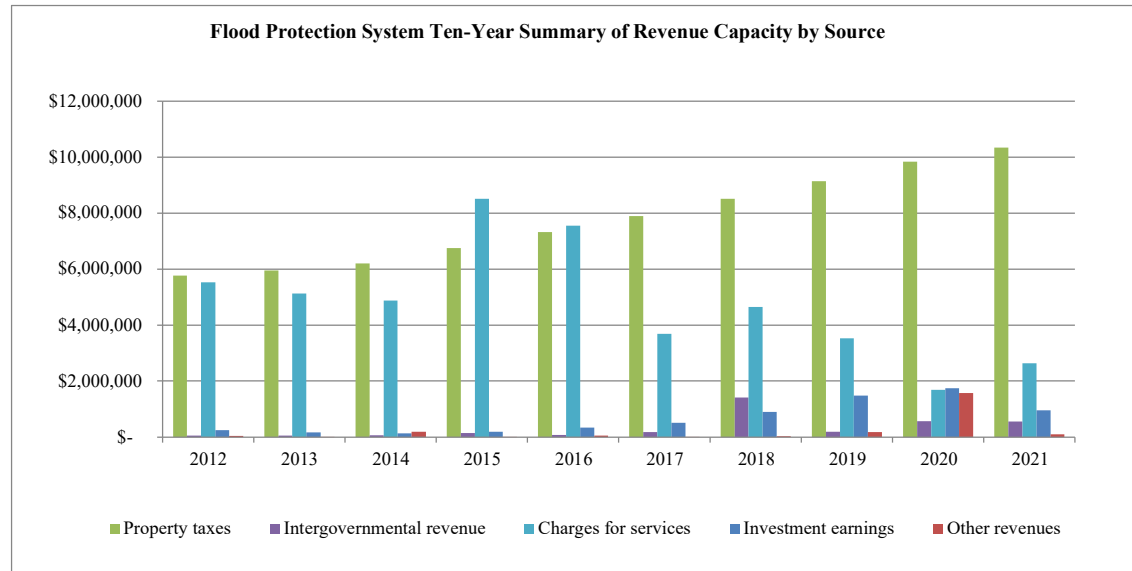


Source: Finance

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Revenue Capacity  
Ten-Year Summary of Revenue by Source  
Fiscal Year Ended June 30**

**Flood Protection System**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Property taxes	\$ 5,773,050	\$ 5,959,083	\$ 6,201,653	\$ 6,759,202	\$ 7,329,117	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785	\$ 9,834,264	\$ 10,344,149
Intergovernmental revenue	61,249	61,578	64,318	144,691	71,562	181,418	1,413,239	196,321	568,380	556,049
Charges for services	5,522,909	5,135,797	4,879,252	8,516,405	7,556,578	3,683,683	4,652,449	3,522,081	1,694,933	2,636,027
Investment earnings	239,596	161,622	133,926	194,118	342,127	518,982	897,199	1,485,504	1,745,490	955,187
Other revenues	41,461	13,520	187,136	713	62,558	13,263	34,267	179,069	1,579,824	97,889
<b>Total Revenues</b>	<b>\$ 11,638,265</b>	<b>\$ 11,331,600</b>	<b>\$ 11,466,285</b>	<b>\$ 15,615,129</b>	<b>\$ 15,361,942</b>	<b>\$ 12,292,794</b>	<b>\$ 15,515,218</b>	<b>\$ 14,527,760</b>	<b>\$ 15,422,891</b>	<b>\$ 14,589,301</b>

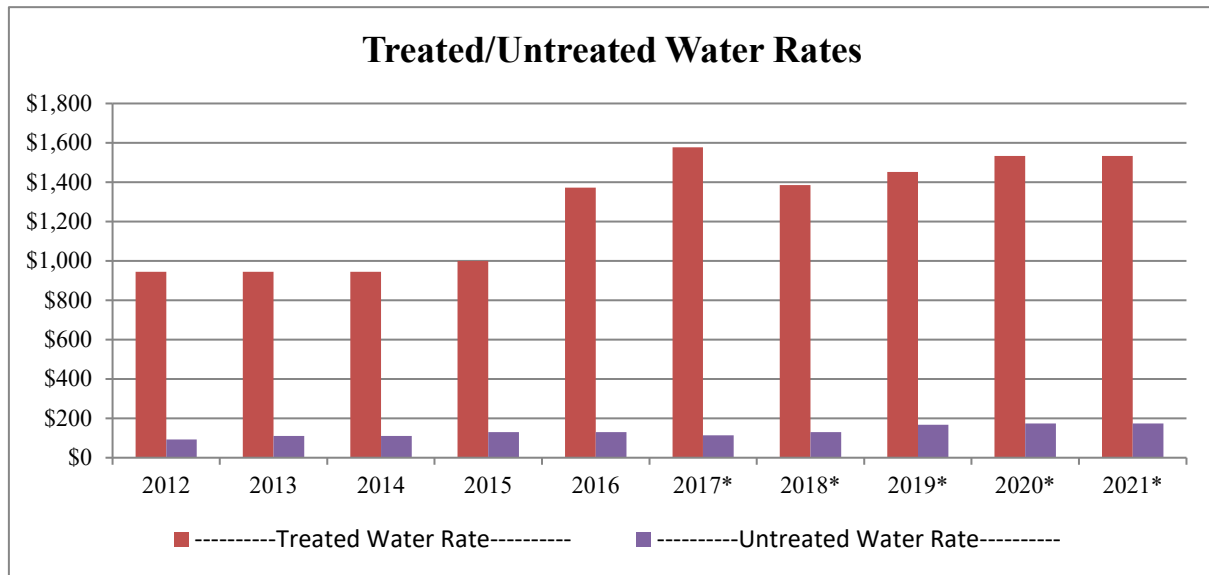


Source: Finance

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Treated and Untreated Water Rates  
Ten-Year History  
(In Acre Feet)**

Calendar Year	-----Treated Water Rate-----		-----Untreated Water Rate-----	
	Rate/AF	% Change Year Over Year	Rate/AF	% Change Year Over Year
2012	\$945	5.0%	\$92	-49.2%
2013	\$945	0.0%	\$110	19.6%
2014	\$945	0.0%	\$110	0.0%
2015	\$999	5.7%	\$130	18.2%
2016	\$1,372	37.3%	\$130	0.0%
2017*	\$1,577	14.9%	\$113	-13.1%
2018*	\$1,385	-12.2%	\$129	14.2%
2019*	\$1,451	4.8%	\$167	29.5%
2020*	\$1,533	5.7%	\$173	3.6%
2021*	\$1,533	0.0%	\$173	0.0%

\*In 2017, the agency changed its rates structure to include volume-based and fixed-based components.

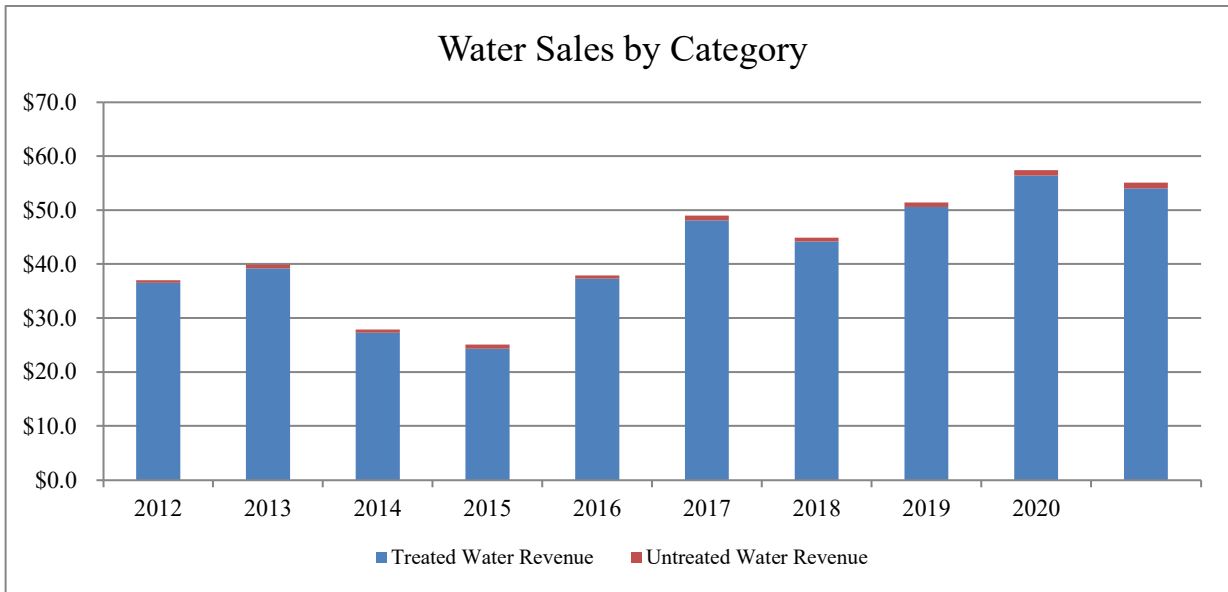


Source: Finance

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Water Sales by Category**  
**Ten-Year History**  
**(amounts expressed in millions)**

Calendar Year	Municipal/Industrial (Treated) Water Revenue	Untreated Water Revenue	Total
2012	\$36.5	\$0.5	\$37.0
2013	\$39.2	\$0.7	\$39.9
2014	\$27.3	\$0.6	\$27.9
2015	\$24.3	\$0.8	\$25.1
2016	\$37.3	\$0.6	\$37.9
2017	\$48.1	\$0.9	\$49.0
2018	\$44.2	\$0.7	\$44.9
2019	\$50.6	\$0.8	\$51.4
2020	\$56.4	\$1.0	\$57.4
2021*	\$54.0	\$1.1	\$55.1

\* 2021 Revenue figures are forecasted in order to calculate a full calendar year.



Source: Finance

**Alameda County Flood and Water Conservation District  
 Zone 7 Water Agency  
 Principal Treated Water Customers  
 Current Complete Year Comparison to Nine Years Ago  
 (Calendar Year)**

-----2020-----				-----2011-----			
Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption	Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption
City of Pleasanton	11,746	1	30%	City of Pleasanton	12,829	1	36%
Dublin San Ramon Services District	10,966	2	28%	Dublin San Ramon Services District	9,523	2	26%
California Water	8,760	3	23%	California Water	7,300	3	20%
City of Livermore	6,550	4	17%	City of Livermore	6,167	4	17%
All other treated water customers <sup>1</sup>	723	5	2%	All other treated water customers <sup>2</sup>	165	5	0%
<b>Total Annual Consumption (AF)</b>	<b>38,745</b>		<b>100%</b>	<b>Total Annual Consumption (AF)</b>	<b>35,984</b>		<b>100%</b>

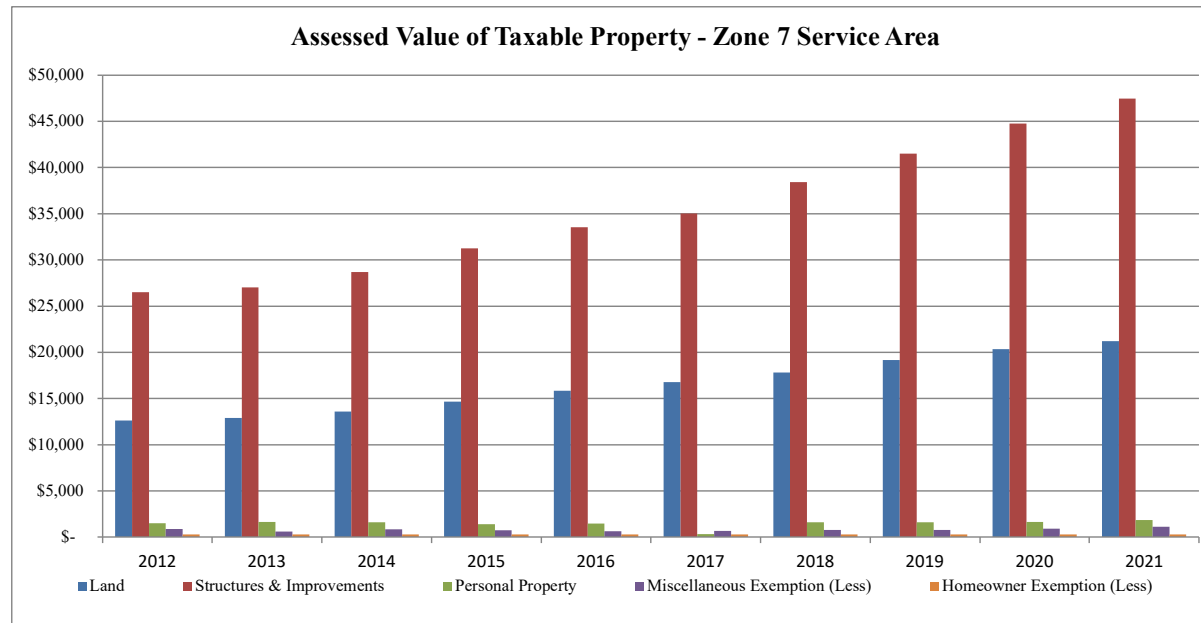
Source: Finance

<sup>1</sup> Other treated customers in 2020 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District.

<sup>2</sup> Other treated customers in 2011 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District, State of California.

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Assessed Value of Taxable Property  
Last Ten Fiscal Years  
(expressed in millions)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Assessed Value of Taxable Property</b>										
Land	\$ 12,635	\$ 12,905	\$ 13,587	\$ 14,680	\$ 15,861	\$ 16,766	\$ 17,825	\$ 19,166	\$ 20,359	\$ 21,220
Structures & Improvements	26,507	27,029	28,695	31,246	33,555	35,024	38,434	41,506	44,764	47,473
Personal Property	1,508	1,652	1,611	1,419	1,473	326	1,625	1,622	1,667	1,858
Miscellaneous Exemption (Less)	891	599	867	755	661	664	769	769	921	1,130
Subtotal	39,759	40,987	43,026	46,590	50,228	51,452	57,115	61,525	65,869	69,421
Homeowner Exemption (Less)	298	297	299	300	303	304	306	307	309	308
<b>Net Total</b>	<b>\$ 39,461</b>	<b>\$ 40,690</b>	<b>\$ 42,727</b>	<b>\$ 46,290</b>	<b>\$ 49,925</b>	<b>\$ 51,148</b>	<b>\$ 56,809</b>	<b>\$ 61,218</b>	<b>\$ 65,560</b>	<b>\$ 69,113</b>



Source: Alameda County Assessor's Office



**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Property Tax Rates<sup>(1)</sup>  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Rates per \$1,000 of Assessed value)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Direct Rates:</b>										
City of Livermore	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County GO Bond								0.0112%	0.0108%	0.0036%
<b>Overlapping Rates<sup>(2)</sup>:</b>										
School District	0.0627%	0.0607%	0.0596%	0.0497%	0.0404%	0.0886%	0.0803%	0.0771%	0.0743%	0.0691%
Community College	0.0214%	0.0219%	0.0214%	0.0217%	0.0198%	0.0246%	0.0445%	0.0443%	0.0422%	0.0214%
Bay Area Rapid Transit	0.0041%	0.0043%	0.0075%	0.0045%	0.0026%	0.0080%	0.0084%	0.0070%	0.0120%	0.0139%
Zone 7 Flood Control	0.0307%	0.0228%	0.0257%	0.0250%	0.0343%	0.0333%	0.0359%	0.0332%	0.0309%	0.0309%
<b>Total Direct and Overlapping Rates</b>	<b>1.1189%</b>	<b>1.1097%</b>	<b>1.1142%</b>	<b>1.1009%</b>	<b>1.0971%</b>	<b>1.1545%</b>	<b>1.1691%</b>	<b>1.1728%</b>	<b>1.1702%</b>	<b>1.1389%</b>

Source: Alameda County Auditor-Controller Agency

Note:

- (1) The above data represents a single tax area within the Agency's jurisdiction and is presented herein to show readers general trends of property tax rates.
- (2) Overlapping rates are those local and county governments that apply to property owners within the City of Livermore. Not all overlapping rates apply to all property owners. For an overlapping rate to apply, the property has to be located within that district's geographic boundary.

*This page intentionally left blank*

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied	Amount Collected Within Fiscal Year	Percentage of Levy	Delinquent Tax Collections
2012	\$ 17,790,156	\$ 17,790,156	100%	0%
2013	15,476,326	15,476,326	100%	0%
2014	17,218,185	17,218,185	100%	0%
2015	18,819,680	18,819,680	100%	0%
2016	25,045,958	25,045,958	100%	0%
2017	26,420,199	26,420,199	100%	0%
2018	28,225,563	28,225,563	100%	0%
2019	28,991,052	28,991,052	100%	0%
2020	29,433,103	29,433,103	100%	0%
2021	30,722,352	30,722,352	100%	0%

Source: Finance

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
**(Fiscal Year)**

Taxpayer	2021 <sup>1</sup>			2012 <sup>2</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Total Assessed Value
Kaiser Foundation Hospitals	\$ 277,937,541	1	0.41%	\$ 105,445,200	10	0.27%
Stoneridge Creek Pleasanton CCRC LLC	274,986,465	2	0.40%			
Stoneridge Properties	271,920,888	3	0.40%	232,441,267	2	0.60%
Rosewood Commons Property Owner LLC	269,188,154	4	0.40%			
Kaiser Foundation Health Plan Inc.	247,439,773	5	0.36%	241,395,587	1	0.62%
Livermore Premium Outlets	222,465,663	6	0.33%			
6200 Stoneridge Mall Road Investors LLC	218,138,660	7	0.32%	184,543,200	4	0.47%
Essex Pleasanton Owner LP	205,743,723	8	0.30%			
Avalon Dublin Station II LP	175,071,491	9	0.26%			
Stoneridge Residential LLC	166,326,234	10	0.24%			
Pleasanton Property LLC				210,458,543	3	0.54%
Apple Corporation				135,061,960	5	0.35%
Safeway Inc.				129,843,315	6	0.33%
Stoneridge Residential LLC				129,057,931	7	0.33%
PeopleSoft Properties				121,023,815	8	0.31%
Boehringer Mannheim Corporation				110,222,088	9	0.28%
Tishman Speyer Archstone Smith						
	<u>\$ 2,329,218,592</u>		<u>3.42%</u>	<u>\$ 1,599,492,906</u>		<u>4.11%</u>

Source:

<sup>1</sup> County of Alameda 2020-21 FY Top 10 Taxpayers by Primary Tax Code Area (Secured)

<sup>2</sup> FY 2011-12 City of Livermore, City of Pleasanton, and City of Dublin's Comprehensive Annual Financial Reports

**Alameda County Flood and Water Conservation District  
 Zone 7 Water Agency  
 Water Enterprise Outstanding Debt by Type  
 Last Ten Fiscal Years**

---

Fiscal Year									
2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021
\$ 30,500,000	\$ 30,500,000	-	-	-	-	\$ 64,010,000	\$ 64,010,000	\$ 62,705,000	\$ 61,335,000

Source: Finance

<sup>1</sup> On March 11, 2018, the Agency, via the Livermore Valley Water Financing Authority, issued the 2018 Water Revenue Bonds in the amount of \$64,010,000.

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(In Millions)**

---

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 1,973	\$ 2,035	\$ 2,136	\$ 2,315	\$ 2,496	\$ 2,668	\$ 2,840	\$ 3,056	\$ 3,278	\$ 3,456
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,973	\$ 1,973	\$ 2,035	\$ 2,136	\$ 2,315	\$ 2,496	\$ 2,668	\$ 2,840	\$ 3,056	\$ 3,456
Total net debt applied to the limit as a percentage of the debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Alameda County Assessor's Office and Agency Finance

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Demographic and Economic Statistics**  
**For Alameda County and the Zone 7 Service Area**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Zone 7 Service Area (Acres)</b>	<b>Population Served within Zone 7's Service Area <sup>1</sup></b>	<b>Total Population Alameda County</b>	<b>Total Personal Income Alameda County (amounts expressed in billions)</b>	<b>Per Capita Income Alameda County</b>	<b>Unemployment Rate Alameda County</b>	<b>Consumer Price Index Alameda County (% change in CPI)</b>
2012	272,000	229,000	1,539,145	\$ 84.5	\$ 57,739	9.5	2.7
2013	272,000	233,000	1,563,495	87.4	57,473	7.4	2.2
2014	272,000	239,000	1,583,979	92.4	58,364	5.8	2.7
2015	272,000	245,000	1,611,318	104.4	64,466	5.2	3.2
2016	272,000	247,000	1,629,738	111.5	65,045	4.7	3.1
2017	272,000	255,023	1,646,405	118.7	69,350	4.0	3.0
2018	272,000	259,165	1,656,884	127.7	75,045	3.1	4.3
2019	272,000	260,000	1,666,753	134.8	76,644	3.1	2.7
2020	272,000	260,000	1,670,834	130.8	76,837	13.5	1.6
2021	272,000	260,000*	1,656,591*	138.7*	78,805*	6.6	3.2

Source:

<sup>1</sup> Population of Service Area include cities of Livermore, Pleasanton, Dublin and Dougherty Valley (Dougherty Valley figures are estimated as 3.36% of City of San Ramon) .

\*Figures are forecasted estimates

Source: State of California Department of Finance  
State of California Department of Transportation  
U.S. Bureau of Labor Statistics  
Employment Development Department Labor Market Information

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Principal Employers In Alameda County  
Current Year and Nine Years Ago**

Company/Organization	Business Type	-----2021-----			-----2012-----		
		Number of Employees July 31, 2021 <sup>1</sup>	Rank	Percentage of Total County Employment <sup>2</sup>	Number of Employees June 30, 2012 <sup>1</sup>	Rank	Percentage of Total County Employment <sup>2</sup>
Kaiser Permanente Medical Group Inc. <sup>3</sup>	Health Care	34,666	1	4.62%	9,944	2	1.47%
Tesla <sup>3</sup>	Electric Vehicle Manufacturer	13,000	2	1.73%	-	20+	-
Safeway <sup>3</sup>	Supermarkets & Other Grocery	9,731	3	1.30%	9,121	4	1.34%
County of Alameda	Local Government	9,424	4	1.26%	8,843	5	1.30%
Sutter Health <sup>3</sup>	Health Care	9,377	5	1.25%	-	20+	-
John Muir Health <sup>3</sup>	Health Care	6,300	6	0.84%	-	20+	-
PG&E Corporation <sup>3</sup>	Energy Production	5,100	7	0.68%	-	20+	-
Workday <sup>3</sup>	Enterprise Cloud Applications	5,098	8	0.68%	-	20+	-
Chevron Corporation <sup>3</sup>	Energy Production	4,700	9	0.63%	-	20+	-
Wells Fargo Bank <sup>3</sup>	Financial Services	4,354	10	0.58%	5,632	8	0.83%
<b>Total</b>		<b>101,750</b>		<b>13.56%</b>	<b>33,540</b>		<b>4.94%</b>

Source: Alameda County Auditor-Controller's Office; SFBT research for June 30, 2021 employment data. The County of Alameda number of employees as of June 30, 2012 is obtained from the County of Alameda Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2012.

The number of employees, except for County of Alameda and City of Oakland include Alameda County and Contra Costa County employees.

Total employment within County of Alameda is unavailable.

Percentage calculated based on Alameda County's Employment of 750,200 for June 2021 and 678,700 for 2012 (Source: Employment Development Department)

Information from SFBT research from September 2021. Information as of June, 2021 is not available, except for County of Alameda employer.

Information from County of Alameda's database as of June 30, 2021.



**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Full-time Equivalent Agency Employees by Function/Program Budget  
Last Ten Fiscal Years**

Division/Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Office of the General Manager	10	14	7	7	8	9	9	9	10	10
Integrated Planning			7.5	7.5	8.5	9.5	9.5	6.5	8.5	9.5
Finance:										
Finance and Accounting	10	11	9	9	10	10	10	10	11	11
Employee Services	6	6	7	7	7	4	4	3	3	3
Engineering:										
Facilities Engineering	16	15	13	14	12	13	13	10	12	11
Groundwater	9	8	7	7	8.5	7.5	7.5	7.5	7.5	7
Water Quality	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7
Flood Protection	7	6	5	5	6	7	7	8	7	5.5
Operations	24	24	24	24	24	27	27	28	29	30
Maintenance	19	19	19	19	20	20	20	19	19	21
<b>Total FTE</b>	<b>108.5</b>	<b>110.5</b>	<b>106.0</b>	<b>107.0</b>	<b>111.5</b>	<b>114.5</b>	<b>114.5</b>	<b>108.5</b>	<b>114.5</b>	<b>115.0</b>

Source: Finance

**Alameda County Flood and Water Conservation District  
Zone 7 Water Agency  
Operating Indicators  
Fiscal Years 2011-2020**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Water Enterprise System</b>										
Total Groundwater pumped (AF) <sup>1</sup>	12,105	9,555	8,782	2,565	2,002	2,300	4,700	8,200	10,100	16,400
Total Artificial Stream Recharge (AF)	8,778	7,887	3,826	3,766	8,910	8,300	9,100	3,100	4,040	820 <sup>2</sup>
New water connections	489	1,187	928	1,196	1,600	1,338	1,301	1,214	796	470
Total drilling permits issued	149	159	176	171	133	155	165	154	119	130
<b>Flood Protection System</b>										
Flood Protection area managed (sq. miles)	425	425	425	425	425	425	425	425	425	425
Flood Protection channels (miles)	37	37	37	37	37	37	37	37	37	37
Flood Protection encroachment permits issued	36	36	30	31	34	24	32	37	44	23
Flood Protection development referrals	15	18	13	13	15	20	15	11	18	26

Source: Flood Protection, Groundwater and Integrated Planning departments.

<sup>1</sup> Calculated on a Water Year basis (October 1 - September 30)

<sup>2</sup> Total Artificial Stream Recharge calculations are completed at calendar year end, therefore 2020 figure is an estimate.

**Alameda County Flood and Water Conservation District**  
**Zone 7 Water Agency**  
**Operating Information**  
**Capital Asset Statistics**  
**Fiscal Years 2012-2021**

---

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of pipeline	41	41	41	41	41	41	41	41	41	41
Number of treated water pumping stations	2	2	2	2	2	2	2	2	2	2
Number of wells operated	9	9	10	10	10	10	10	10	10	10
Total Groundwater storage (AF) <sup>1,2</sup>	227,000	220,000	209,000	213,000	226,000	248,000	249,000	252,000	246,000	230,000
Total Groundwater operational storage-water year (AF) <sup>2</sup>	99,000	92,000	81,000	85,000	98,000	120,000	121,000	124,000	118,000	102,000

Source: Groundwater and Operations

<sup>1</sup> 2020 Total and Operational Groundwater Storage are estimates based on mid-September water levels. Actual values get calculated at end of each year.

<sup>2</sup> Calculated on a Water Year basis (October 1 - September 30).

*This page intentionally left blank*