

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

**AU-C 260 Communication With
Those Charge With Governance**

For the Year Ended June 30, 2024



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SCOPE OF WORK

SCOPE OF WORK

- Audit of the Annual Comprehensive Financial Report
- Report on internal control over financial reporting and on compliance in accordance with *Government Auditing Standards*

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

- Form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America
- Our responsibility is to plan and perform the audit to obtain “reasonable” assurance (not “absolute” assurance) about whether the financial statements are free of material misstatements.
- We considered internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- We concluded there are no conditions or events that raise substantial doubt about the Agency's ability to continue as a going concern.
- Communicate with those charged with governance.

Required Communications (AU-C 260)

Required Communications (AU-C 260)

- **Ethics and Independence**
 - Complied with ALL relevant ethical requirements regarding independence
- **Significant Accounting Policies**
 - Zone 7 disclosed the summary of significant accounting policies in Note 1 to the financial statements.
 - Zone 7 implemented the following:
 - GASB 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

Required Communications (AU-C 260)

- **Significant Estimates And Assumptions**
 - Fair Value on Investments
 - Depreciation and Amortization on Capital Assets
 - Net Pension Liability
 - Net OPEB Liability

Required Communications (AU-C 260)

- **Sensitive Disclosures**

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Cash and Investments
- Note 6 – Long-Term Debt
- Note 8 – Alameda County Employees' Retirement Association Pension Plan
- Note 9 – Postemployment Benefits Other Than Retirement
- Note 11 – Commitment and Contingencies Liabilities

- **Misstatements**

- There were no corrected or uncorrected misstatement reported.

Required Communications (AU-C 260)

- **Consultation with Other Accountants**
 - Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.
- **Significant Difficulties**
 - We encountered no significant difficulties in dealing with management.
- **Disagreement with Management**
 - We did not have any disagreement with management in terms of accounting treatments nor audit procedures performed.

OVERVIEW OF THE FINANCIAL STATEMENTS

Net Position @ June 30

	Governmental	Business-type	Total	
	Activities	Activities	2024	2023
	('000)	('000)	('000)	('000)
Assets	\$ 145,144	\$ 596,939	\$ 742,083	\$ 679,205
Deferred Outflows of Resources	611	7,124	7,735	10,291
Liabilities	5,223	120,011	125,234	95,634
Deferred Inflows of Resources	839	5,537	6,376	7,826
Net Position:				
Net investment in capital asset	32,807	281,765	314,572	309,947
Restricted	79,970	150,222	230,192	195,158
Unrestricted	26,916	46,528	73,444	80,931
Total net position	<u>\$ 139,693</u>	<u>\$ 478,515</u>	<u>\$ 618,208</u>	<u>\$ 586,036</u>

Changes in Net Position

	Governmental Activities	Business-type Activities	Total	
			2024	2023
	('000)	('000)	('000)	('000)
Expenses	\$ 11,364	\$ 105,640	\$ 117,004	\$ 106,798
Program Revenues	3,383	121,534	124,917	111,104
Net (Expenses) Revenue and Changes in Net Position	(7,981)	15,894	7,913	4,306
General Revenues	16,006	8,252	24,258	14,724
Transfers In (Out), Net	(12)	12	-	-
Changes in Net Position	<u>\$ 8,013</u>	<u>\$ 24,158</u>	<u>\$ 32,171</u>	<u>\$ 19,030</u>

Cash and Investments

	Governmental Activities	Business-type Activities	Total	
			2024	2023
	('000)	('000)	('000)	('000)
Cash in County Treasury	\$ 88,585	\$ 72,163	\$ 160,748	\$ 151,267
Cash and Investments - Agency Treasury	20,575	122,837	143,412	139,883
Restricted Cash	1,720	33,293	35,013	6,055
Total Cash and Investments	<u>\$ 110,880</u>	<u>\$ 228,293</u>	<u>\$ 339,173</u>	<u>\$ 297,205</u>

Net Pension Liability

Plan's Aggregate Net Pension Liability

Discount Rate -1% (6.00%)	Current Rate (7.00%)	Discount Rate +1% (8.00%)
('000)	('000)	('000)
\$ 29,394	\$ 15,118	\$ 3,403

Net OPEB Liability

Net OPEB Liability		
Discount Rate -1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1% (8.00%)
('000)	('000)	('000)
\$ 3,423	\$ 1,890	\$ 619
Healthcare		
1% Decrease (5.75% to 3.50%)	Cost Trend Rate (6.75% to 4.5%)	1% Increase (7.75% to 5.50%)
('000)	('000)	('000)
\$ 403	\$ 1,890	\$ 3,729

AUDIT RESULT

Audit Results

- **Financial Statements**
 - Unmodified opinion
 - Financial Statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- **AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit***
 - None Reported



**THE
PUN GROUP**
ACCOUNTANTS & ADVISORS



HQ - ORANGE COUNTY

200 E. Sandpointe Avenue
Suite 600
Santa Ana, CA 92707

SAN DIEGO

4660 La Jolla Village Drive
Suite 100
San Diego, CA 92122

SACRAMENTO

1511 Corporate Way
Suite 220
Sacramento, CA 95831

WALNUT CREEK

2121 North California Boulevard
Suite 290
Walnut Creek, CA 94596

LAS VEGAS

1980 Festival Plaza Drive
Suite 300
Las Vegas, NV 89134

PHOENIX

2 N. Central Avenue
Suite 1800
Phoenix, AZ 85004