

ZONE 7 BOARD OF DIRECTORS FINANCE COMMITTEE

DATE: Tuesday, December 9, 2025
TIME: 3:00 p.m.
LOCATION: Zone 7 Administration Building
100 North Canyons Parkway, Livermore

Director Benson
Director Brown
Director Narum

AGENDA

1. Call Meeting to Order
2. Public Comment on Items Not on Agenda
3. Independent Auditors' Report and Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025
4. Adjournment

DATE: December 9, 2025

TO: Finance Committee

FROM: Osborn Solitei, Treasurer/Assistant General Manager – Finance

SUBJECT: Independent Auditors' Report and Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2025

SUMMARY:

Maze and Associates, the Agency's external auditor, recently completed its audit of the Agency's financial statements for the fiscal year ended June 30, 2025, and issued an unmodified opinion. The auditors will provide a supplemental presentation during the December Board meeting. Acceptance of the ACFR will help meet the Agency's Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources for the Agency and continue to conduct an annual audit.

The audit was conducted in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit concluded that: (1) the financial statements present fairly, in all material respects, the respective financial position of governmental activities, business-type activities and the major funds of the Alameda County Flood Control and Water Conservation District - Zone 7 at June 30, 2025, and the respective changes in the financial position and cash flows for the year; (2) the accounting is in conformity with generally accepted accounting principles in the United States of America; and (3) the internal controls and communications are adequate.

DISCUSSION:

As demonstrated by the results reported in the Fiscal Year 2024-25 ACFR, the Agency continues to meet its financial objectives. Financial highlights for Fiscal Year 2024-25 include:

- The Agency's total net position was \$666.1 million as of June 30, 2025. Of this amount, \$130.1 million is available to meet the Agency's ongoing obligations to residents, customers, stakeholders, and creditors.

- The Agency's total net position increased for fiscal year 2025 by \$47.9 million or 7.8 percent from \$618.2 million to \$666.1 million. The net position for governmental activities increased by \$10.9 million or 7.8 percent. Net position for business-type activities increased \$37 million or 7.8 percent
- Total revenues increased by \$30.3 million or 20.2 percent from \$149.2 million to \$179.4 million and total expenses also increased by \$14.5 million or 12.4 percent from \$117 million to \$131.5 million for the fiscal year ended June 30, 2025.
- The Agency's total assets increased \$42.2 million or 5.7 percent from \$742.1 million to \$784.3 million while total liabilities decreased \$5 million or 4 percent from \$125.2 million to \$120.2 million.

The Audit Report contains the following documents for Board's review:

Annual Comprehensive Financial Report: This report provides information on the Agency's operating and financial activities for the fiscal year ended June 30, 2025.

- The Introductory Section – provides an overview of the Agency.
- The Financial Section – provides an analysis of the Agency's financial performance during the previous two fiscal years and presents the Agency's audited financial statements, including Statements of Net Position (balance sheet), Statements of Revenues, Expenses and Changes in Net Position (income statement) and Statements of Cash Flows for the fiscal year ending June 30, 2025. This section also includes the management's discussion and analysis, notes to the financial statements, which provide supplementary information regarding the Agency and its financial standing.
- Statistical Section – provides ten years of key historical financial data and demographic data and economic data.

Independent Auditors' Report: This letter is included in the ACFR on page 1 and communicates the auditors' unmodified opinion. The auditors expressed an opinion that the Agency's financial statements for FY 2024-25 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters:

This letter is included in the ACFR on page 135. This is a required report that auditors provide for audits performed under Government Auditing Standards (standards in addition to generally accepted auditing standards). It describes the scope of the auditors' testing of the Agency's internal control and compliance.

Report to the Board of Directors: This is an internal report for the Board of Directors and is a required communication and recommendation by Statement on Auditing Standards (SAS) No. 114. The letter outlines the Auditors' responsibility, planned scope and timing of the audit, provides advice on accounting policies, evaluates accounting estimates, proposes audit adjustments, significant audit findings, status of prior years' recommendations, corrected and uncorrected misstatements, disagreement with management, management representation, and outlines any major difficulties encountered in performing the audit.

The ACFR follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and the Agency will be submitting the FY 2024-25 Report GFOA for review and certification.

FUNDING:

There is no funding impact.

RECOMMENDED ACTION:

Accept the ACFR for Fiscal Year 2024-25 and refer the ACFR to the full Board for the December 17, 2025 Board Meeting for consideration.

ATTACHMENTS:

- Annual Comprehensive Financial Report – For the year ended June 30, 2025
- SAS No. 114 – Report to the Board of Directors for the year ended June 30, 2025



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FY 2024-2025

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

FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED INFORMATION AS
OF JUNE 30, 2024
Livermore, CA

Alameda County Flood Control and Water Conservation District, Zone 7

Zone 7 Water Agency

Annual Comprehensive Financial Report And Independent Auditors' Reports

For the Year Ended June 30, 2025
With Summarized Information for the Year Ended June 30, 2024

Prepared by
Osborn Solitei, Treasurer/ Assistant General Manager, Finance
Teri Yasuda, Accounting Manager
Flora Guo, Sr. Auditor/ Accountant
Elizabeth Foss, Financial Analyst
JaVia Green, Financial Analyst



Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025
(With Summarized Information for the Year Ended June 30, 2024)

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION (Unaudited)</u>	
Letter of Transmittal.....	i
Organization Structure.....	xx
List of Elected Officials and Agency Management.....	xxi
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xxii
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)	5
 Basic Financial Statements:	
 Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities.....	28
 Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	35
Reconciliation of the Governmental Funds Balance Sheet with the Governmental – Wide Statement of Net Position	36
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	37
Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Change in Net Position of Governmental Activities	38
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: Flood Protection Operations Fund.....	39
Flood Protection Development Impact Fee Fund	40
 Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	42
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	43
Statement of Cash Flows – Proprietary Funds.....	44
 Notes to the Financial Statements.....	 47

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025
(With Summarized Information for the Year Ended June 30, 2024)

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Required Supplementary Information (Unaudited)	
Cost-Sharing Multiple Employer Defined Pension Plan:	
Schedule of the Agency's Proportionate Share of the Net Pension Liability	
and Related Ratios	83
Schedule of Contributions	84
Cost-Sharing Multiple Employer Defined OPEB Plan:	
Schedule of the Agency's Proportionate Share of the Net OPEB Liability (Assets)	
and Related Ratios	86
Schedule of Contributions	87
Combining and Individual Fund Financial Statements and Schedules:	
Supplementary Information:	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet	91
Combining Statement of Revenues, Expenses 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

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025
(With Summarized Information for the Year Ended June 30, 2024)

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Net Position by Component – Last Ten Fiscal Years	100
Changes in Net Position – Last Ten Fiscal Years	102
Fund Balances of Governmental Funds – Last Ten Fiscal Years	104
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years	106
Revenue Capacity – Ten-Year Summary of Revenue by Source – Water Enterprise System.....	108
Revenue Capacity – Ten-Year Summary of Revenue by Source – Flood Protection System	110
Treated and Untreated Water Rates – Ten Year History	112
Water Sales by Category – Ten Year History	113
Principal Treated Water Customers – Current Complete Year Comparison to Nine Years Ago	114
Assessed Value of Taxable Property – Last Ten Fiscal Years	116
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	118
Property Tax Levies and Collections – Last Ten Fiscal Years	120
Principal Property Tax Payers – Current Year and Nine Years Ago.....	121
Water Enterprise Outstanding Debt by Type – Last Ten Fiscal Years.....	122
Legal Debt Margin Information – Last Ten Fiscal Years.....	124
Demographic and Economic Statistics –	
For Alameda County and the Zone 7 Service Area – Last Ten Fiscal Years.....	126
Principal Employers Within the Service Area – Current Year and Nine Years Ago	127
Full-time Equivalent Agency Employees by Function/Program Budget –	
Last Ten Fiscal Years.....	128
Operating Indicators – Fiscal Years 2016-2025.....	130
Operating Information – Capital Asset Statistics – Fiscal Years 2016-2025	132
 Independent Auditors’ 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>.....	
	135

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November 25, 2025

To the Board of Directors, Customers, and Residents of Eastern Alameda County:

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 (Zone 7 or the Agency), for the fiscal year ended June 30, 2025 (with summarized information for the year ended June 30, 2024).

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.

Maze and Associates, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the Agency financial statements for the year ended June 30, 2025. The purpose of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2025, are free of material misstatement. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ 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 ACFR 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 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 265,000 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.

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.

Since being 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. 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.

Service Area

The Agency supplies treated drinking water to retailers serving a population of 265,000 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 November 20, 2024, the Board adopted the 2025-29 Five-Year Strategic Plan and refined a vision, mission, and set of goals for the five-year period. Twenty-two key initiatives were identified to achieve each of the goals. These goals drove initiatives in FY 2024-25 and will guide activities through calendar year 2029.

Mission

We deliver safe, reliable, efficient and sustainable water and flood protection services.

Vision

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

Values

- **Team** – We collaborate and are inclusive, valuing all perspectives to improve our services, systems, and organization.
- **Service** – We are responsive, respectful, and professional.
- **Fiscal Responsibility** – We are committed to ensuring the responsible and transparent management of public funds, adhering to the highest standards of accountability and efficiency.
- **Safety** – We are committed to public and employee safety.
- **Transparency** - We carry out our mission ethically and transparently, and with integrity.
- **Environmental Responsibility** – We deliver our services in an environmentally responsible manner considering the energy, climate, people, and natural resource stewardship.
- **Leadership** – We cultivate leaders and expect our agency to proactively lead and innovate.

Organization-Wide Goals



Economic Condition and Fiscal Outlook

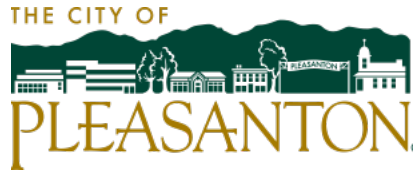
The Agency's administrative office is in the City of Livermore, in Alameda County, which is part of the Tri-Valley area of Dublin-Livermore-Pleasanton. The Tri-Valley is located 35 miles east of San Francisco, California and 28 miles north of Silicon Valley. This area is a crossroads, not only literally (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 265,000 residents, the Tri-Valley area continues to be one of the fastest growing areas in the Bay Area.



DUBLIN The City of Dublin was incorporated in 1982 and is located in the East Bay of the San Francisco Bay Area and is approximately 30 miles east of San Francisco and 30 miles northeast of the Silicon Valley. In 2011 Dublin was named an "All-America City" by the National Civic League, and in 2018 it was named one of the best places to live in the United States, according to Money Magazine.



LIVERMORE The City of Livermore is the easternmost city in the San Francisco Bay Area situated in the growing Tri-Valley area. Livermore Valley Wine Country is one of the oldest wine regions in California. The picturesque canyons and ridges welcome locals and visitors to the valley's vineyards and tasting rooms, which are an integral part of Livermore's quality of life. Popular wine bars, tasting rooms and boutique wine shops thrive in downtown Livermore as well. Livermore is the home of two world-renowned national laboratories: Lawrence Livermore National Laboratory and Sandia National Laboratories. The presence of the laboratories attracts other technological and industrial companies as well as professional services businesses. In addition, one of the largest retail outlet malls in California is in the city.



PLEASANTON The City of Pleasanton was incorporated on June 18, 1894. Pleasanton's history has been shaped largely by its geographic location, from its days as a stop on the transcontinental railroad to its modern-day position as a center of commerce at the intersection of interstate freeways 580 and 680. Pleasanton enjoys a rich blend of historic turn-of-the-century charm and vital modern facilities that provide the quality of life and economic well-being desired by residents and businesses. This successful balance has been achieved through Pleasanton's active and involved citizenry, strong community leadership and committed City government.

Service Area Economic Base:

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 2024-25 local roll included assessments of 521,307 taxable properties within Alameda County. The assessed value of these properties totaled \$435.8 billion - a \$21.0 billion or a 5.06% increase above the previous year's assessment roll. The growing economy, sales of existing real estate, new construction, and increase in business personal property are responsible for this increase. 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, increase in business personal property, and other miscellaneous factors added \$7.9 billion. Reassessments due to sales/transfers of real estate added \$8.3 billion, new construction activity added \$3.1 billion and increases in business personal property added \$1.6 billion. The [2024-25 annual report](#) is available on the Alameda County Assessor Office website.

The Agency's service area had a slight decrease in population from 2024 to 2025. The city of Pleasanton saw the highest decline in population of 0.4%, followed by city of Livermore with a slight decrease in population of 0.2%. The city of Dublin experienced a population increase of 1.2%.

As of June 2025, the Alameda County median home value was reported at \$1.08M, a 3.6% decrease compared to the same time last year. As of June 2025, the Alameda County unemployment rate was reported at 5.0%, an increase from 4.6% in June 2024.

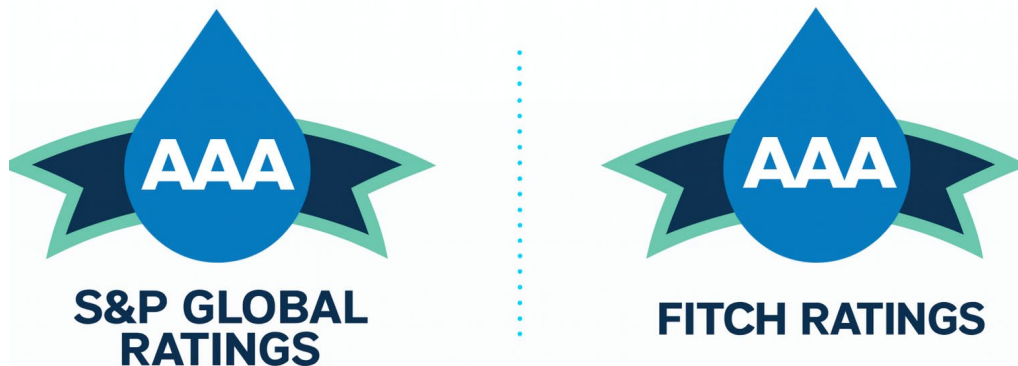
Facing rising inflation, the Federal Reserve—tasked with maintaining stable price growth—cut interest rates by a total 0.5% in 2024. On October 29, 2025, the Federal

Reserve approved an interest rate cut of 0.25% as the Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run.

Long-Term Financial Planning / Strategic Planning

Bond Ratings:

The Agency operates in a productive, cost-effective and efficient manner as reflected in the Agency's recent bond ratings from Standard and Poor's and Fitch Ratings.



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. On November 16, 2022, the Board approved 5.5% annual rate revenue adjustment for wholesale water services for calendar years (CYs) 2023, 2024, 2025 and 2026. The CY 2023 increase went into effect February 1, 2023, and the remaining increases for years 2024-2026 are effective January 1 of each year. The rates resolution directed a revisit of the rate schedule for calendar years 2025 and 2026, through a public process, with any changed rates adopted by November 2024. The rate review was performed in October 2024. The review determined the CY 2025 and CY 2026 rates are sufficient to meet the revenue requirements, with no additional adjustments needed. The Agency will conduct another rate study in Fall 2026 to set treated wholesaler water rates for CYs 2027 - 2030 and untreated water rates for CY 2027.

Capital Improvement Plan:

To maintain reliable operations, the Agency continues to effectively implement infrastructure projects in its Capital Improvement Plan (CIP). The CIP serves as an implementation and funding plan for projects required to meet the Agency's mission and goals.

The Asset Management Plan (AMP) includes the asset inventory and long-term (40-year) renewal and replacement plan for the water system assets. It determines total funding needed over the planning horizon and documents the Agency's funding plan.

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 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 Agency is currently updating the AMP and developing the Ten-Year Water System CIP, with completion expected in Winter 2025/Early 2026.

Zone 7 is currently planning a third per- and polyfluoroalkyl substances (PFAS) treatment plant for the Mocho wellfield. Additional major capital projects in process include the Silver Oaks Pump Station, the Del Valle Water Treatment Plant HVAC, the Patterson Pass Water Treatment Plant HVAC and Improvements, the Regional Groundwater Development Project, and the Chain of Lakes Conveyance System project.

Significant Accomplishments

Water Supply:

The 2024 water year began with below-average hydrologic conditions for California, with the State Water Project (SWP) allocation initially set at 10%. However, due to an increase in storage levels, and anticipated late snow runoff, the water year ended with a 40% final allocation.

Water year 2024 followed the first water year with a 100% SWP allocation since 2006. Given average precipitation conditions in 2024, and a substantial amount of water from 2023, the Agency met demands in 2024 without the need for water transfers.

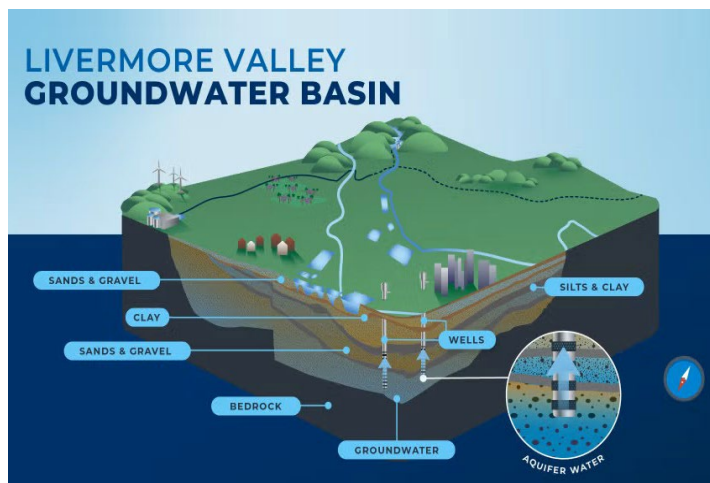
On April 29, 2025, the Department of Water Resources announced the 2025 SWP final allocation to be 50% due to California's snowpack beginning to melt and flow into the State's watersheds and further filling up the reservoirs. Based on total water supplies available, the Agency is well-positioned to meet demands in 2025 without the need for water transfers.

California State Water Project Map



Sustainable Groundwater Management:

SGMA is historic legislation that 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 SGMA 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.

The Agency is developing a new groundwater model that incorporates data collected to fill gaps identified in the previous model. This new groundwater model can be used to evaluate impacts of future drought scenarios, potential PFAS mobilization, and future basin salt loading.

Water Quality:

Zone 7 operates two surface water treatment plants (Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant), the Mocho Groundwater Demineralization Plant, two PFAS Treatment Plants (Stoneridge PFAS Treatment Plant and Chain of Lakes PFAS Treatment Plant), nine groundwater supply wells and a state-of-the-art water quality testing laboratory. Water treatment facilities are staffed by talented and committed experts in their fields who make a world of difference when it comes to bringing safe water to the Tri-Valley community.

All Zone 7 water supplied in 2024 met the regulatory standards set by the state and federal governments and, in almost all cases, the quality was significantly better than required.

PFAS:

Zone 7 has been actively monitoring PFAS since late 2018. No PFAS has been detected in its treated surface water, which makes up most of the water delivered to customers. Although PFAS has been detected in some Zone 7 groundwater wells, these wells were treated to levels below the State's recommended response levels before entering the distribution system. Groundwater is typically used for meeting peak day demand or when surface water supply is limited. Immediately after the Environmental Protection Agency (EPA) announced the final PFAS regulations in April 2024, Zone 7 adjusted operations to ensure all delivered water met the new federal PFAS standards prior to the required compliance deadline in 2029. In May 2025, EPA announced its intent to rescind the PFAS regulations and propose a new rule in Fall 2025. This new rule would extend compliance deadlines for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) from 2029 to 2031 and reconsider regulatory determinations for the other four PFAS.

Zone 7 has also taken proactive steps to plan, design, and construct new PFAS treatment facilities in preparation for compliance with the new federal standards. The Agency utilizes specialized Ion Exchange resins to remove PFAS from two of our groundwater treatment facilities. The Stoneridge PFAS Treatment Plant became operational in September 2023, and the Chain of Lakes Treatment Plant became operational in April 2025.



Chain of Lakes PFAS Treatment Facility

In addition, Zone 7 is currently planning a third PFAS treatment plant for our Mocho Wells. The existing reverse osmosis membrane treatment facility already removes PFAS at these wells, but additional treatment capacity is required to meet the new PFAS standards. The project is in the planning and preliminary environmental review phase. The award of the contract to design the facility is anticipated for early 2026. Construction is anticipated to begin in late 2026.

Flood Protection:

The following are some of the key activities related to the Flood Protection Program in FY 2024-25:

- Executed a Cooperation Agreement with USACE for assistance to repair 48 storm damage sites from 2022-2023 storms.

- Awarded construction contract for the 2023 High Priority Storm Repair Project.
- Completed the Vineyard Pipeline emergency repair project.
- Received a \$383,000 grant from DWR through the CalSIP program.
- Launched new StreamTracker web portal.
- Completed design phase for Alamo Creek Bank Stabilization Pilot Project and awarded the construction contract.
- Completed the design phase and put out to bid the 2023 Storm Damage Repair project to address 50 storm damage sites.
- Issued a Request for Proposals for the Flood System Asset Management Plan.

Long-Term Water Supply Reliability:

In FY 2024-25, the Agency continued its investment in planning activities and evaluating participation in water supply reliability projects, such as the Delta Conveyance Project and Sites Reservoir Project, as part of its mission to deliver safe, reliable, efficient, and sustainable water.

The Agency took additional steps toward establishing long-term water supply reliability in FY 2024-25.

- Initiated the 2025 Water Demand Assessment to forecast future municipal and industrial water demands.
- Continued development of a robust water transfer program to meet water supply needs and manage available transfer water supply and costs. The Agency executed a multi-year water transfer agreement with Sutter Extension Water Agency on March 25, 2025.
- Worked with the City of Pleasanton to evaluate the feasibility of new water supply wells to diversify local groundwater sources.

Communications and Outreach

To deliver on the Agency's Strategic Plan Goal F, which strives to engage our stakeholders to foster mutual understanding, staff implements and oversees a multi-faceted outreach and communications program to connect with and engage stakeholders. Through an open and transparent approach, the Agency seeks to deliver effective customer-centric communications, reaching constituents where, when, and how they prefer. Effective communication builds confidence, trust, and awareness among constituents, increases participation to help with effective decision-making, and helps strengthen Zone 7's commitment to its mission and vision.

Stakeholder Engagement Highlights for FY 2024-25:

Chain of Lakes PFAS Treatment Facility: The opening of the second Ion Exchange Treatment Facility at Chain of Lakes in March 2025—now the largest of its kind in Northern California—was promoted via a multi-phase campaign to proactively educate the community about PFAS management and infrastructure investment. The outreach included a well-attended ribbon-cutting event with elected officials, project page updates, and digital promotion utilizing educational videos. This effort generated 20,158 total gross impressions, with two key YouTube videos amassing over 5,300 views and the agency's LinkedIn channel reaching 4,250 impressions, driving public understanding of this critical water quality milestone.



Interactive Online Annual Report: The Online Annual Report continued to be a highly effective tool for transparently sharing agency information, enhanced with charts, videos, and infographics to help the community easily explore key topics. The site's engaging design resulted in significant growth in readership, including a 32.3% increase in total sessions (2,000), a 64% increase in individual page views (6,627), and a dramatic 119% jump in engaged sessions (1,779) compared to the previous fiscal year. This commitment to digital excellence was recognized with multiple industry accolades, including:



- Award of Excellence from the 2025 Communicator Awards for Overall Design Features
- Gold Award from the 2025 AVA Digital Awards for Government Website
- Silver Award from the 2025 BETTER FUTURE GOV Design Awards for Publication Graphic Design
- Silver Circle Award from the 2025 3CMA (City & County Communications & Marketing Association) Savvy Awards for Issue Specific Website
- Silver Award from the 2025 Muse Creative Awards for Government Website

Financial Policies

Financial Reserve Policy:

In FY 2024-25, the Board adopted revisions to the reserve policy to proactively prepare for future water supply and reliability investments and future volatile SWP capital costs. The revised policy allows the Agency to proactively address future cost increases and reduce sudden impacts on ratepayers.

Revision 1 - State Water Facilities Fund - On December 18, 2024, the Board adopted an amended Reserve Policy via Resolution No. 24-106, removing the maximum level from the State Water Facilities Reserve. This change allows the reserve to accumulate funds to offset future volatile increases in SWP capital costs.

Revision 2 - Water Enterprise Operations Fund - On June 18, 2025, the Board established the Water Reliability Reserve via Resolution No. 25-47. The Water Reliability Reserve provides flexibility and agility to address water supply challenges and opportunities. The Board may designate the use of this reserve during the budget development process.

Investment Policy:

The Agency's Investment Policy was adopted by the Board on June 18, 2025 (Resolution No. 25-48). 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 the 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 Management Policy:

An update to the Agency's Debt Management Policy was by the Board in May 2023 (Resolution No. 23-35). The Debt Management Policy provides guidelines under which specific projects outlined in the biennial planning process and documented in the CIP may be best financed. Per the policy, 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 has a two-year budget cycle for governmental funds and proprietary funds and maintains budgetary controls, the objectives of which are to ensure compliance with legal provisions embodied in the two-year budget approved by the Board. The Agency's operating and capital budgets are reviewed and approved by the Board of Directors. The budget includes the projects, services, and activities to be carried out during the two fiscal years and the estimated revenue available to fund these operating and capital costs. 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 delineated 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 Operations and Flood Protection Development Impact Fee Fund). The guidelines used by the Agency in developing the formal budget process are those recommended by the Government Finance Officers Association United States and Canada (GFOA).

Internal Controls:

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

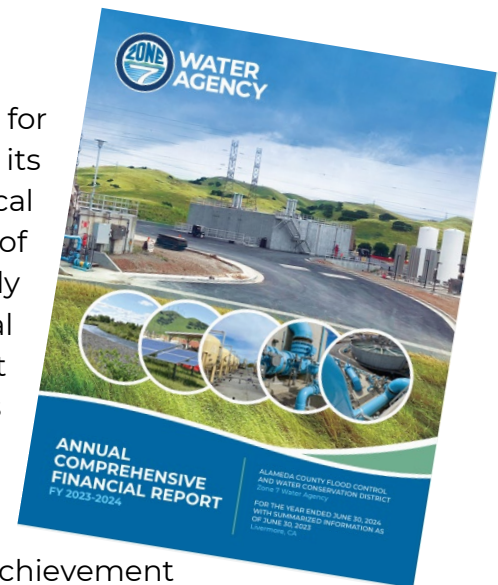
Independent Audit

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 Maze & Associates 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:

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, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



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, Maze & Associates, for their assistance and guidance and the Board for their structural guidance and consistent fiduciary focus.

Respectfully submitted,



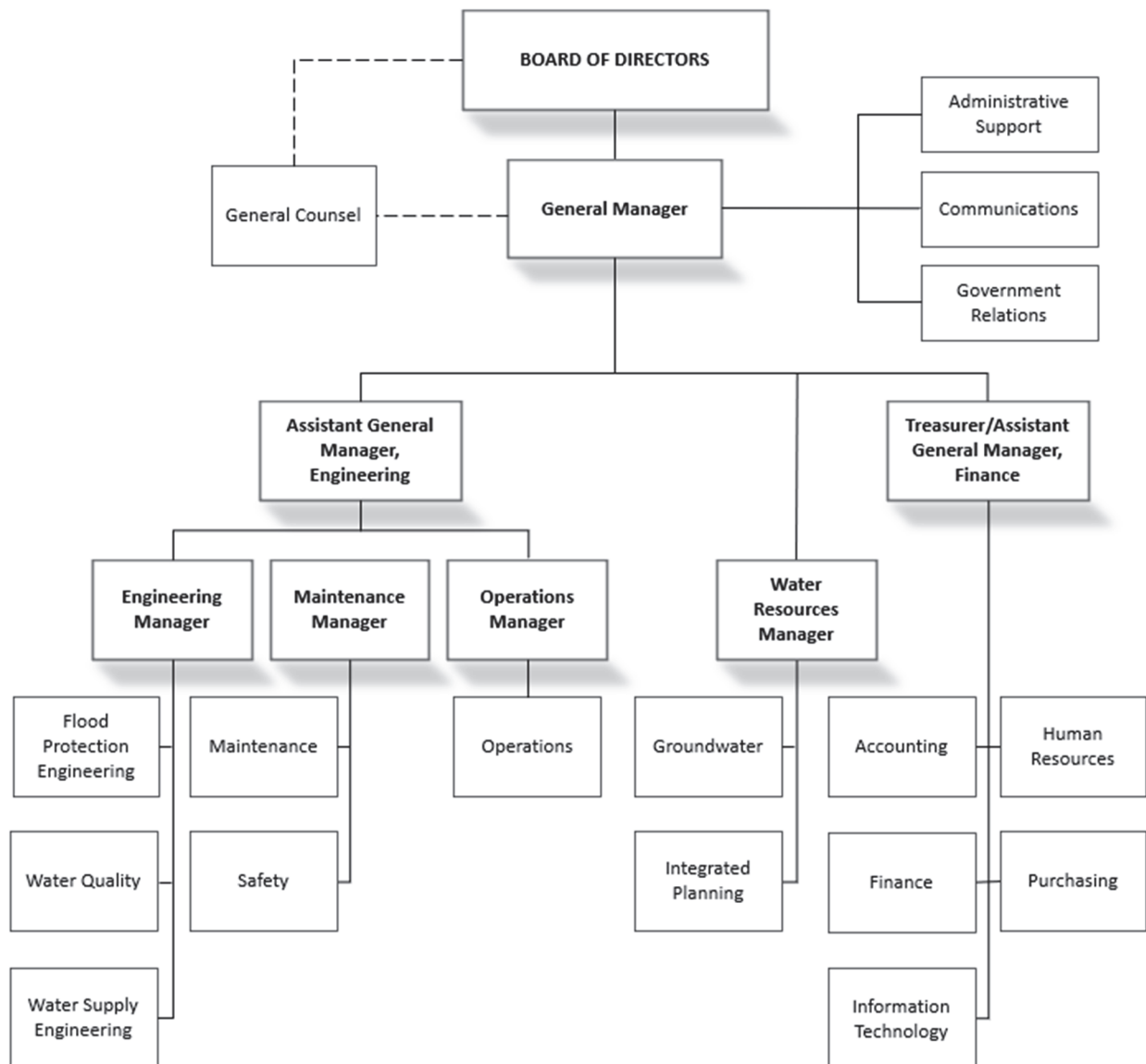
Valerie Pryor
General Manager



Osborn Solitei
Treasurer/Assistant
General Manager, Finance

Alameda County Flood Control and Water Conservation District, Zone 7

Functional Organizational Chart Fiscal Year 2024-2025



Alameda County Flood Control and Water Conservation District, Zone 7

Board of Directors and Executive Management

BOARD OF DIRECTORS



Kathy Narum

President

Board Member since 2023

Term Expires June 30, 2028



Dawn Benson

Vice President

Board Member since 2022

Term Expires June 30, 2026



Catherine Brown

Board Member since 2024

Term Expires June 30, 2026



Sands Figuers

Board Member since 2008

Term Expires June 30, 2028



Dennis Gambs

Board Member since 2018

Term Expires June 30, 2026



Laurene Green

Board Member since 2020

Term Expires June 30, 2028



Sarah Palmer

Board Member since 2006

Term Expires June 30, 2026

EXECUTIVE MANAGEMENT

Valerie Pryor, General Manager

Chris Hentz, Assistant General Manager, Engineering

Osborn Solitei, Treasurer/ Assistant General Manager, Finance



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District, Zone 7 – Zone 7 Water Agency (Agency), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison listed in the Table of Contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

The financial statements of the Agency as of for the year ended June 30, 2024, were audited by other auditors whose report has been furnished to us, dated December 5, 2024, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Pleasant Hill, California
November 25, 2025

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Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2025, and 2024

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, 2025, and 2024. 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 2025 to 2024 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
- Government-wide Financial Analysis
- Capital Assets
- Debt Administration and Bond Rating
- Economic Factors and Next Year’s Budget and Rates
- Request for Information

Financial Highlights

- The Agency’s total net position was \$666.1 million as of June 30, 2025. Of this amount, \$130.1 million is available to meet the Agency’s ongoing obligations to residents, customers, stakeholders, and creditors.
- The Agency’s total net position increased for fiscal year 2025 by \$47.9 million or 7.8 percent from \$618.2 million to \$666.1 million. The net position for governmental activities increased by \$10.9 million or 7.8 percent. Net position for business-type activities increased \$37 million or 7.8 percent.
- Total revenues increased by \$30.3 million or 20.2 percent from \$149.2 million to \$179.4 million and total expenses also increased by \$14.5 million or 12.4 percent from \$117 million to \$131.5 million for the fiscal year ended June 30, 2025.
- The Agency’s total assets increased \$42.2 million or 5.7 percent from \$742.1 million to \$784.3 million while total liabilities decreased \$5 million or 4 percent from \$125.2 million to \$120.2 million.

Overview of Financial Statements

This discussion and analysis serve 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
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

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
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Proprietary funds

The Agency’s proprietary funds consist of four enterprise funds: Water Enterprise Operations, State Water Facilities, Water Enterprise Capital Expansion, and Water Facilities. 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 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
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Statement of Net Position						
June 30, 2025, and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 121,239,604	\$ 112,336,724	\$ 286,884,892	\$ 256,802,090	\$ 408,124,496	\$ 369,138,814
Capital assets	33,265,825	32,807,289	342,882,652	340,136,836	376,148,477	372,944,125
TOTAL ASSETS	154,505,429	145,144,013	629,767,544	596,938,926	784,272,973	742,082,939
Deferred Outflows of Resources						
Pension related	387,288	469,480	3,702,338	5,473,297	4,089,626	5,942,777
OPEB related	156,694	141,586	1,497,941	1,650,649	1,654,635	1,792,235
Total Deferred Outflows of Resources	543,982	611,066	5,200,279	7,123,946	5,744,261	7,735,012
Liabilities:						
Current liabilities	2,566,769	3,852,610	14,421,454	15,375,298	16,988,223	19,227,908
Noncurrent liabilities	1,583,638	1,370,219	101,666,150	104,636,172	103,249,788	106,006,391
TOTAL LIABILITIES	4,150,407	5,222,829	116,087,604	120,011,470	120,238,011	125,234,299
Deferred Inflows of Resources						
Lease related	-	399,347	-	412,242	-	811,589
Pension related	251,995	343,279	2,408,985	4,002,025	2,660,980	4,345,304
OPEB related	96,942	96,276	926,731	1,122,408	1,023,673	1,218,684
Total Deferred Inflows of Resources	348,937	838,902	3,335,716	5,536,675	3,684,653	6,375,577
Net Position:						
Net Investment in capital assets	33,265,825	32,807,289	264,397,075	281,764,763	297,662,900	314,572,052
Restricted for:						
Capital projects and water expansion	85,092,017	79,773,869	150,848,774	148,375,441	235,940,791	228,149,310
Pension trust	224,776	196,482	2,140,123	1,846,268	2,364,899	2,042,750
Unrestricted	31,967,449	26,915,708	98,158,531	46,528,255	130,125,980	73,443,963
TOTAL NET POSITION	\$ 150,550,067	\$ 139,693,348	\$ 515,544,503	\$ 478,514,727	\$ 666,094,570	\$ 618,208,075

As the above table indicates, the Agency’s total net position in fiscal year 2025 increased by \$47.9 million or 7.8 percent from \$618.2 million to \$666.1 million. During the fiscal year ended June 30, 2025, the total assets increased by \$42.2 million or 5.7 percent from \$742.1 million to \$784.3 million. Capital assets increased by \$3.2 million or 1 percent from \$372.9 million to \$376.1 million. Current and other assets increased \$39 million or 10.6 percent from \$369.1 million to \$408.1 million mainly due to an increase in cash and investments of \$30.8 million or 9.1 percent. This increase was due to increases in connection and development fee revenue, investment earnings, settlement proceeds, and water sales revenue. Account receivables also increased by \$6.6 million or 22.8 percent due to water connection fee revenue and water sales accrued at fiscal year-end. Total liabilities decreased \$5 million or 4 percent from \$125.2 million to \$120.2 million mainly due to debt service retirements of \$2.1 million, a \$1.5 million decrease in Net Pension Liability due to a favorable investment experience, and a decrease in accounts payable of \$2.8 million due to construction projects nearing completion. The decrease is offset by an increase of \$1.9 million in compensated absences due to the implementation of GASB 101 in which recognition thresholds were lowered.

The government-wide statement of net position for the Agency’s governmental and business-type activities indicates that as of June 30, 2025, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$666.1 million compared to \$618.2 million at June 30, 2024.

Alameda County Flood Control and Water Conservation District – Zone 7

Zone7 Water Agency

Management's Discussion and Analysis (Unaudited) (Continued)

For the Years Ended June 30, 2025, and 2024

The largest portion of the Agency's net position, \$297.7 million or 44.7 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, 2025, and 2024 were \$4.1 million and \$5.9 million, respectively. The deferred outflows of resources due to OPEB (GASB Statement No. 75) at June 30, 2025, and 2024 were \$1.7 million and \$1.8 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, 2025, and 2024 were \$2.7 million and \$4.3 million, respectively. The deferred inflows of resources due to OPEB (GASB Statement No. 75) at June 30, 2025, and 2024 were \$1 million and \$1.2 million, respectively.

Statement of Net Position

June 30, 2024, and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 112,336,724	\$ 103,893,110	\$ 256,802,090	\$ 211,291,869	\$ 369,138,814	\$ 315,184,979
Capital assets	32,807,289	33,188,061	340,136,836	330,831,805	372,944,125	364,019,866
TOTAL ASSETS	145,144,013	137,081,171	596,938,926	542,123,674	742,082,939	679,204,845
Deferred Outflows of Resources						
Pension related	469,480	618,261	5,473,297	7,506,060	5,942,777	8,124,321
OPEB related	141,586	164,905	1,650,649	2,002,044	1,792,235	2,166,949
Total Deferred Outflows of Resources	611,066	783,166	7,123,946	9,508,104	7,735,012	10,291,270
Liabilities:						
Current liabilities	3,852,610	3,672,237	15,375,298	10,230,040	19,227,908	13,902,277
Noncurrent liabilities	1,370,219	1,559,906	104,636,172	80,171,507	106,006,391	81,731,413
TOTAL LIABILITIES	5,222,829	5,232,143	120,011,470	90,401,547	125,234,299	95,633,690
Deferred Inflows of Resources						
Lease related	399,347	423,308	412,242	452,647	811,589	875,955
Pension related	343,279	428,071	4,002,025	5,197,048	4,345,304	5,625,119
OPEB related	96,276	100,813	1,122,408	1,223,931	1,218,684	1,324,744
Total Deferred Inflows of Resources	838,902	952,192	5,536,675	6,873,626	6,375,577	7,825,818
Net Position:						
Net Investment in capital assets	32,807,289	33,188,061	281,764,763	276,759,129	314,572,052	309,947,190
Restricted for:						
Capital projects and water expansion	79,773,869	75,844,802	148,375,441	117,661,201	228,149,310	193,506,003
Pension trust	196,482	163,767	1,846,268	1,488,488	2,042,750	1,652,255
Unrestricted	26,915,708	22,483,372	46,528,255	58,447,787	73,443,963	80,931,159
TOTAL NET POSITION	\$ 139,693,348	\$ 131,680,002	\$ 478,514,727	\$ 454,356,605	\$ 618,208,075	\$ 586,036,607

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

As the above table indicates, the Agency’s total net position in fiscal year 2024 increased by \$32.2 million or 5.5 percent from \$586 million to \$618.2 million. During the fiscal year ended June 30, 2024, the total assets increased by \$62.9 million or 9.3 percent from \$679.2 million to \$742.1. Capital assets increased by \$8.9 million or 2.4 percent from \$364 million to \$372.9 million. Current and other assets increased \$53.9 million or 17.1 percent from \$315.2 million to \$369.1 million mainly due to an increase in cash and investments of \$42 million or 14.1 percent. This increase was mainly due to the issuance of the 2023 Water Revenue Bonds, Series A in the amount of \$28.8 million. Account receivables also increased by \$14.2 million or 97.3 percent due to the Sustainable Groundwater Management Act (SGMA) implementation grant of \$11.5 million received from the State of California Department of Water Resources (DWR) for the Stoneridge Well and Chain of Lakes Ion Exchange (IX) Per- and Polyfluoroalkyl Substances (PFAS) treatment facilities. Total liabilities also reflect an increase of \$29.6 million or 31 percent from \$95.6 million to \$125.2 million mainly due to a \$27.9 million increase in long-term debt as a result of the 2023 Water Revenue Bonds Series A, a \$4.7 million increase in accounts payable and accrued expenses, and a slight increase in OPEB liability of \$0.2 million. The increase is offset by a decrease in the pension liability of \$3.2 million and \$2.2 million retirement of bonds payable.

The government-wide statement of net position for the Agency’s governmental and business-type activities indicates that as of June 30, 2024, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$618.2 million compared to \$586 million at June 30, 2023.

The largest portion of the Agency’s net position, \$314.6 million or 50.9 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, 2024, and 2023 were \$5.9 million and \$8.1 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2024, and 2023 were \$1.8 million and \$2.2 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, 2024, and 2023 were \$4.3 million and \$5.6 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2024, and 2023 were \$1.2 million and \$1.3 million, respectively. The deferred inflows of resources due to leases (GASB Statement No. 87) at June 30, 2023, and 2022 were \$0.8 million and \$0.9 million, respectively.

Alameda County Flood Control and Water Conservation District – Zone 7

Zone7 Water Agency

Management's Discussion and Analysis (Unaudited) (Continued) For the Years Ended June 30, 2025, and 2024

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2025, and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Charges for services	\$ 5,181,695	\$ 2,387,743	\$ 122,133,839	\$ 103,898,726	\$ 127,315,534	\$ 106,286,469
Grants and other contributions	403,173	753,675	8,557,183	6,137,284	8,960,356	6,890,959
Capital grants and contributions	50,000	241,193	2,902,194	11,497,801	2,952,194	11,738,994
General revenues:						
Property taxes	12,536,110	12,182,791	-	-	12,536,110	12,182,791
Investment earnings and others	5,034,389	3,823,510	22,636,078	8,251,972	27,670,467	12,075,482
Total revenues	23,205,367	19,388,912	156,229,294	129,785,783	179,434,661	149,174,695
Expenses:						
Flood Protection Operations	8,650,032	10,431,196	-	-	8,650,032	10,431,196
Flood Protection Development Impact Fee	3,320,980	68,043	-	-	3,320,980	68,043
Flood Protection Grants	359,365	864,437	-	-	359,365	864,437
State Water Project	-	-	28,627,763	27,290,867	28,627,763	27,290,867
Water Enterprise	-	-	90,590,025	78,348,684	90,590,025	78,348,684
Total expenses	12,330,377	11,363,676	119,217,788	105,639,551	131,548,165	117,003,227
Change in net position before transfers	10,874,990	8,025,236	37,011,506	24,146,232	47,886,496	32,171,468
Transfers, net	(18,270)	(11,890)	18,270	11,890	-	-
Change in net position	10,856,720	8,013,346	37,029,776	24,158,122	47,886,496	32,171,468
Net position at beginning of year	139,693,348	131,680,002	478,514,727	454,356,605	618,208,075	586,036,607
Net position at end of year	\$ 150,550,068	\$ 139,693,348	\$ 515,544,503	\$ 478,514,727	\$ 666,094,571	\$ 618,208,075

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 \$47.9 million from the prior year. The table above indicates the Agency's total revenues increased by \$30.3 million or 20.3 percent to \$179.4 million from \$149.2 million in the prior year. Charges for services increased \$21 million or 19.8 percent due to a \$14.5 million increase in connection and development fees, primarily development in the City of Livermore for the Triad Place and Serenity homes, Arroyo Crossing Development, and Oaks Business Park; \$4 million increase in water sales; \$1.3 million reimbursement for the now-defunct Los Vaqueros Reservoir Expansion Project; and a \$1 million cost share agreement with City of Pleasanton for the joint regional groundwater development project. Investment earnings increased \$4.8 million due to favorable investment experience. Grants and other contributions increased \$2 million due to DWR refunds which vary year by year as it's based on the level of prior year expenditures. Other revenues increased \$10.8 million due to a class action settlement in the Aqueous Film-Forming Foams (AFFF) Product Liability Multidistrict Litigation (MDL) due to PFAS contamination in Public Water System's Drinking Water. These increases were offset by a \$8.8 million decrease in capital grants and other contributions due to the State of California Department of Water Resources (DWR) Sustainable Groundwater Management Act (SGMA) implementation grant of \$11.5 million the Agency received last fiscal year.

Total expenses increased by \$14.5 million or 12.4 percent from \$117 million to \$131.5 million. Water Enterprise Operations increased \$12.2 million mainly due to a \$4.8 million increase in salaries and wages due to cost-of-living adjustments effective June 2024; \$7.1 million retirement of the Del Valle Water Treatment Plant (DVWTP) Dissolved Air Flootation system; \$2.8 million increase in legal expenses primarily related to the AFFF MDL class action settlements. This was offset by a decrease of \$1.4 million in participation expenses for the Sites Reservoir Project and Los Vaqueros Reservoir Project. The State Water Project expenses increased \$1.3 million due to an increase in State Water Project pass-through payments to DWR. Flood Protection Operations decreased \$1.8 million due to permitting delays that have slowed down 2022-23 high priority storm repair site projects as these efforts will continue into fiscal year 2026. The Flood Protection Development Impact Fee expenses increased \$3.3 million mainly due to the one-time \$3 million payment for a developer reimbursement for the construction of a detention basin in Camp Parks Reserve Forces Training Area in the City of Dublin.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2024, and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Charges for services	\$ 2,387,743	\$ 1,384,402	\$ 103,898,726	\$ 99,389,690	\$ 106,286,469	\$ 100,774,092
Grants and other contributions	753,675	90,914	6,137,284	9,752,717	6,890,959	9,843,631
Capital grants and contributions	241,193	486,234	11,497,801	-	11,738,994	486,234
General revenues:						
Property taxes	12,182,791	11,647,326	-	-	12,182,791	11,647,326
Investment earnings and others (loss)	3,823,510	1,464,877	8,251,972	1,612,299	12,075,482	3,077,176
Total revenues	19,388,912	15,073,753	129,785,783	110,754,706	149,174,695	125,828,459
Expenses:						
Flood Protection Operations	10,431,196	8,811,830	-	-	10,431,196	8,811,830
Flood Protection Development Impact Fee	68,043	176,869	-	-	68,043	176,869
Flood Protection Grants	864,437	228,936	-	-	864,437	228,936
State Water Project	-	-	27,290,867	25,703,191	27,290,867	25,703,191
Water Enterprise	-	-	78,348,684	71,877,411	78,348,684	71,877,411
Total expenses	11,363,676	9,217,635	105,639,551	97,580,602	117,003,227	106,798,237
Change in net position before transfers	8,025,236	5,856,118	24,146,232	13,174,104	32,171,468	19,030,222
Transfers, net	(11,890)	(11,890)	11,890	11,890	-	-
Change in net position	8,013,346	5,844,228	24,158,122	13,185,994	32,171,468	19,030,222
Net position at beginning of year as restated	131,680,002	125,835,774	454,356,605	441,170,611	586,036,607	567,006,385
Net position at end of year	\$ 139,693,348	\$ 131,680,002	\$ 478,514,727	\$ 454,356,605	\$ 618,208,075	\$ 586,036,607

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 \$32.2 million from the prior year. The table above indicates the Agency total revenues increased by \$23.4 million or 18.6 percent to \$149.2 million from \$125.8 million in the prior year. The increase is mainly due to a \$11.3 million increase in capital grants and contributions from DWR for the SGMA implementation grant for the Stoneridge Well and Chain of Lakes PFAS treatment facilities, \$5.5 million net increase for charges for services as a result of a \$9.0 million increase in water sales offset by a \$5.2 million decrease in connection fees, \$8.8 million increase in investment earnings from the previous year as a result of favorable market conditions and a \$0.5 million increase in property tax due to increased property assessed valuations. These increases were offset by a \$3.0 million decrease in operating grants and other contributions due to DWR refunds of our State Water Project pass-through payments.

Total expenses increased by \$10.2 million or 9.5 percent from \$106.8 million to \$117.0 million mainly due to a \$6.5 million increase in Water Enterprise water contractual services, chemical purchases, and interest expense and fiscal charges on long-term debt, a \$1.6 million increase in the State Water Project pass-through payments to DWR and \$1.8 million increase in capital asset depreciation. Flood Protection Operations projects increased \$1.6 million mainly due to emergency flood projects, multi-year projects such as the Alamo Creek Project planning, design services to repair damages to flood protection facilities and other routine maintenance repair project activities. The increase was offset by a decrease in water purchases of \$0.4 million, water storage of \$1.1 million, and utilities of \$1.2 million.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Governmental Activities

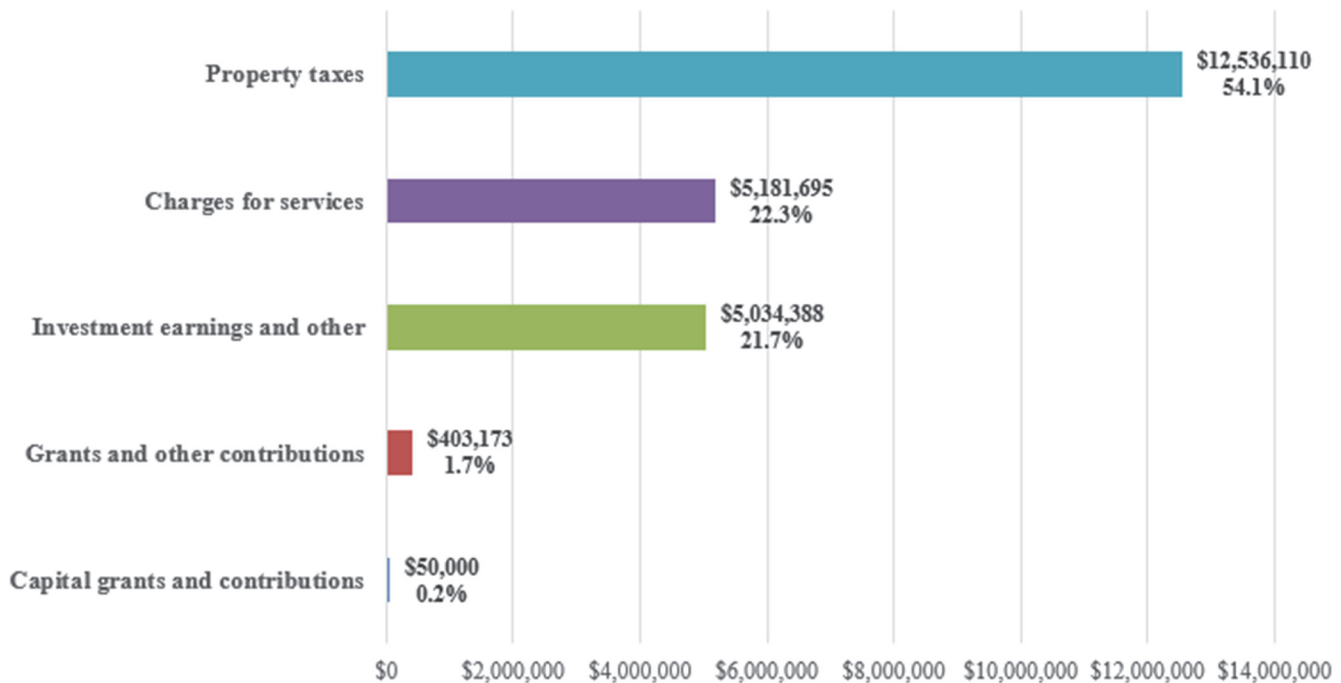
The net position for the Agency’s governmental activities increased by \$10.9 million from \$139.7 million to \$150.6 million. The net position’s increase from the prior year is mainly due to a \$9.4 million increase in total assets and \$1.1 million decrease in total liabilities, \$0.5 million in pension and OPEB-related deferred inflows, which contributes to the increase in net position. Total revenues were \$23.2 million and total expenses (including transfers) were \$12.3 million.

Revenues: Significant changes in revenue are as follows:

Total revenues increased by \$3.8 million from the prior year or 19.7 percent.

- Charges for services increased by \$2.8 million or 117 percent mainly due to Development Impact Fees from the City of Livermore.
- Property tax revenue increased by \$0.4 million or 2.9 percent due to the higher total assessed value.
- Investment earnings and others increased by \$1.3 million due to favorable market conditions this fiscal year.

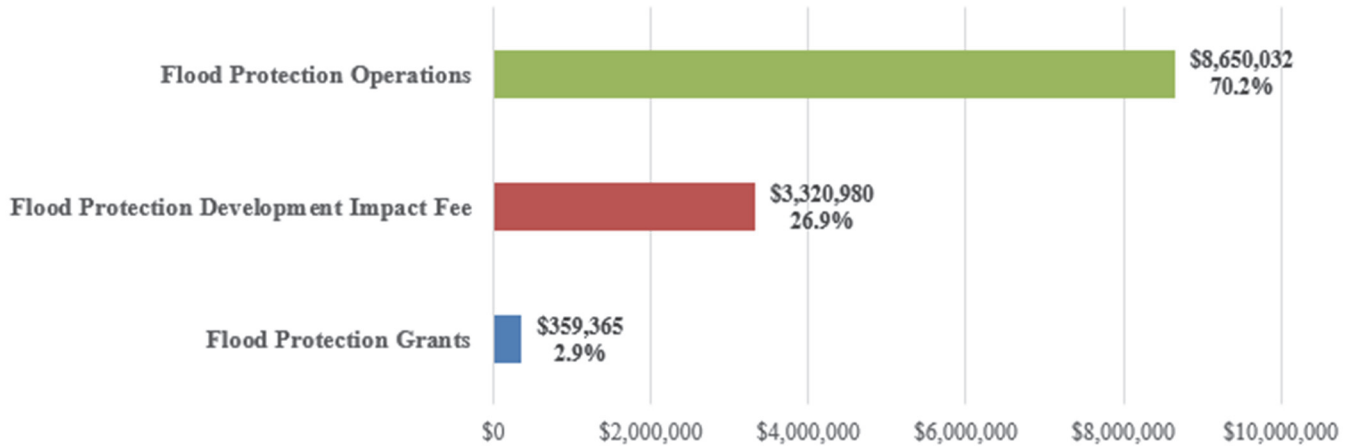
Revenues by Source - Governmental Activities



Expenses: Total expenses increased by \$1 million, or 8.5 percent, in the governmental activities mainly due to the developer reimbursement for the construction of a detention basin, offset by decreases in services and supplies as permitting delays have deferred many projects into fiscal year 2026. In August 2022, the Board adopted the Flood Management Plan Phase 1 which will direct the Agency’s future maintenance activities and capital projects for flood protection. Phase 2A commenced in February 2023 and will be the basis for the development of planning alternatives to be considered by the Board.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Expenses by Source - Governmental Activities



Business-Type Activities

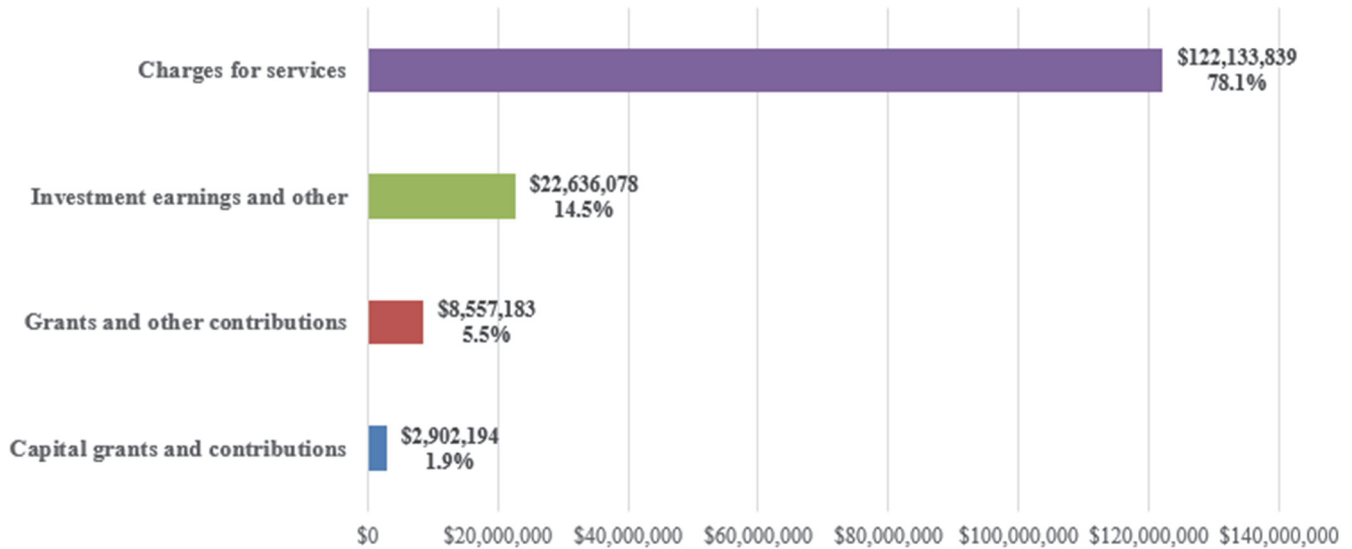
The net position for the Agency’s business-type activities increased by \$37 million from \$478.5 million to \$515.5 million during the current year. The net position increased from the prior year mainly due to a \$30.1 million increase in current and other assets. Total revenues were \$156.2 million and total expenses (including transfers) were \$119.2 million.

Revenues: Significant changes in revenues are as follows:

- Charges for services: includes water rate revenue, connections fees, and property taxes. Charges for services increased by a net of \$18.2 million from the prior year. The increase is due to Water Connection Fees, water sales, cost share agreement with City of Pleasanton for the joint regional groundwater development project, and the Los Vaqueros Reservoir Expansion Project reimbursement.
- Investment earnings: increased by \$4.8 million mainly due favorable market conditions for the fiscal year.
- Grants and other contributions: include intergovernmental revenue such as DWR refunds and grant proceeds. Grants and other contribution increased \$2.4 million due to DWR refunds. DWR refunds and credits vary year to year based on the level of prior year expenditures. Capital grants and contributions decreased by \$8.6 million due to DWR SGMA implementation grant received last fiscal year.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Revenues by Source - Business-type Activities

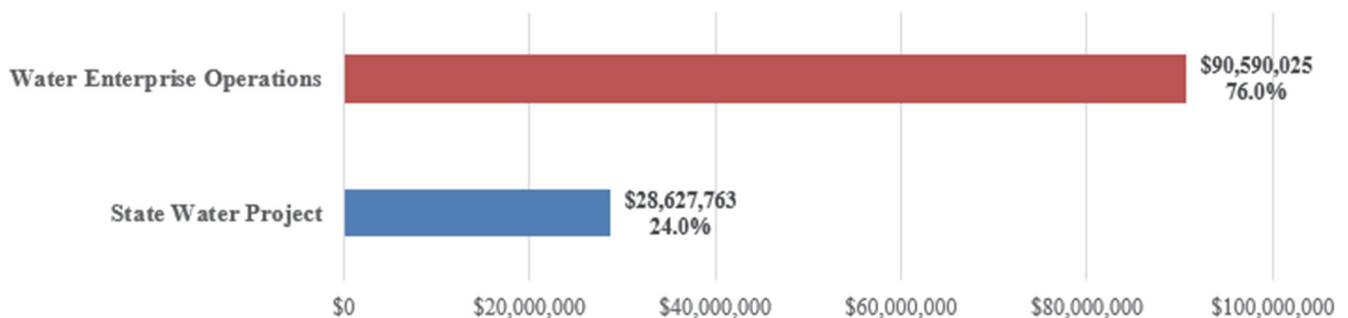


Expenses: Significant changes in expenses are as follows:

Total expenses: The total expenses are \$119.2 million, which is a \$13.6 million or 12.9 percent increase from the prior year mainly attributed to the following:

- **State Water Project:** Expenses increased by \$1.3 million or 4.9 percent. The State Water Project pass-through payments to California State Department of Water Resources (DWR) cost fluctuates throughout the years.
- **Water Enterprise:** includes Water Enterprise Operations, Water Enterprise Capital Expansion, and Non-Major Enterprise Funds. Expenses increased by \$12.2 million or 15.6 percent mainly due to an increase in salaries and wages, asset retirements, and legal expenses for the AFFF MDL class action settlement, and offset by a decrease in program participation costs.

Expenses by Source - Business-type Activities



Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

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, 2025, the Agency’s governmental funds reported combined ending fund balance of \$118.7 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, 2025, its fund balance was \$33.6 million, an increase of \$5.8 million from prior fiscal year. The increase in fund balance is mainly due to a \$1.2 million decrease in services and supplies due to project deferrals resulting from permitting delays and \$0.4 million increase in investment earnings due to favorable market conditions and a \$0.4 million increase in property taxes due to higher total assessed value. The \$33.6 million fund balance is committed as follows: \$23.9 million for capital projects, \$9.5 million for operating contingency and \$0.2 million is restricted.
- **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, 2025, its restricted fund balance was \$85.1 million, an increase of \$5.3 million from the prior fiscal year. The increase in fund balance was primarily due to a \$3.4 million increase in Development Impact Fees, a \$0.9 million increase in investment earnings due to favorable market conditions, offset by a \$3 million developer reimbursement. In accordance with the Agency Goal E – Effective Flood Protection, Strategic Initiative Plan No. 12, the Board approved guiding principles goals of the Flood Management Plan which will direct the Agency’s future maintenance activities and capital project for flood protection. The Agency is in the process of developing a complete Flood Management Plan that addresses climate change and changing regulatory requirements.

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, 2025, was \$57.9 million, an increase of \$5.6 million from the prior fiscal year.

Operating expenses increased by \$1.3 million or 5 percent due to the State Water Project pass-through payments to California State Department of Water Resources. Intergovernmental revenue increased \$2 million due to refunds from DWR which are based on the level of prior year expenditures. Investment earnings increased by \$1.1 million due to favorable market conditions.

Alameda County Flood Control and Water Conservation District – Zone 7

Zone7 Water Agency

Management's Discussion and Analysis (Unaudited) (Continued)

For the Years Ended June 30, 2025, and 2024

- **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, 2025, was \$387 million, an increase of \$20.1 million from the prior fiscal year.

Operating revenues were \$71.7 million, an increase of \$6.3 million from the prior fiscal year due to water sales and reimbursement for Los Vaqueros Reservoir Expansion Project costs. The Board approved 5.5% annual revenue adjustment for wholesale water services for Calendar Years 2023, 2024, 2025 and 2026. In FY 2025, water sales increased by \$4.0 million, mainly due to an increase in water demand to the City of Pleasanton due to their wells being offline from detection of PFAS. Investment earnings increased by \$1.3 million due to favorable market conditions for the fiscal year. Intergovernmental revenue, which includes grant revenue, decreased \$8.3 million due to the SGMA implementation grant received from DWR last fiscal year. The Agency also received settlement proceeds for the AFFF MDL class action settlement totaling \$11 million. Operating expenses were \$60.4 million, an increase of \$5.4 million from the prior fiscal year. In operating expenses, salaries, wages, and benefits increased by \$3.8 million due to a 4 percent cost-of-living adjustment, contractual services increased by \$3.2 million due to AFFF MDL class action legal expenses. Chemical purchases increased \$0.6 million due to cost increases. Water purchases decreased \$2.3 million due to a pause in funding for the Delta Conveyance Project which resumes in calendar year 2026 and State Water Project conveyance costs.

- **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, 2025, the net position for the fund was \$70.5 million, an increase of \$11.3 million from the prior fiscal year.

Operating revenues were \$23.8 million, an increase of \$11.9 million from the prior fiscal year due to an increase in water connection fee revenues. Operating expenses were \$0.7 million or 3.8 percent less than the prior fiscal year mainly due to decreases in participation costs in the Sites Reservoir Project and Los Vaqueros Expansion Project.

Non-operating revenues (expenses) saw an increase in revenue of \$1.3 million from the prior year mainly due to an increase in investment earnings from a favorable market conditions for the fiscal year.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Governmental Funds Budgetary Highlights

A comparative budgetary statement for the Agency’s governmental fund (Flood Protection Operation Fund) for the year ended June 30, 2025:

	Final Budgeted Amounts	Actual Amounts Budgetary Basis	Budget Variance	
			June 30, 2025	June 30, 2024
REVENUES:				
Property taxes	\$ 12,498,000	\$ 12,536,110	\$ 38,110	\$ 913,791
Intergovernmental revenues	169,000	93,808	(75,192)	18,377
Charges for services	85,000	213,174	128,174	653,538
Investment earnings	595,000	1,336,319	741,319	734,738
Rental Income	13,000		(13,000)	111
Others	138,000	241,686	103,686	(64,829)
Total Revenue	<u>\$ 13,498,000</u>	<u>\$ 14,421,097</u>	<u>\$ 923,097</u>	<u>\$ 2,255,726</u>
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	3,133,000	3,187,556	(54,556)	560,590
Services and supplies	23,546,669	5,702,939	17,843,730	6,983,170
Capital outlay:				
Equipment and capital structures	5,074,478		5,074,478	4,861,823
Total Expenditures	<u>\$ 31,754,147</u>	<u>\$ 8,890,495</u>	<u>\$ 22,863,652</u>	<u>\$ 12,405,583</u>
EXCESS REVENUES OVER EXPENDITURES	(18,256,147)	5,530,602	23,786,749	14,661,309
Other Financing Sources (Uses)	-	6,882	6,882	18,480
Transfers in (Note 3)		318,174	318,174	
Transfers (out) (Note 3)	(16,000)	(18,270)	(2,270)	(315,065)
NET CHANGE IN FUND BALANCE	<u>\$ (18,272,147)</u>	<u>5,837,388</u>	<u>\$ 24,109,535</u>	<u>\$ 14,364,724</u>
Fund balance, beginning of year		<u>27,800,557</u>		
FUND BALANCE, END OF YEAR		<u>\$ 33,637,945</u>		

The Agency’s actual flood protection operation fund revenues are over the budget by \$0.9 million due to property tax revenue based on higher assessments and investment earnings due to favorable market conditions.

Variations between budget and actual expenditures in the special revenue fund reflect overall expenditures less than the final budget by \$22.9 million. The variance is primarily due to project deferrals due to permitting delays and re-prioritization and deferral of capital projects while the Flood Management Plan is being developed. The Flood Management Plan will direct the Agency’s future maintenance activities and capital project for flood protection.

A comparative budgetary statement for the Agency’s governmental fund (Flood Protection Development Impact Fee Fund) for the year ended June 30, 2025:

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

	Final Budgeted Amounts	Actual Amounts Budgetary Basis	Budget Variance	
			June 30, 2025	June 30, 2024
REVENUES:				
Charges for services	\$ 1,500,000	\$ 4,968,521	\$ 3,468,521	\$ (863,906)
Investment earnings	1,952,000	3,421,002	1,469,002	1,982,366
Others	25,000	28,500	3,500	21,755
Total Revenue	<u>\$ 3,477,000</u>	<u>\$ 8,418,023</u>	<u>\$ 4,941,023</u>	<u>\$ 1,140,215</u>
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	147,200	30,463	116,737	263,726
Services and supplies	5,470,082	3,290,517	2,179,565	2,375,610
Capital outlay:				
Equipment and capital structures		-	-	55,883
Total Expenditures	<u>\$ 5,617,282</u>	<u>\$ 3,320,980</u>	<u>\$ 2,296,302</u>	<u>\$ 2,695,219</u>
EXCESS REVENUES OVER EXPENDITURES	(2,140,282)	5,097,043	7,237,325	3,835,434
Other Financing (Uses):	-	-	-	-
Transfers in (Note 3)	-	221,105	221,105	(221,105)
NET CHANGE IN FUND BALANCE	<u>\$ (2,140,282)</u>	<u>5,318,148</u>	<u>\$ 7,458,430</u>	<u>\$ 3,614,329</u>
Fund balance, beginning of year		79,773,869		
FUND BALANCE, END OF YEAR		<u>\$ 85,092,017</u>		

The Agency’s actual flood protection development impact fee fund revenues are over the budget by \$4.9 million mainly due to an increase Development Impact Fees primarily for the City of Livermore and in investment earnings due to the favorable market conditions.

Variations between budget and actual expenditures in the flood protection development impact fee fund reflect overall expenditures less than the final budget by \$2.3 million. The variance is primarily due to project deferrals due to permitting delays and the re-prioritization and deferral of capital projects while the Flood Master Plan Phase 1, approved by the Board in August 2022, and 2A are being developed.

Capital Assets

As of June 30, 2025, the agency’s capital assets totaled \$376.1 million (net of accumulated depreciation and amortization) which is an increase of \$3.2 million from the capital assets balance of \$372.9 million at June 30, 2024. The increase in capital assets was primarily due to construction of the Stoneridge Well PFAS Treatment Facility, MGDG Concentrate Conditioning Facility Project, Chain of Lakes PFAS Treatment Facility, and the Wells and MGDG Electrical Upgrades Project. This was offset by the decrease in construction in progress and the retirements of the DVWTP Dissolved Air Flootation system. Additional information on the Agency’s capital assets is provided in Note 4 of the financial statement.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

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, 2025, 2024 and 2023
(In millions of dollars)

	2025	2024	2025 vs. 2024		2023	2024 vs. 2023	
			\$ Change	% Change		\$ Change	% Change
Easements	\$ 1.9	\$ 1.9	\$ -	0%	\$ 1.9	\$ -	0%
Land	9.6	9.6	-	0%	9.6	-	0%
Treatment Plants	259.2	264.6	(5.4)	-2%	260.5	4.1	2%
Construction in Progress	7.7	18.5	(10.8)	-58%	15.8	2.7	17%
Office Building	8.6	8.6	-	0%	8.6	-	0%
Pipelines	53.9	53.9	-	0%	53.9	-	0%
Reservoirs	3.0	3.0	-	0%	3.0	-	0%
Water Entitlements	36.7	36.7	-	0%	36.7	-	0%
Wellfields	65.2	42.2	23.0	55%	31.2	11.0	35%
Supervisory Control and Data Acquisition Project	10.2	10.2	-	0%	9.7	0.5	5%
Others	10.4	9.9	0.5	5%	9.7	0.2	2%
Subtotal	466.4	459.1	7.3	2%	440.6	18.5	4%
Less Accumulated depreciation/amortization	123.5	119.2	4.3	4%	109.8	9.4	9%
Total capital assets	342.9	339.9	3.0	1%	330.8	9.1	3%
Lease assets	-	-	-	0%	-	\$ -	0%
Less Accumulated depreciation/amortization	-	-	-	0%	-	-	0%
Total lease assets	-	-	-	0%	-	-	0%
Subscription Assets	-	0.3	(0.3)	-100%	-	\$ 0.3	0%
Less Accumulated depreciation/amortization	-	0.1	(0.1)	-100%	-	0.1	0%
Total Subscription assets	-	0.2	(0.2)	-100%	-	0.2	0%
Total capital assets, net	\$ 342.9	\$ 340.1	\$ 2.8	1%	\$ 330.8	\$ 9.3	3%

Capital Assets
Governmental Activities
For the Years Ended June 30, 2025, 2024 and 2023
(In millions of dollars)

	2025	2024	2025 vs. 2024		2023	2024 vs. 2023	
			\$ Change	% Change		\$ Change	% Change
Land	\$ 21.2	\$ 21.2	\$ -	0%	\$ 21.2	\$ -	0%
Easements	0.1	0.1	-	0%	0.1	-	0%
Flood Control Channels	12.4	12.4	-	0%	12.4	-	0%
Construction in Progress	0.9	-	0.9	0%	-	-	0%
Office Building	1.9	1.9	-	0%	1.9	-	0%
Others	3.2	3.2	-	0%	3.1	0.1	3%
Subtotal	39.7	38.8	0.9	2%	38.7	0.1	0%
Less Accumulated depreciation/amortization	6.3	6.0	0.3	5%	5.5	0.5	9%
Capital assets, net	\$ 33.4	\$ 32.8	\$ 0.6	2%	\$ 33.2	\$ (0.4)	-1%

Debt Administration and Bond Rating

As of June 30, 2025, the Agency had \$83.5 million in outstanding debt and \$4.1 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.

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

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 Rating

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”), S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, and Fitch Ratings. 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. The Agency credit ratings for the Livermore Valley Water Financing Authority (LVWFA), Water Revenue Bonds, 2023 and 2018 Series A, were as follows:

Type of Bond	Ratings/ Outlook	
	S & P	Fitch Rating
LVWFA Water Revenue Bonds, 2023 Series A	AAA/ Stable	AAA/ Stable
LVWFA Water Revenue Bonds, 2018 Series A	AAA/ Stable	AAA/ Stable

On September 25, 2025, Fitch Ratings upgraded the LVWFA’s Water Revenue Bonds, 2023 and 2018, Series A, and Issuer Default Rating (IDR) to ‘AAA’ from ‘AA+’. The outlook is stable. According to Fitch Ratings, *“The upgrade of the water revenue bond rating and IDR to ‘AAA’ from ‘AA+’ reflects Fitch’s expectation that additional debt will be issued over the five-year period, but that leverage will remain exceptionally...The agency’s leverage has been below zero in each of the last five fiscal years (2020-2024; Fiscal Year Ending June 30) as a result of cash balances exceeding adjusted debt. The agency is positioned well to absorb a potential increase in leverage should financing become necessary for large capital projects in the intermediate- to long-term.”*

On October 11, 2023, S&P Global Ratings announced it had raised its long-term rating on the Agency’s outstanding 2018A and 2023A Water Revenue Bonds to ‘AAA’ from ‘AA+’. According to S&P Global Ratings, *“the stable outlook reflects our view of the agency’s diverse water supply when considering its surface and groundwater storage, strong financial position in terms of all-in coverage and liquidity, fixed-rate schedule, and drought surcharge schedule, which we believe will allow it to recover costs and stabilize revenues in the event of future drought conditions. The outlook also reflects our assessment that the three strongest retail customers’ water fund credit quality will remain consistent with current projections.”*

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

Alameda County Flood Control and Water Conservation District – Zone 7
Zone7 Water Agency
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2025, and 2024

Economic Factors and Next Year’s Budget and Rates

- The Board of Directors adopted the Agency’s two-year budget on June 11, 2024 and amended as part of the mid-cycle review on June 18, 2025. The two-year budget provides funding for the Agency’s operating, capital and debt service payments for the fiscal years ending June 30, 2025, and 2026. The budget addresses current operational and economic conditions and continues to provide the highest standard of water quality, reliability, and flood protection services. These current conditions have impacted the budget in the following ways:
- Decrease in federal grant revenue due to storm damage repair permitting delays.
 - Increase in water production costs due to inflationary cost increases.
 - Continued significant funding for storm damage repairs resulting from the 2022-23 storms.
 - Funding for continued participation in water supply reliability projects (Sites Reservoir and Delta Conveyance Project) to further diversify the Agency’s water portfolio.
 - Increase in personnel costs due to the addition of four full-time positions and a cost-of-living adjustment.
 - The Alameda County unemployment rate as of September 2024 is 4.8%.
- On November 16, 2022, the Board approved 5.5% annual rate revenue adjustment for wholesale water services for Calendar Years 2023, 2024, 2025 and 2026. The first-rate increase went into effect February 1, 2023, and the remaining increases for calendar years 2024-2026 will be effective January 1 of each year. The water rate schedule was set through a rigorous cost-recovery analysis and public review process. The Board reviewed the rate schedule for calendar years 2025 and 2026, through a public process in October 2024. Based on the findings of the comprehensive review, the Board determined the adopted rates were sufficient to meet future revenue requirements with no changes. The adopted rate schedule is shown in the table below:

Calendar Year	2023	2024	2025	2026
Volume-based Rate per CCF	\$2.27	\$2.34	\$2.44	\$2.47
Fixed Revenue Recovery	45%	45%	45%	45%
Total Fixed Charges	\$27,395,440	\$29,703,607	\$31,805,889	\$33,286,846

Request 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.zone7waterca.gov>.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7 WATER AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2025

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total	
			2025	2024
ASSETS				
Current assets				
Pooled Cash in County Treasury (Note 2)	\$93,377,218	\$97,651,853	\$191,029,071	\$160,748,054
Cash and Investments - Agency Treasury (Note 2)	24,015,694	133,909,936	157,925,630	143,411,922
Restricted cash (Note 2)	1,802,784	19,204,180	21,006,964	35,013,625
Accounts receivable, net	657,016	34,678,384	35,335,400	28,769,897
Interest receivable	2,955	14,955	17,910	22,261
Lease receivable				63,447
Prepaid expenses	1,383,937	1,425,584	2,809,521	362,031
Total current assets	121,239,604	286,884,892	408,124,496	368,391,237
Noncurrent assets				
Lease receivable				747,577
Capital assets (Note 4):				
Rights of way, water entitlements, easements and construction in progress	22,121,614	55,757,066	77,878,680	87,816,983
Depreciable, net	11,144,211	287,125,586	298,269,797	285,127,142
Total noncurrent assets	33,265,825	342,882,652	376,148,477	373,691,702
Total assets	154,505,429	629,767,544	784,272,973	742,082,939
DEFERRED OUTFLOW OF RESOURCES				
Pension related (Note 6)	387,288	3,702,338	4,089,626	5,942,777
OPEB related (Note 7)	156,694	1,497,941	1,654,635	1,792,235
Total deferred outflow of resources	543,982	5,200,279	5,744,261	7,735,012
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,097,657	8,584,298	9,681,955	12,711,679
Interest payable		1,957,269	1,957,269	1,785,568
Deposits payable	1,411,985	347,495	1,759,480	1,737,369
Compensated absences (Note 1L)	57,127	1,317,392	1,374,519	807,031
Long-term debt - due within one year (Note 5)		2,215,000	2,215,000	2,186,261
Total current liabilities	2,566,769	14,421,454	16,988,223	19,227,908
Noncurrent liabilities				
Compensated absences (Note 1L)	85,941	1,981,875	2,067,816	742,307
Long-term debt (Note 5)		85,366,792	85,366,792	88,256,469
Net pension liability (Note 6)	1,293,600	12,366,383	13,659,983	15,118,022
Net OPEB liability (Note 7)	204,097	1,951,100	2,155,197	1,889,593
Total noncurrent liabilities	1,583,638	101,666,150	103,249,788	106,006,391
Total liabilities	4,150,407	116,087,604	120,238,011	125,234,299
DEFERRED INFLOW OF RESOURCES				
Lease related				811,589
Pension related (Note 6)	251,995	2,408,985	2,660,980	4,345,304
OPEB related (Note 7)	96,942	926,731	1,023,673	1,218,684
Total deferred inflow of resources	348,937	3,335,716	3,684,653	6,375,577
NET POSITION (Net 10)				
Net investment in capital assets	33,265,825	264,397,075	297,662,900	314,572,052
Restricted for				
Capital Projects and Water Expansion	85,092,017	150,848,774	235,940,791	228,149,310
Pension trust	224,776	2,140,123	2,364,899	2,042,750
Unrestricted	31,967,449	98,158,531	130,125,980	73,443,963
Total net position	\$150,550,067	\$515,544,503	\$666,094,570	\$618,208,075

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Flood Protection Operations	\$8,650,032	\$213,174	\$93,808		\$306,982
Flood Protection Development Impact Fee	3,320,980	4,968,521			4,968,521
Flood Protection Grants	359,365		309,365	\$50,000	359,365
Total governmental activities	12,330,377	5,181,695	403,173	50,000	5,634,868
Business-type activities:					
State Water Project	28,627,763	26,641,080	4,819,004		31,460,084
Water Enterprise	90,590,025	95,492,759	3,738,179	2,902,194	102,133,132
Total business-type activities	119,217,788	122,133,839	8,557,183	2,902,194	133,593,216
Total	\$131,548,165	\$127,315,534	\$8,960,356	\$2,952,194	\$139,228,084
General revenues:					
Property taxes:					
Secured					
Unsecured					
Supplemental					
Investment earnings					
Other					
Total general revenues					
Transfers, net					
Change in net position					
Net position-beginning of year					
Net position-end of year					

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total	
		2025	2024
(\$8,343,050)		(\$8,343,050)	(\$9,586,170)
1,647,541		1,647,541	1,568,051
			37,054
(6,695,509)		(6,695,509)	(7,981,065)
	\$2,832,321	2,832,321	2,118,171
	11,543,107	11,543,107	13,776,089
	14,375,428	14,375,428	15,894,260
(6,695,509)	14,375,428	7,679,919	7,913,195
11,686,102		11,686,102	11,271,738
617,210		617,210	583,549
232,798		232,798	327,504
4,757,320	11,823,400	16,580,720	11,737,076
277,068	10,812,678	11,089,746	338,406
17,570,498	22,636,078	40,206,576	24,258,273
(18,270)	18,270		
10,856,719	37,029,776	47,886,495	32,171,468
139,693,348	478,514,727	618,208,075	586,036,607
<u>\$150,550,067</u>	<u>\$515,544,503</u>	<u>\$666,094,570</u>	<u>\$618,208,075</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2025

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2025	2024
ASSETS					
Current assets					
Cash in County treasury (Note 2)	\$27,548,241	\$65,828,977		\$93,377,218	\$88,584,880
Cash in Agency treasury (Note 2)	5,067,830	18,947,864		24,015,694	20,574,837
Restricted cash (Note 2)	1,802,784			1,802,784	1,720,159
Accounts receivable, net	102,785	414,546	\$139,685	657,016	1,055,688
Interest receivable	752	2,203		2,955	3,542
Prepaid expenses	1,383,937			1,383,937	
Lease receivable					397,618
Due from other funds (Note 3)	86,178	53,507		139,685	774,345
Total assets	<u>\$35,992,507</u>	<u>\$85,247,097</u>	<u>\$139,685</u>	<u>\$121,379,289</u>	<u>\$113,111,069</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$942,577	\$155,080		\$1,097,657	\$2,411,686
Deposits payable	1,411,985			1,411,985	1,411,985
Due to other funds (Note 3)			\$139,685	139,685	774,345
Total liabilities	<u>2,354,562</u>	<u>155,080</u>	<u>139,685</u>	<u>2,649,327</u>	<u>4,598,016</u>
Deferred inflows of resources					
Lease-related					399,347
Unavailable revenues					539,280
Total deferred inflows of resources					938,627
FUND BALANCES					
Restricted	224,776	85,092,017		85,316,793	79,970,351
Committed:					
Flood Protection Capital Projects	23,877,169			23,877,169	15,750,075
Flood Protection Operating Contingency	9,536,000			9,536,000	11,854,000
Total fund balances	<u>33,637,945</u>	<u>85,092,017</u>		<u>118,729,962</u>	<u>107,574,426</u>
Total liabilities and fund balances	<u>\$35,992,507</u>	<u>\$85,247,097</u>	<u>\$139,685</u>	<u>\$121,379,289</u>	<u>\$113,111,069</u>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 RECONCILIATION OF
 GOVERNMENTAL FUNDS - FUND BALANCE
 WITH THE GOVERNMENTAL ACTIVITIES
 STATEMENT OF NET POSITION
 JUNE 30, 2025

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$118,729,962
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Amounts reported for Governmental Activities in the Statement of
 Net position are different from those reported in the Governmental Funds
 above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources
 and therefore are not reported in the Governmental Funds.

Nondepreciable	\$22,121,614	
Depreciable/Amortizable, net	<u>11,144,211</u>	33,265,825

LONG TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and accordingly are not
 reported as fund liabilities. All liabilities, both current and long-term, are reported in the
 Statement of Net Position:

Compensated absences	(143,068)
Net pension liability and related deferred inflows and outflows of resources	(1,158,307)
Net OPEB liability and related deferred inflows and outflows of resources	<u>(144,345)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$150,550,067</u></u>
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See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2025	2024
REVENUES					
Property taxes	\$12,536,110			\$12,536,110	\$12,182,791
Intergovernmental revenues	93,808		\$898,644	992,452	455,588
Charges for services	213,174	\$4,968,521		5,181,695	2,360,632
Interest and rentals	1,336,319	3,421,002		4,757,321	3,485,104
Rental income					27,111
Other revenues	241,686	28,500		270,186	319,926
Total revenues	14,421,097	8,418,023	898,644	23,737,764	18,831,152
EXPENDITURES					
Current:					
Salaries and employee benefits					
transferred from district-wide	3,187,556	30,463	4,534	3,222,553	2,533,566
Services and supplies	5,702,939	3,290,517	354,831	9,348,287	8,517,413
Capital outlay:					
Equipment and capital infrastructure					43,708
	8,890,495	3,320,980	359,365	12,570,840	11,094,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,530,602	5,097,043	539,279	11,166,924	7,736,465
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	6,882			6,882	18,480
Transfers in (Note 3)	318,174	221,105		539,279	539,280
Transfers (out) (Note 3)	(18,270)		(539,279)	(557,549)	(551,170)
Total other financing sources (uses)	306,786	221,105	(539,279)	(11,388)	6,590
NET CHANGE IN FUND BALANCES	5,837,388	5,318,148		11,155,536	7,743,055
FUND BALANCES, BEGINNING OF YEAR	27,800,557	79,773,869		107,574,426	99,831,371
FUND BALANCES, END OF YEAR	\$33,637,945	\$85,092,017		\$118,729,962	\$107,574,426

See accompanying notes to financial statements

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$11,155,536
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Amounts reported for governmental activities in the Statement of Activities
 are different because of the following:

Net decrease in unavailable revenues decreases the receivable in the statement of net position but is reported as a revenue in the governmental funds when received.	(539,280)
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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	881,603
Depreciation expense is deducted from the fund balance	(423,067)

LONG-TERM DEBT

Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.	(87,511)
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ACCRUAL OF PENSION AND OPEB

Net pension liability and related deferred inflows and outflows of resources	(90,185)
Net OPEB liability and related deferred inflows and outflows of resources	(40,377)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$10,856,719
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See accompanying notes to financial statements

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, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$12,498,000	\$12,498,000	\$12,536,110	\$38,110
Intergovernmental revenue	169,000	169,000	93,808	(75,192)
Charges for services	85,000	85,000	213,174	128,174
Interest and rentals	595,000	595,000	1,336,319	741,319
Rental income	13,000	13,000		(13,000)
Other revenue	138,000	138,000	241,686	103,686
TOTAL REVENUES	13,498,000	13,498,000	14,421,097	923,097
EXPENDITURES				
Current:				
Flood protection:				
Salaries and benefits	3,133,000	3,133,000	3,187,556	(54,556)
Services and supplies	20,524,000	23,546,669	5,702,939	17,843,730
Capital outlay:				
Equipment and capital structure	35,000	5,074,478		5,074,478
TOTAL EXPENDITURES	23,692,000	31,754,147	8,890,495	22,863,652
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(10,194,000)	(18,256,147)	5,530,602	23,786,749
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			6,882	6,882
Transfers in (Note 3)			318,174	318,174
Transfers (out) (Note 3)	(16,000)	(16,000)	(18,270)	(2,270)
NET CHANGE IN FUND BALANCE	(\$10,210,000)	(\$18,272,147)	5,837,388	\$24,109,535
Fund balance, beginning of year			27,800,557	
Fund balance, end of year			\$33,637,945	

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 FLOOD PROTECTION DEVELOPMENT IMPACT FEE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$1,500,000	\$1,500,000	\$4,968,521	\$3,468,521
Investment earnings	1,952,000	1,952,000	3,421,002	1,469,002
Other revenue	25,000	25,000	28,500	3,500
TOTAL REVENUES	3,477,000	3,477,000	8,418,023	4,941,023
EXPENDITURES				
Current:				
Flood protection:				
Salaries and benefits	147,200	147,200	30,463	116,737
Services and supplies	1,682,800	5,470,082	3,290,517	2,179,565
Capital outlay:				
Equipment and capital structure				
TOTAL EXPENDITURES	1,830,000	5,617,282	3,320,980	2,296,302
OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	1,647,000	(2,140,282)	5,097,043	7,237,325
OTHER FINANCING SOURCES (USES) Transfers in (Note 3)			221,105	221,105
NET CHANGE IN FUND BALANCE	\$1,647,000	(\$2,140,282)	5,318,148	\$7,458,430
Fund balance, beginning of year			79,773,869	
Fund balance, end of year			\$85,092,017	

See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals	
					2025	2024
ASSETS						
Current assets:						
Cash in County treasury (Note 2)	\$15,194,775	\$63,177,608	\$18,816,007	\$463,463	\$97,651,853	\$72,163,174
Cash in Agency treasury (Note 2)	39,116,969	41,633,226	53,159,741		133,909,936	122,837,085
Restricted cash and investments (Note 2)		18,284,931	919,249		19,204,180	33,293,466
Receivables, net	2,717,296	24,230,755	7,730,333		34,678,384	27,714,209
Interest receivable	4,567	4,191	6,197		14,955	18,719
Lease receivables						39,960
Prepaid deposits	1,110,041	254,206	61,337		1,425,584	362,031
Total current assets	58,143,648	147,584,917	80,692,864	463,463	286,884,892	256,428,644
Noncurrent assets:						
Lease receivables						373,446
Capital assets (Note 4):						
Nondepreciable		55,757,066			55,757,066	66,576,972
Depreciable/amortizable, net		287,125,586			287,125,586	273,559,864
Total noncurrent assets		342,882,652			342,882,652	340,510,282
Total assets	58,143,648	490,467,569	80,692,864	463,463	629,767,544	596,938,926
DEFERRED OUTFLOW OF RESOURCES						
Pension related (Note 6)		3,658,170	44,168		3,702,338	5,473,297
OPEB related (Note 7)		1,480,071	17,870		1,497,941	1,650,649
Total deferred outflow of resources		5,138,241	62,038		5,200,279	7,123,946
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	232,538	7,797,431	554,329		8,584,298	10,299,993
Interest payable		1,744,419	212,850		1,957,269	1,785,568
Deposits				347,495	347,495	325,384
Compensated absences (Note 1L)		1,317,392			1,317,392	778,092
Long-term debt						
- due within one year (Note 5)		1,525,000	690,000		2,215,000	2,186,261
Total current liabilities	232,538	12,384,242	1,457,179	347,495	14,421,454	15,375,298
Noncurrent liabilities:						
Compensated absences (Note 1L)		1,981,875			1,981,875	715,689
Long-term debt (Note 5)		76,772,523	8,594,269		85,366,792	88,256,469
Net pension liability (Note 6)		12,218,855	147,528		12,366,383	13,923,699
Net OPEB liability (Note 7)		1,927,824	23,276		1,951,100	1,740,315
Total noncurrent liabilities		92,901,077	8,765,073		101,666,150	104,636,172
Total liabilities	232,538	105,285,319	10,222,252	347,495	116,087,604	120,011,470
DEFERRED INFLOW OF RESOURCES						
Lease related						412,242
Pension related (Note 6)		2,380,246	28,739		2,408,985	4,002,025
OPEB related (Note 7)		915,675	11,056		926,731	1,122,408
Total deferred inflow of resources		3,295,921	39,795		3,335,716	5,536,675
NET POSITION (Note 1O)						
Net Investment in capital assets		264,397,075			264,397,075	281,764,763
Restricted for						
Capital Projects and Water Expansion	57,911,110	22,461,208	70,476,456		150,848,774	148,375,441
Pension trust		2,123,724	16,399		2,140,123	1,846,268
Unrestricted		98,042,563		115,968	98,158,531	46,528,255
Total net position	\$57,911,110	\$387,024,570	\$70,492,855	\$115,968	\$515,544,503	\$478,514,727

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals	
					2025	2024
OPERATING REVENUES						
Water sales		\$69,090,745			\$69,090,745	\$65,069,514
Connection and development fees			\$22,940,368		22,940,368	11,860,411
Charges for services		392,426			392,426	91,125
Other revenues	\$2,717,296	2,252,825	816,395		5,786,516	2,834,228
Total operating revenues	2,717,296	71,735,996	23,756,763		98,210,055	79,855,278
OPERATING EXPENSES						
Salaries, wages and benefits		23,026,942	316,556		23,343,498	19,282,967
Contractual services	26,905	9,825,460	1,538,071		11,390,436	7,908,632
Technical supplies		401,634			401,634	423,396
Chemical purchases		4,068,219			4,068,219	3,452,882
Water purchases	28,600,858	4,110,530	16,594,406		49,305,794	50,279,315
Water storage		1,463,774			1,463,774	1,190,937
Utilities		2,716,193			2,716,193	2,458,597
Maintenance and repairs		2,325,274			2,325,274	2,204,150
Equipment and building rents		113,903			113,903	124,184
Other services and supplies		1,605,766	546,184		2,151,950	3,855,824
Risk management		830,295			830,295	755,250
Depreciation (Note 4)		9,944,080			9,944,080	10,087,998
Total operating expenses	28,627,763	60,432,070	18,995,217		108,055,050	102,024,132
Operating income (loss)	(25,910,467)	11,303,926	4,761,546		(9,844,995)	(22,168,854)
NONOPERATING REVENUES and (EXPENSES)						
Property taxes	23,923,784				23,923,784	24,043,448
Intergovernmental revenue	4,819,004	3,501,206	3,139,167		11,459,377	17,635,085
Investment earnings	2,738,482	5,055,409	4,013,091	\$16,418	11,823,400	8,251,972
Loss on disposal of assets		(7,732,168)			(7,732,168)	(402,645)
Interest expense for debt service		(3,152,265)	(278,305)		(3,430,570)	(3,212,774)
Other revenues		10,812,678			10,812,678	
Total nonoperating revenues (expenses)	31,481,270	8,484,860	6,873,953	16,418	46,856,501	46,315,086
Income (loss) before transfers	5,570,803	19,788,786	11,635,499	16,418	37,011,506	24,146,232
Transfers in (Note 3)		341,962			341,962	2,186,067
Transfers (out) (Note 3)			(323,692)		(323,692)	(2,174,177)
Change in net position	5,570,803	20,130,748	11,311,807	16,418	37,029,776	24,158,122
Net position, beginning of year	52,340,307	366,893,822	59,181,048	99,550	478,514,727	454,356,605
Net position, end of year	\$57,911,110	\$387,024,570	\$70,492,855	\$115,968	\$515,544,503	\$478,514,727

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Total	
					2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users		\$72,588,072	(\$4,282,560)		\$68,305,512	\$54,000,704
Refund of customers deposits				\$22,111	22,111	(17,988)
Cash received from connection and development fees			22,940,368		22,940,368	11,860,411
Cash paid to suppliers for goods and services	(\$29,346,123)	(28,852,130)	(18,402,784)		(76,601,037)	(66,884,136)
Cash paid to employees for services		(22,458,454)	(291,139)		(22,749,593)	(20,869,987)
Net cash provided (used) by operating activities	(29,346,123)	21,277,488	(36,115)	22,111	(8,082,639)	(21,910,996)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund borrowing						
Transfers in		341,962			341,962	2,186,067
Transfers (out)			(323,692)		(323,692)	(2,174,177)
Property tax	23,923,784				23,923,784	24,043,448
Intergovernmental	4,819,004	14,313,884	3,139,167		22,272,055	17,635,085
Cash flows from noncapital financing activities	28,742,788	14,655,846	2,815,475		46,214,109	41,690,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets		(34,289,206)			(34,289,206)	(21,439,157)
Proceeds from sale of assets		5,521,432			5,521,432	1,820,076
Loss on disposal of capital assets		7,732,168			7,732,168	
Principles payments on long-term debt		(1,450,000)	(650,000)		(2,100,000)	(1,595,000)
Interest paid		(3,152,265)	(305,408)		(3,457,673)	(3,164,551)
Cash flows from (used for) capital and related financing activities		(25,637,871)	(955,408)		(26,593,279)	(24,378,632)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received on investments	2,739,489	5,056,007	4,908,361	16,418	12,720,275	8,250,335
Cash flows from investing activities	2,739,489	5,056,007	4,908,361	16,418	12,720,275	8,250,335
Net increase (decrease) in cash and cash equivalents	2,136,154	15,351,470	6,732,313	38,529	24,258,466	3,651,130
Cash and cash equivalent at beginning of period	52,175,590	107,744,295	67,948,906	424,934	228,293,725	194,643,383
Cash in County treasury	15,194,775	63,177,608	18,816,007	463,463	97,651,853	72,163,174
Cash in Agency treasury	39,116,969	41,633,226	53,159,741		133,909,936	122,837,085
Restricted cash and investments		18,284,931	919,249		19,204,180	33,293,466
Cash and cash equivalent at end of period	<u>\$54,311,744</u>	<u>\$123,095,765</u>	<u>\$72,894,997</u>	<u>\$463,463</u>	<u>\$250,765,969</u>	<u>\$198,294,513</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$25,910,467)	\$11,303,926	\$4,761,546		(\$9,844,995)	(\$22,168,854)
Adjustments to reconcile operating income (loss) to cash flows to net cash provided by (used in) operating activities:						
Depreciation and amortization		9,944,080			9,944,080	10,087,998
Changes in assets and liabilities						
Receivables	(2,717,296)	852,076	(5,098,955)		(6,964,175)	(13,993,550)
Lease receivables		413,406			413,406	39,792
Prepays	(948,705)	(53,511)	924,331		(77,885)	2,095,516
Accounts payable and accrued expenses	230,345	(1,338,735)	(648,454)		(1,756,844)	3,827,816
Compensated absences		1,805,486			1,805,486	6,483
Deposits				\$22,111	22,111	(17,988)
Deferred inflows - lease related		(412,242)			(412,242)	(40,405)
Net pension liability, deferred inflows and deferred outflows		(1,399,275)	19,878		(1,379,397)	(2,180,992)
Net OPEB, deferred inflows and deferred outflows		162,277	5,539		167,816	433,188
Net cash provided (used) by operating activities	<u>(\$29,346,123)</u>	<u>\$21,277,488</u>	<u>(\$36,115)</u>	<u>\$22,111</u>	<u>(\$8,082,639)</u>	<u>(\$21,910,996)</u>
NONCASH ITEMS:						
Acquisition of right to use intangible assets						\$176,593
Amortization on bond premium		436,949	147,396		\$584,345	\$636,676

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Alameda County Flood Control and Water Conservation District, Zone 7 – Zone 7 Water Agency (the “Agency”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“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 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.

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods and that, therefore, will not be recognized as an expense until that time.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Deferred Inflows of Resources represent an acquisition of net assets that applies 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.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. All other revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. 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 inception of subscription-based information technology arrangements (“SBITA”) are reported as other financing sources.

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

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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 nonmajor governmental funds:

The ***Cal-OES Grant Fund*** – 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 2023 storms.

The ***State Grants Fund*** – To account for the revenues and expenditures of State Grants.

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.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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 nonmajor 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.

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.

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 defined 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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Investment and Fair Value Measurements (Continued)

- 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

Receivables include amounts billed to water customers, as well as for other miscellaneous revenue sources. Receivables include revenue for water distributed but not yet billed. Development fees for the fiscal year received after year-end are included in accounts receivable. Uncollectible amounts from individual customers are not significant.

F. Lease Accounting

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction (i.e., building, land, vehicles, and equipment). Any contract that meets the definition should be accounted for under the lease guidance as identified in GASB Statement No. 87.

The Agency's policy is to evaluate leases annually. Any material lease, defined as having a net present value greater than one percent (1.0%) of the five-year average of annual total assets, shall be reported in accordance with GASB Statement No. 87 (GASB 87) as appropriate. As of June 30, 2025, the Agency did not have any leases meeting this threshold.

G. Subscription Based Information Technology Arrangements (SBITA) Accounting

GASB issued Statement No. 96, Subscription-Based Information Technology Arrangement (SBITA), defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The Agency's policy is to evaluate SBITAs annually. Any material SBITA, defined as having a net present value greater than one percent (1.0%) of the five-year average of annual total assets, shall be reported in accordance with GASB Statement No. 96 (GASB 96) as appropriate. As of June 30, 2025, the Agency did not have any SBITAs meeting this threshold.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

H. 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.

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

I. 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. The Agency has a two-year budget cycle and budgets are prepared for Flood Protection Operations Fund and Flood Protection Development Impact Fee Fund.

The two-year budget is approved by the Agency's Board of Directors at an appropriation level established by fund, further delineated by two categories, the operating budget and the capital budget, which are detailed in the budget document.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

J. 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, 2025 are as follows:

Fund	Encumbrance
Flood Protection Operations Major Fund	\$969,202
Flood Protection Development Impact Fee Major Fund	121,015

K. Property Taxes

The Agency receives property taxes and an override property tax for fixed State water charges from the Alameda County (the “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.

The override property tax amount is used to pay the cost for use of the State Department of Water Resources (DWR) water delivery system, which includes repayment of voter approved, State incurred, long-term debt. The Agency projects such costs annually and requests that the County collect that amount. The annual request to the County is adjusted for prior year over or under collections of tax revenue, and actual prior year’s State water purchase cost. For the year ended June 30, 2025, the Agency recognized \$24 million of State water facilities property tax.

L. Compensated Absences

The Agency’s policy allows employees to accumulate earned but unused vacation, sick leave, and overtime compensation, subject to a vesting policy. The Agency will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. All regular full-time employees are eligible for thirteen (13) days of sick leave per fiscal year. Employees who terminate employment prior to retiring lose all accumulated sick leave. Employees who go straight into retirement are allowed to convert up to 50% of any unused sick leave balance to total years of service, per limitations of their bargaining unit Memorandum of Understanding, typically up to 50% of 125 days or 62.5 days of service.

Estimated unpaid vacation leave, compensatory time, and sick leave more likely than not to be used for time off or otherwise paid in cash at June 30, 2025, are accrued and recorded in the government-wide and proprietary fund financial statements. The estimated obligation includes an amount for salary-related payments (i.e. payroll taxes) associated with the compensated leaves. All retired or terminated employees as of June 30, 2025, have been compensated for any accumulated vacation and compensatory time.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Compensated Absences (Continued)

	Governmental	Proprietary
Beginning Balance	\$55,557	\$1,493,781
Net Change	87,511	1,805,486
Ending Balance	<u>\$143,068</u>	<u>\$3,299,267</u>
Current Portion	<u>\$57,127</u>	<u>\$1,317,392</u>
Non-current Portion	<u>\$85,941</u>	<u>\$1,981,875</u>

M. 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.

N. 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, 2023
Measurement Date	December 31, 2024
Measurement Period	January 1, 2024 to December 31, 2024

Gains and losses related to changes in net 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
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by any related debt, and deferred inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.

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.

P. 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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. 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.

R. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

S. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

During the fiscal year ended June 30, 2025, the Agency implemented the following accounting standards:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement did not have a significant effect on the Agency's financial statements for the fiscal year ended June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Implementation of this Statement did not have a significant effect on the Agency's financial statements for the fiscal year ended June 30, 2025.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

T. New GASB Pronouncements

The Agency is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the Agency's fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the Agency's fiscal year ending June 30, 2026.

Note 2 – Cash and Investments

The Agency's cash and investments consist of the following at June 30, 2025:

Pooled Cash and Investment in County Treasury	\$191,029,071
Cash and investments - Agency Treasury	157,925,630
Restricted cash and investments	<u>21,006,964</u>
Total Cash and Investments	<u><u>\$369,961,665</u></u>
Cash and Investment in Government Funds	\$119,195,696
Cash and Investments in Proprietary Funds	<u>250,765,969</u>
Total Cash and Investments	<u><u>\$369,961,665</u></u>

Demand Deposits

The carrying amounts of cash deposits were \$28,120,068 at June 30, 2025, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the Agency's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Agency's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Agency's name.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

The fair value of pledged securities must equal at least 110% of the Agency's cash deposits. California law also allows institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total cash deposits. The Agency may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Agency, however, has not waived the collateralization requirements.

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % Holdings	Purchase Restrictions
Repurchase Agreements	360 Days	A	20%	(A)
California Local Agency Investment Fund (LAIF)	N/A	N/A	State Limit	N/A
U.S. Treasury Obligations	5 Years	N/A	100%	N/A
Federal Agencies	5 Years	N/A	100%	N/A
Municipal Bonds and Notes	5 Years	A	40%	N/A
Bankers' Acceptances	180 Days	A-1	40%	25%
Commercial Paper	270 Days	A-1	40%	5%
Negotiable Certificates of Deposit	5 Years	A-1	30%	5%
Certificates of Time Deposit	5 Years	A	30%	FDIC Limit
Medium Term Corporate Notes	5 Years	A	30%	5%
Money Market Mutual Funds	Daily Liquidity	Top Ranking	20%	10%
California Asset Management Program (CAMP)	Daily Liquidity	(C)	10%	Per CAMP
Asset-backed Securities	5 Years	AA	20%	N/A
Supernational Obligations	5 Years	AA	30%	(B)

(A) Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

(B) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank

(C) Rated highest rating by an NRSRO

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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

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.

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.

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's Investment Policy.

Pension Trust – Investment Policy

The Agency established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the Agency's pension plan. The pension trust Fund's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the Agency. Those guidelines are as follows:

Risk Tolerance

Moderately Conservative – The account's risk tolerance has been rated moderately conservative, which demonstrates that the account can accept modest price fluctuations to pursue its investment objectives.

Security Guidelines

Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities. In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

Investment Objective

The primary objective is to generate a reasonable level of growth. The assets in this Plan will eventually be used to fund Pension Plan obligations for assets managed in the Alameda County Employees' Retirement Association (ACERA) Trust.

Strategic Ranges: Cash - 0-20%
 Fixed Income - 50-80%
 Equity - 20-40%

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. As of June 30, 2025, approximately 28.6 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 maturity or earliest call date:

Investment Type	Less than 1 year	1 - 3 years	3 -5 years	More than 5 years	Total
<i>Pooled Cash and Investments in County Treasury</i>					
Cash in County Pool	\$191,029,071				\$191,029,071
<i>Cash and Investments - Agency Treasury</i>					
U.S. Treasury Notes	5,037,155	\$38,975,997	\$30,032,187		74,045,339
Asset-backed Securities		6,756,038	34,165,713		40,921,751
Corporate Bonds		17,908,450	14,203,325		32,111,775
Certificate of Deposit		1,368,765			1,368,765
Money Market Fund	3,679,226				3,679,226
Total Investments	8,716,381	65,009,250	78,401,225	-	152,126,856
Cash in bank					5,798,774
<i>Total Cash and Investments - Agency Treasury</i>					157,925,630
<i>Restricted Cash and Investments</i>					
Money Market Fund	18,642,066				18,642,066
Investment Held by Pension Trust				\$2,364,898	2,364,898
Total	\$18,642,066	-	-	\$2,364,898	21,006,964
<i>Total Restricted Cash and Investments</i>					21,006,964
Total Cash and Investments					<u>\$369,961,665</u>

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025 for each investment type as provided by Moody's Investor Service:

Investment Type	Aaa	Aa1	Aa2	Aa3	A1	A2	Total
<i>Pooled Cash and Investments in County Treasury</i>							
Not rated:							
Cash in County Pool							\$191,029,071
<i>Cash and Investments - Agency Treasury</i>							
U.S. Treasury Notes		\$74,045,339					74,045,339
Asset-backed Securities	\$1,157,938	30,615,427					31,773,365
Corporate Bonds	4,361,912		\$7,415,061	\$8,397,127	\$9,251,364	\$2,686,311	32,111,775
Certificate of Deposit			1,368,765				1,368,765
Not rated:							
Asset-backed Securities							9,148,386
Cash in Bank							5,798,774
Money Market Fund							3,679,226
<i>Total Cash and Investments - Agency Treasury</i>	5,519,850	104,660,766	8,783,826	8,397,127	9,251,364	2,686,311	157,925,630
<i>Restricted Cash and Investments</i>							
Not rated:							
Money Market Fund							18,642,066
Investment Held by Pension Trust							2,364,898
<i>Total Restricted Cash and Investments</i>	-	-	-	-	-	-	21,006,964
Total Cash and Investments							\$369,961,665

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 2025 Alameda County Annual Comprehensive Financial Report.

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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

As of June 30, 2025, the Agency had \$191,029,071 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, 2025:

	Level 1	Level 2	Uncategorized	Total
<i>Investments - Agency Treasury</i>				
Investments by Fair Value Level				
U.S. Treasury Notes	\$74,045,339			\$74,045,339
Asset-backed Securities		\$40,921,751		40,921,751
Corporate Bonds		32,111,775		32,111,775
Certificate of Deposit		1,368,765		1,368,765
Investments Measured at Amortized Cost				
Money Market Fund			\$3,679,226	3,679,226
<i>Total Investments - Agency Treasury</i>	<u>74,045,339</u>	<u>74,402,291</u>	<u>3,679,226</u>	<u>152,126,856</u>
<i>Restricted Investments</i>				
Investments by Fair Value Level				
Investment Held by Pension Trust		2,364,898		2,364,898
Investments Measured at Amortized Cost				
Money Market Fund			18,642,066	18,642,066
<i>Total Restricted Investments</i>	<u>-</u>	<u>\$2,364,898</u>	<u>\$18,642,066</u>	<u>21,006,964</u>
Total Investments				<u>\$173,133,820</u>

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 the Agency's custodian bank.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Interfund Activity

A. Due to/from Other Funds

The following is a summary of due to and from other funds as of June 30, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Flood Protection Operations Fund	State Grants Fund	\$86,178
Flood Protection Development Impact Fee Fund	State Grants Fund	53,507
		<u>\$139,685</u>

The interfund The interfund balances have been recorded for grant revenue earned and/ or received.

B. Transfers

During the year ended June 30, 2025, the Agency had the following transfers:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>	
Enterprise Fund			
Water Enterprise Operations	Flood Protection Operations	\$18,270	(A)
Water Enterprise Operations	Water Enterprise Capital Expansion	323,692	(B)
Governmental Funds:			
Flood Protection Operations Fund	State Grants Fund	318,174	(C)
Flood Protection Development Impact Fee Fund	State Grants Fund	221,105	(C)
		<u>\$881,241</u>	

(A) Transfer to fund vehicle replacement.

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

(C) Transfer of State Grant Revenue to paying fund.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in governmental activities capital assets for the year ended June 30, 2025 is as follows:

<i>Governmental Activities</i>	Balance at June 30, 2024	Additions	Balance at June 30, 2025
Capital assets not being depreciated:			
Rights of way	\$21,203,051		\$21,203,051
Easements	36,960		36,960
Construction in Progress		\$881,603	881,603
Total capital assets not being depreciated	<u>21,240,011</u>	<u>881,603</u>	<u>22,121,614</u>
Capital assets being depreciated:			
Flood control channels	12,393,619		12,393,619
Other infrastructure	3,023,038		3,023,038
Office building	1,851,075		1,851,075
Equipment	<u>194,439</u>		<u>194,439</u>
Total capital assets being depreciated	<u>17,462,171</u>		<u>17,462,171</u>
Less accumulated depreciation for:			
Flood control channels	(5,159,166)	(231,734)	(5,390,900)
Other infrastructure	(359,161)	(92,052)	(451,213)
Office building	(294,150)	(62,582)	(356,732)
Equipment	<u>(82,416)</u>	<u>(36,699)</u>	<u>(119,115)</u>
Total accumulated depreciation	<u>(5,894,893)</u>	<u>(423,067)</u>	<u>(6,317,960)</u>
Net capital assets being depreciated	<u>11,567,278</u>	<u>(423,067)</u>	<u>11,144,211</u>
Governmental activity capital assets, net	<u>\$32,807,289</u>	<u>\$458,536</u>	<u>\$33,265,825</u>

Depreciation expense in the amount of \$423,067 was charged to Flood Protection of the primary government.

Construction in Progress at June 30, 2025 comprises of work done on the Alamo Creek Bank Stabilization Pilot Project.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in business-type activities capital assets for the year ended June 30, 2025 is as follows:

<i>Business-Type Activities</i>	Balance at June 30, 2024	Additions	Retirements	Balance at June 30, 2025
Capital assets not being depreciated:				
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	18,496,453	\$3,058,610	(\$13,868,516)	7,686,547
Total capital assets not being depreciated	66,566,972	3,058,610	(13,868,516)	55,757,066
Capital assets being depreciated:				
Equipment	5,571,139	690,596	(249,909)	6,011,826
Treatment plants	264,613,993	7,522,481	(12,942,942)	259,193,532
Office building	8,575,380			8,575,380
Reservoir	3,005,321			3,005,321
Pipelines	53,929,752			53,929,752
Wellfields	42,196,275	23,017,519		65,213,794
Supervisory Control and Data Acquisition project	10,245,904			10,245,904
Other infrastructure	4,425,604			4,425,604
Total capital assets being depreciated	392,563,368	31,230,596	(13,192,851)	410,601,113
Less accumulated depreciation for:				
Equipment	(4,784,945)	(439,279)	249,909	(4,974,315)
Treatment plants	(62,615,800)	(6,304,731)	5,432,557	(63,487,974)
Office building	(2,333,241)	(275,722)		(2,608,963)
Reservoir	(1,592,303)	(68,697)		(1,661,000)
Pipelines	(25,149,125)	(1,240,635)		(26,389,760)
Wellfields	(12,531,664)	(1,205,377)		(13,737,041)
Supervisory Control and Data Acquisition project	(9,468,061)	(278,699)		(9,746,760)
Other infrastructure	(738,774)	(130,940)		(869,714)
Total accumulated depreciation	(119,213,913)	(9,944,080)	5,682,466	(123,475,527)
Net capital assets being depreciated	273,349,455	41,174,676	(18,875,317)	287,125,586
Subscription assets, not being amortized				
Development in progress - software	10,000		(10,000)	
Subscription assets, being amortized	271,189		(271,189)	
Less accumulated amortization	(60,780)		60,780	
Total subscription assets, being amortized	210,409		(210,409)	
Business-Type activity capital assets, net	\$340,136,836	\$44,233,286	(\$32,964,242)	\$342,882,652

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Capital Assets (Continued)

B. Business-Type Activities (Continued)

Depreciation and amortization expense in the amount of \$9,944,080 and \$0, respectively, were charged to Water Enterprise Operations of the primary government.

Construction in Progress at June 30, 2025 comprises the following projects:

Enterprise Projects	
Chain of Lakes (COL) Pipeline	\$1,152,183
Wells & MGD Electrical Replacement/ Upgrades Project	5,628,365
North Canyons EV Chargers	131,263
Hopyard Pipeline Corrosion Protection Improvement Project	130,524
Mocho Wells PFAS Treatment Facility Project	252,729
DVWTP Underdrain Pump Station Replacement Project	277,441
DVWTP Booster Pump Station VFDs Replacement Proj	114,042
Total	\$7,686,547

Note 5 – Long-Term Debt

Summary of changes in business-type activities long-term debt for the year ended June 30, 2025 is as follows:

	Original Issue Amount	Balance June 30, 2024	Retirements	Balance June 30, 2025	Amount due within one year	Amount more than one year
Bonds payable						
2018 Water Revenue Bonds, 3% - 5%, due 7/1/2048	\$64,010,000	\$56,775,000	(\$1,680,000)	\$55,095,000	\$1,770,000	\$53,325,000
Plus: Unamortized Bond Premium	7,506,832	3,603,146	(476,551)	3,126,595		3,126,595
2023 Water Revenue Bonds, 5%, due 7/1/2053	28,795,000	28,795,000	(420,000)	28,375,000	445,000	27,930,000
Plus: Unamortized Bond Premium	1,204,212	1,092,991	(107,794)	985,197		985,197
Total bonds payable		90,266,137	(2,684,345)	87,581,792	2,215,000	85,366,792
Subscription liabilities		176,593	(176,593)			
Total long-term debt		\$90,442,730	(\$2,860,938)	\$87,581,792	\$2,215,000	\$85,366,792

Water Revenue Bonds

On March 11, 2018, the Agency, via the Livermore Valley Water Financing Authority (LVWFA), issued the 2018 Water Revenue Bonds in the amount of \$64,010,000. Proceeds of the issuance were 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 principal balance outstanding at June 30, 2025 was \$55,095,000.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Long-Term Debt (Continued)

In October 2023, the Agency, via the LVWFA, issued the 2023 Water Revenue Bonds in the amount of \$28,795,000. Proceeds of the issuance being used to pay the cost of the 2023 Water Project, which generally consists of water treatment facilities, related site improvements, certain other capital improvements for the Agency's water system and to pay cost of issuance. The interest rate is 5%. Principal and interest payments are due annually beginning January 1, 2024 through July 1, 2053. The principal balance outstanding at June 30, 2025 was \$28,375,000.

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.

At June 30, 2025, the debt service payments to maturity, including interest payments, were as follows:

For The Year Ending June 30	Principal	Interest	Total
2026	\$2,215,000	\$3,859,163	\$6,074,163
2027	2,325,000	3,745,663	6,070,663
2028	2,450,000	3,626,288	6,076,288
2029	2,575,000	3,500,663	6,075,663
2030	2,710,000	3,368,538	6,078,538
2031-2035	15,770,000	14,629,265	30,399,265
2036-2040	13,625,000	11,265,682	24,890,682
2041-2045	16,890,000	7,994,900	24,884,900
2046-2050	18,195,000	3,572,700	21,767,700
2051-2054	6,715,000	692,375	7,407,375
Total payments due	<u>83,470,000</u>	<u>\$56,255,237</u>	<u>\$139,725,237</u>
Unamortized premium	<u>4,111,792</u>		
	<u>\$87,581,792</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, 2025. The initial arbitrage evaluation of the 2023 Water Revenue Bonds is \$100,376, which is required to be rebated to the United States no later than 60 days after November 6, 2028 (the end of the fifth Bond Year).

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – 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, 2024. ACERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available online at ACERA.org or 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, 2025, are summarized as follows:

	Tier 1	Tier 2	Tier 4
		July 1, 1983 to	On or after
Hire date	Prior to July 1, 1983	December 31, 2012	January 1, 2013
Benefit formula	2.6% 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
Monthly benefits, as a % of eligible compensation	100%	100%	100%
Required employee contribution rates	7.39% - 16.17%	5.49% - 12.14%	9.06%
Required employer contribution rates	16.40% to 24.6%	15.31% to 22.96%	22.44%

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Alameda County Employees’ Retirement Association Pension Plan (Continued)

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 5.79 and 18.78 percent of their annual covered salary effective September 2023. 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.

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, 2025, the contributions recognized as part of pension expense for the Plan were \$2,042,616. Typically, Flood Protection Operations and Water Enterprise Operations funds have been used to liquidate pension liabilities.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2025, the Agency reported net pension liabilities of \$13,659,983 for its proportionate share of the net pension liability of the Plan.

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, 2024, 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, 2023 rolled forward to December 31, 2024 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:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll	Net Pension Liability as a percentage of its covered payroll
2023	1.16%	\$18,337,949	\$13,522,119	135.61%
2024	1.26%	15,118,022	14,436,509	104.72%
2025	1.37%	13,659,983	16,243,000	84.10%

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Alameda County Employees’ Retirement Association Pension Plan (Continued)

For the year ended June 30, 2025, the Agency recognized pension credit of \$1,289,212. Changes in the Net Pension Liability are recorded in the fund that recorded the liability. At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$2,155,626	
Changes of assumptions	121,508	\$532,783
Difference between actual and expected experience	734,229	209,601
Change in proportion and differences between employer contributions and proportionate share of contributions	1,034,826	1,918,596
Difference between projected and actual earnings on pension plan investments	43,437	
Total	<u>\$4,089,626</u>	<u>\$2,660,980</u>

The \$2,155,626 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:

Year Ended June 30	Annual Amortization
2026	(\$317,183)
2027	660,777
2028	(837,828)
2029	(232,746)
	<u>(\$726,980)</u>

Actuarial Assumptions – The total pension liabilities in the December 31, 2023 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.45%-8.00% (1)
Cost of Living Adjustments	Tier 1: 2.75%
	Tiers 2 and 4: 2.00%
Investment Rate of Return	7.00% (2)
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median 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
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Alameda County Employees’ Retirement Association Pension Plan (Continued)

Discount Rate – The discount rate used to measure the net 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 net pension liability as December 31, 2024.

The long-term expected rate of return on pension plan investments was determined in 2024 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Cap Equity	21.60%	6.00%
Domestic Small Cap Equity	2.40%	6.65%
International Developed Equity	16.30%	7.01%
International Small Cap Equity	2.90%	7.34%
Emerging Markets Equity	4.80%	8.80%
Core Fixed Income	10.50%	1.97%
High Yield Bonds	1.50%	4.63%
Global Fixed Income	2.00%	1.17%
Private Equity	11.00%	9.84%
Core Real Estate	6.30%	3.86%
Value Added Real Estate	1.80%	6.70%
Opportunistic Real Estate	0.90%	8.60%
Commodities	0.90%	4.21%
Private Credit	4.00%	6.47%
Absolute Return	8.00%	2.10%
Infrastructure	5.10%	7.30%
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:

Proportionate Share of Net Pension Liability		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1% (8.00%)
\$29,685,599	\$13,659,983	\$521,109

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – 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.

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, 2025:

Membership Eligibility	<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). <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.								
Benefit Eligibility	1 <u>Monthly Medical Allowance</u> <i>Service Retirees:</i> For retirees not purchasing individual insurance through the Medicare Insurance Exchange, a Maximum Monthly Medical Allowance of \$635.37 per month is provided, effective January 1, 2024 and through December 31, 2024. For the period January 1, 2025 through December 31, 2025, the maximum allowance is \$662.37 per month. For those purchasing individual insurance through the Individual Medicare Insurance Exchange, the Maximum Monthly Medical Allowance is \$486.74 per month for 2024 and is \$507.43 per month in 2025. These Allowances are subject to the following subsidy schedule: <table style="margin-left: auto; margin-right: auto;"> <tr> <th><u>Completed Years of Service</u></th><th><u>Percentage Subsidized</u></th></tr> <tr> <td>10-14</td><td>50%</td></tr> <tr> <td>15-19</td><td>75%</td></tr> <tr> <td>20+</td><td>100%</td></tr> </table> <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. 2 Medical Benefit Reimbursement Plan: The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must - Have at least 10 years of ACERA service, - Be eligible for Monthly Medical Allowance, - Provide proof of enrollment in Medical Part B 3 Dental and Vision Plans: The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premium is \$55.68 in 2024 and \$55.68 in 2025. The eligibility for these premiums is as follows: <i>Service Retirees:</i> Retired with at least 10 years of service. <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.	<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%								

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Postemployment Benefits Other Than Retirement (Continued)

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

Benefits Provided – The following is a summary of Plan benefits as of June 30, 2025 *(Continued)*:

Deferred Benefit	Members who terminate employment with 10 or more years of service before reaching pension eligibility commencement age may elect deferred Monthly Medical Allowance and/or dental/vision benefits.
Death Benefit	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.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2025:

Active employees	105
Inactive employees or beneficiaries currently receiving benefit payments	Not available
Inactive employees entitled to but not yet receiving benefit payments	Not available
Total	<u>105</u>

B. Net OPEB Liability (Assets)

Actuarial Methods and Assumptions – The Agency’s net OPEB liability (assets) was measured as of December 31, 2024 and the net OPEB liability (assets) was determined by an actuarial valuation dated December 31, 2023 that was rolled forward using standard update procedures to determine the Agency’s net OPEB liability as of June 30, 2025, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	7.00%
Mortality Rate	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables
Healthcare Trend Rates	Non-Medicare medical plan - 7.75% graded to ultimate 4.50% over 13 years Medicare medical plan - 7.50% graded to ultimate 4.50% over 12 years Dental - 6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years Vision - 3.00% Medicare Part B - 6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6 years

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Postemployment Benefits Other Than Retirement (Continued)

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:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(6.00%)	(7.00%)	(8.00%)
\$3,883,236	\$2,155,197	\$729,614

Total OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost	1% Increase
(5.7% to 3.50%)	Trend Rates (6.75% to 4.0%)	(7.0% to 5.50%)
\$602,807	\$2,155,197	\$4,073,984

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

For the year ended June 30, 2025, the Agency recognized OPEB expense of \$208,193. Changes in the Net OPEB Liability are recorded in the fund that recorded the liability. At June 30, 2025, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$650,031
Net Difference Between Projected and Actual		
Investment Earnings on OPEB plan Investments	\$1,222,750	
Changes in Proportion and Differences Between		
Employer Contributions and Proportionate Share of	195,979	64,885
Changes of assumptions	235,906	308,757
Total	<u>\$1,654,635</u>	<u>\$1,023,673</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:

Year Ended June 30	Annual Amortization
2026	\$148,777
2027	937,283
2028	(296,113)
2029	(127,761)
2030	(27,240)
2031	(3,984)
	<u>\$630,962</u>

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – 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 Public Risk, Innovations, Solutions, and Management (PRISM), formerly known as California State Association-Excess Insurance Authority (CSAC-EIA), a Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties and other California public entities.. As of June 30, 2025, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

Type of Coverage	Coverage Limit	Deductible
General Liability, including Auto Liability	\$55,000,000	\$5,000,000
Worker's Compensation	Statutory Limit	3,000,000
Property	150,000,000	25,000
Cyber Liability	5,000,000	50,000
Crime	100,000 per loss	1,000
Excess Crime	3,000,000 per loss	100,000
Environmental Pollution	10,000,000	250,000

Note 9 – 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 supply management activities, the Agency has entered into agreements to help secure water supply from a multitude of strategies. Under these agreements, the Agency has agreed to pay for the delivery and storage of committed levels of water supplies. The Agency is also participating in a number of future water storage, supply and reliability projects with a goal of diversifying supply and storage. Projects in various stages of planning, permitting and feasibility studies include the Delta Conveyance Project, Sites Reservoir, potable reuse and a local storage project.

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 2025 and 2024, the costs under the contract were \$32.0 million and \$32.8 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 2025 and 2024, the costs under Amendment No.24 were \$17 million each year with a remaining obligation of \$108.8 million as of June 30, 2025 to be paid by 2035.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Commitment And Contingent Liabilities

B. Water Supply Commitments (Continued)

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 2024 the Agency's share of the operating, and maintenance costs and certain fees under the agreement were \$1.2 million and in fiscal year 2025 were \$0.6 million.

Delta Conveyance Design and Construction Joint Powers Authority: Since May 14, 2018, the Agency and other participating water agencies have been involved with the Delta Conveyance Design and Construction Joint Powers Authority ("DCA"). The DCA, which is a Joint Powers Authority, entered into an agreement with California Department of Water Resources (DWR) establishing that the DCA will undertake those activities required to complete the design and construction of the Delta Conveyance Project (DCP). The DCP encompasses construction of substantial water conveyance infrastructure to protect and maintain ecosystem health, maintain water quality, and restore and protect SWP water supplies from climate change, sea level rise, and seismic risk.

In December of 2023, DWR certified the Final Environmental Impact Report for the project, identifying the Bethany Alignment as the proposed project for a proposed single tunnel with 6,000 cfs of capacity. In April 2022, the Agency executed a funding agreement with DWR for Zone 7's share of environmental planning costs in an amount not to exceed \$4.75 million through calendar year 2024. In June 2025, the Agency executed an amendment to the funding agreement in an amount not to exceed \$6.6 million to cover pre-construction work in calendar years 2026 and 2027. To date, no debt has been issued by DWR, and it is unknown when debt will be issued.

The DCA plans to continue fine-tuning project designs to optimize efficiencies, reduce cost, reduce delay, and minimize uncertainty and risk. DWR continues the permitting process for the project and anticipates major permitting activities to be concluded by the end of 2026. An updated cost estimate and financing plan will be prepared in advance of the contractor's decisions to invest further in the project in 2027.

Delta Conveyance Finance Authority: On July 3, 2018, the Agency along with two other agencies formed the Delta Conveyance Finance Authority ("DCFA"). Subsequently, additional agencies have joined the DCFA. The DCFA was formed with the intent of issuing debt to fund the DCP. 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 1.9% share of State Water Project Table A allocations and the Agency is participating in the Delta Conveyance Project at a 2.2% participation level of the total project among other participating water agencies. The Agency's actual cost share for the DCP may vary depending on final DCP participation. To-date no debt has been issued by the DCF A and it is unknown when debt will be issued.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Commitment And Contingent Liabilities

B. Water Supply Commitments (Continued)

Sites Reservoir Project: In 2016, the Agency identified the proposed Sites Reservoir Project as a possible source of additional water supply and storage. As envisioned, the Sites Reservoir is a new off-stream reservoir located 75 miles northwest of Sacramento, in the Antelope Valley of the Coast Range, on rangeland approximately 10 miles west of Maxwell in Colusa County. The Sites Reservoir is envisioned to provide approximately 1.5 million acre-feet of new surface storage capacity, and 270 thousand acre-feet per year of long-term average water supply yield. The water stored in the project would be diverted from the Sacramento River and could provide additional water supply that could be used for dry-year benefits. The Agency is a member of the Sites Reservoir Committee, a group of 30 agencies that are participating in certain planning activities in connection with the proposed development of the project, including the development of environmental planning documents, a federal feasibility report and project permitting. The project construction costs are currently estimated as a range from \$6.2 billion to \$6.8 billion in 2025 dollars. Approximately \$2.18 billion is expected to be funded with State and Federal programs. Participant funding will be comprised of a Water Infrastructure Finance and Innovation Act (WIFIA) loan, United States Department of Agriculture (USDA) loan, revenue bonds, and for some participants, cash.

In January 2022, the Agency's Board approved the Third Amendment to the 2019 Sites Reservoir Project Agreement in an amount not-to-exceed \$4.0 million through the end of 2024 and authorized continued participation in planning activities with no new cash calls. In October 2024, the Sites Authority Board approved an extension of time to the Third Amendment work plan schedule through June 30, 2026, with no new cash calls. Since the Third Amendment was executed, the Project has made significant milestones. The final Environmental Impact Statement/Environmental Impact Report was approved and certified in November 2023. In 2024, the Sites project completed preliminary designs for the project facilities. The project is currently working on its water rights permit and expects it by the end of 2025. The Agency's agreement to participate in funding of this phase of project development activities does not commit the Agency to participate in any actual reservoir project that may be undertaken in the future. Investor commitment is planned for mid-2026.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
For the Year Ended June 30, 2025

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.

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of the Agency's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Pension Plan

Measurement Period	2015	2016	2017	2018	2019
Plan's proportion of the net pension liability	1.18%	1.46%	1.26%	1.24%	1.11%
Plan's proportionate share of the net pension liability	\$24,951,866	\$25,488,068	\$19,859,054	\$26,320,948	\$18,610,738
Plan's covered payroll	\$13,014,942	\$12,536,863	\$12,229,930	\$11,719,529	\$12,130,078
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	191.72%	203.30%	162.38%	224.59%	153.43%
Plan fiduciary net position as a percentage of the total pension liability	1.18%	1.46%	1.26%	1.24%	1.11%
Measurement Period	2020	2021	2022	2023	2024
Plan's proportion of the net pension liability	1.00%	2.45%	1.16%	1.26%	1.37%
Plan's proportionate share of the net pension liability	\$17,207,178	\$11,803,112	\$18,337,949	\$15,118,022	\$13,659,983
Plan's covered payroll	\$11,869,970	\$13,078,647	\$13,522,119	\$14,436,509	\$16,243,000
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	144.96%	90.25%	135.61%	104.72%	84.10%
Plan fiduciary net position as a percentage of the total pension liability	1.00%	2.45%	1.16%	1.26%	1.37%

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Pension Plan

Fiscal year	2016	2017	2018	2019	2020
Actuarially determined contribution	\$4,568,731	\$4,616,119	\$4,272,678	\$4,468,041	\$2,923,829
Contributions in relation to the actuarially determined contribution	(4,568,731)	(4,616,119)	(4,272,678)	(4,468,041)	(2,923,829)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$12,840,271	\$12,351,170	\$11,997,578	\$11,839,254	\$12,184,391
Contributions as a percentage of covered payroll	35.58%	37.37%	35.61%	37.74%	24.00%

Fiscal year	2021	2022	2023	2024	2025
Actuarially determined contribution	\$2,711,470	\$3,216,634	\$3,321,931	\$3,558,864	\$3,821,976
Contributions in relation to the actuarially determined contribution	(2,711,470)	(3,216,634)	(3,321,931)	(3,558,864)	(3,821,976)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$12,615,174	\$13,229,994	\$14,088,709	\$15,356,298	\$16,924,806
Contributions as a percentage of covered payroll	21.49%	24.31%	23.58%	23.18%	22.58%

Miscellaneous

Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.45%-8.00% (1)
Cost of Living Adjustments	Tier 1: 2.75%
	Tiers 2 and 4: 2.00%
Investment Rate of Return	7.00% (2)
Mortality	Pub-2010 General Healthy Retiree Amount- Weighted Above-Median 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
Zone 7 Water Agency
Required Supplementary Information
For the Year Ended June 30, 2025

COST-SHARING MULTIPLE EMPLOYER DEFINED OPEB PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

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.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of the Agency's Proportionate Share of the Net OPEB Liability (Assets) and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined OPEB Plan

Cost-Sharing Multiple-Employer Defined OPEB Plan
Last 10 Years*

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND RELATED RATIOS AS OF
THE MEASUREMENT PERIOD**

Measurement period	2024	2023	2022	2021
Plan's proportion of the Net OPEB Liability	1.24%	1.19%	1.14%	1.12%
Plan's proportion share of the Net OPEB Liability	\$2,155,197	\$1,889,593	\$1,685,246	(\$3,632,078)
Plan's Covered Payroll	\$16,243,000	\$14,436,509	\$13,522,119	\$13,078,647
Plan's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	13.27%	13.09%	12.46%	-27.77%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	1.24%	1.19%	1.14%	1.12%
Contributions	N/A	N/A	N/A	N/A
Measurement period	2020	2019	2018	2017
Plan's proportion of the Net OPEB Liability	1.09%	0.78%	1.29%	1.43%
Plan's proportion share of the Net OPEB Liability	\$56,071	\$678,897	\$2,295,442	\$298,850
Plan's Covered Payroll	\$11,869,970	\$12,130,078	\$11,719,530	\$12,229,930
Plan's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.47%	5.60%	19.59%	2.44%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	1.09%	0.78%	1.29%	1.43%
Plan's Proportionate Share of Aggregate Employer Contributions	N/A	N/A	NA	NA

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

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of Contributions - OPEB
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan

	2025	2024	2023	2022
Actuarially determined contribution				
Contributions in relation to the				
actuarially determined contribution				
Contribution deficiency (excess)	-	-	-	-
Covered payroll	\$16,652,362	\$14,896,674	\$13,145,667	\$9,142,247
Contributions as a percentage of				
covered-employee payroll	0.00%	0.00%	0.00%	0.00%
	2021	2020	2019	2018
Actuarially determined contribution				
Contributions in relation to the				
actuarially determined contribution				
Contribution deficiency (excess)	-	-	-	-
Covered payroll	\$8,531,883	\$5,942,078	\$9,400,208	\$9,957,944
Contributions as a percentage of				
covered-employee payroll	0.00%	0.00%	0.00%	0.00%

*Fiscal year 2018 was the first year of implementation; therefore only eight years are shown.

Notes to Schedule:

Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	7.00%
Mortality Rate	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality T
Healthcare Trend Rates	Non-Medicare medical plan - 7.75% graded to ultimate 4.50% over 13 years
	Medicare medical plan - 7.50% graded to ultimate 4.50% over 12 years
	Dental -6.00% in 2025, then 5.00% graded to ultimate 4.00% over 3 years
	Vision - 3.00%
	Medicare Part B - 6.20% until 2033, then 5.75% graded to ultimate 4.50% over 6

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SUPPLEMENTARY INFORMATION

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR GOVERNMENTAL FUND
 COMBINING BALANCE SHEET
 AS OF JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Cal OES Grant Federal	State Grant	Totals	
			2025	2024
ASSETS				
Current assets				
Cash in Agency treasury				\$539,280
Accounts receivable, net		\$139,685	\$139,685	823,723
Total assets		139,685	139,685	1,363,003
LIABILITIES				
Current liabilities				
Accounts payable				49,378
Due to other funds		139,685	139,685	774,345
Total liabilities		139,685	139,685	823,723
Deferred inflows of resources				
Unavailable revenues				539,280
Total deferred inflows of resources				539,280
FUND BALANCES				
Unrestricted				
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances		\$139,685	\$139,685	\$1,363,003

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR GOVERNMENTAL FUND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Cal OES Grant Federal	State Grant	Total Non-major Governmental Funds	
			2025	2024
REVENUES				
Intergovernmental revenues	\$89,713	\$808,931	\$898,644	\$362,211
Total revenues	89,713	808,931	898,644	362,211
EXPENDITURES				
Current:				
Salaries and employee benefits				
transferred from district-wide		4,534	4,534	7,994
Services and supplies	89,713	265,118	354,831	856,443
Capital outlay:				
Equipment and capital infrastructure				37,054
Total expenditures	89,713	269,652	359,365	901,491
Excess (deficiency) of revenues over expenditures		539,279	539,279	(539,280)
OTHER FINANCING SOURCES:				
Transfers out		(539,279)	(539,279)	539,280
Total other financing sources (Uses)		(539,279)	(539,279)	539,280
NET CHANGE IN FUND BALANCES				
FUND BALANCES, BEGINNING OF YEAR				
FUND BALANCES, END OF YEAR				

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUND
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Water Facilities	Totals	
		2025	2024
ASSETS			
Current assets:			
Cash in County treasury	\$463,463	\$463,463	\$424,934
Total current assets	463,463	463,463	424,934
Total assets	463,463	463,463	424,934
LIABILITIES			
Current liabilities:			
Deposits	347,495	347,495	325,384
Total current liabilities	347,495	347,495	325,384
Total liabilities	347,495	347,495	325,384
NET POSITION			
Unrestricted	115,968	115,968	99,550
Total net position	\$115,968	\$115,968	\$99,550

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Water Facilities	Totals	
		2025	2024
NONOPERATING REVENUES			
Interest income and rental fees	\$16,418	\$16,418	\$32,846
Income (loss) before transfers	16,418	16,418	32,846
Transfers (out)			(1,050,000)
Change in net position	16,418	16,418	(1,017,154)
Net position, beginning of year	99,550	99,550	1,116,704
Net position, end of year	\$115,968	\$115,968	\$99,550

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	Water Facilities	Total	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Refund of customers deposits	\$22,111	\$22,111	(\$17,988)
Net cash provided (used) by operating activities	22,111	22,111	(17,988)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (out)			(1,050,000)
Cash flows from noncapital financing activities			(1,050,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	16,418	16,418	32,846
Cash flows from investing activities	16,418	16,418	32,846
Net increase (decrease) in cash and cash equivalents	38,529	38,529	(1,035,142)
Cash and investments at beginning of period	424,934	424,934	1,460,076
Cash and investments at end of period	\$463,463	\$463,463	\$424,934
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)			
Adjustments to reconcile operating income (loss) to cash flows			
Changes in assets and liabilities			
Deposits	22,111	22,111	(17,988)
Net cash provided (used) by operating activities	\$22,111	\$22,111	(\$17,988)

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STATISTICAL SECTION

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Alameda County Flood Control And Water Conservation District, Zone 7
Zone 7 Water Agency
Statistical Section Overview

This part of the Agency's comprehensive annual financial statement report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the Agency's overall financial health.

Contents

Pages

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.

100-107

Revenue Capacity

These schedules contain information to help the reader assess one of the government's most significant local revenue source-property tax.

108-121

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.

122-125

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.

126-127

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.

128-133

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 30,334,638	\$ 31,990,546	\$ 32,247,481	\$ 33,164,265
Restricted	56,059,067	58,149,272	62,760,525	66,872,665
Unrestricted	19,133,427	20,484,357	16,662,343	15,346,434
Total governmental activities net position	<u>\$ 105,527,132</u>	<u>\$ 110,624,175</u>	<u>\$ 111,670,349</u>	<u>\$ 115,383,364</u>
Business-type activities				
Net investment in capital assets	\$ 188,968,433	\$ 194,732,197	\$ 198,348,996	\$ 210,675,110
Restricted	82,151,910	97,494,721	107,414,628	127,521,329
Unrestricted	30,717,428	37,712,019	47,669,365	48,823,266
Total business-type activities net position	<u>\$ 301,837,771</u>	<u>\$ 329,938,937</u>	<u>\$ 353,432,989</u>	<u>\$ 387,019,705</u>
Primary government				
Net investment in capital assets	\$ 219,303,071	\$ 226,722,743	\$ 230,596,477	\$ 243,839,375
Restricted	138,210,977	155,643,993	170,175,153	194,393,994
Unrestricted	49,850,855	58,196,376	64,331,708	64,169,700
Total primary governmental activities net position	<u>\$ 407,364,903</u>	<u>\$ 440,563,112</u>	<u>\$ 465,103,338</u>	<u>\$ 502,403,069</u>

(a) The Agency implemented the provisions of GASB Statement 87 in fiscal year 2021 and retroactive application resulted in a restatement of fiscal year 2021 balances.

(b) The Agency implemented the provisions of GASB Statement 96 in fiscal year 2022 and retroactive application resulted in a restatement of fiscal year 2022 balances.

2020	2021 (a)	2022 (b)	2023	2024	2025
\$ 32,993,757	\$ 32,772,306	\$ 32,886,671	\$ 33,188,061	\$ 32,807,289	\$ 33,265,825
69,648,891	72,715,433	74,143,148	76,008,569	79,970,351	85,316,793
17,937,525	20,035,351	18,805,955	22,483,372	26,915,708	31,967,449
\$ 120,580,173	\$ 125,523,090	\$ 125,835,774	\$ 131,680,002	\$ 139,693,348	\$ 150,550,067
\$ 227,930,485	\$ 246,768,274	\$ 273,744,254	\$ 276,759,129	\$ 281,764,763	\$ 264,397,075
131,461,963	110,609,342	114,367,484	119,149,689	150,221,709	152,988,897
56,022,343	71,635,497	53,058,873	58,447,787	46,528,255	98,158,531
\$ 415,414,791	\$ 429,013,113	\$ 441,170,611	\$ 454,356,605	\$ 478,514,727	\$ 515,544,503
\$ 260,924,242	\$ 279,540,580	\$ 306,630,925	\$ 309,947,190	\$ 314,572,052	\$ 297,662,900
201,110,854	183,324,775	188,510,632	195,158,258	230,192,060	238,305,690
73,959,868	91,670,848	71,864,828	80,931,159	73,443,963	130,125,980
\$ 535,994,964	\$ 554,536,203	\$ 567,006,385	\$ 586,036,607	\$ 618,208,075	\$ 666,094,570

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
Expenses				
Governmental activities				
Flood Protection Operations	\$ 5,328,998	\$ 5,341,751	\$ 12,859,064	\$ 10,308,973
Flood Protection Drainage DIF	794,922	1,841,555	542,139	367,976
Flood Protection Grants			1,230,924	125,352
Total governmental activities expenses	6,123,920	7,183,306	14,632,127	10,802,301
Business-type activities				
State Water Project	20,621,344	20,985,604	19,794,128	21,420,192
Water Enterprise Funds	81,257,514	60,641,826	75,273,928	63,564,015
Total business-type activities	101,878,858	81,627,430	95,068,056	84,984,207
Total primary government expenses	\$ 108,002,778	\$ 88,810,736	\$ 109,700,183	\$ 95,786,508
Program Revenues				
Governmental activities				
Charges for Services	\$ 7,556,578	\$ 3,683,683	\$ 4,652,449	\$ 3,522,081
Operating grants and contributions	71,562	181,418	182,315	70,969
Capital grants and contributions	40,202	13,263	1,230,924	125,352
Total governmental activities program revenues	7,668,342	3,878,364	6,065,688	3,718,402
Business-type activities				
Charges for Services:				
State Water Project	19,419,226	20,795,420	22,927,398	23,420,521
Water Enterprise Funds	68,594,249	77,826,527	84,362,659	83,227,173
Operating grants and contributions	15,285,044	10,179,114	7,235,940	6,723,525
Capital grants and contributions	-	-	-	-
Total business-type activities program	103,298,519	108,801,061	114,525,997	113,371,219
Total primary government program revenues	\$ 110,966,861	\$ 112,679,425	\$ 120,591,685	\$ 117,089,621
Net (Expense)/Revenue				
Governmental activities	\$ 1,544,422	\$ (3,304,942)	\$ (8,566,439)	\$ (7,083,899)
Business-type activities	1,419,661	27,173,631	19,457,941	28,387,012
Total primary government net revenues	\$ 2,964,083	\$ 23,868,689	\$ 10,891,502	\$ 21,303,113
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property	\$ 7,329,117	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785
Investment earnings	342,127	518,982	897,199	1,485,504
Other	22,356	-	34,267	179,069
Transfers	(13,333)	(12,445)	(12,444)	(12,444)
Total governmental activities	7,680,267	8,401,985	9,437,086	10,796,914
Business-type activities				
Investment earnings	496,700	915,090	2,021,455	5,187,260
Other	-	-	-	-
Transfers	13,333	12,445	12,444	12,444
Total business-type activities	510,033	927,535	2,033,899	5,199,704
Total primary government	\$ 8,190,300	\$ 9,329,520	\$ 11,470,985	\$ 15,996,618
Change in Net Position				
Governmental activities	\$ 9,224,689	\$ 5,097,043	\$ 870,647	\$ 3,713,015
Business-type activities	1,929,694	28,101,166	21,491,840	33,586,716
Total primary government	\$ 11,154,383	\$ 33,198,209	\$ 22,362,487	\$ 37,299,731

(a) The Agency implemented the provisions of GASB Statement 87 in fiscal year 2021 and retroactive application resulted in a restatement of fiscal year 2021 balances.

(b) The Agency implemented the provisions of GASB Statement 96 in fiscal year 2022 and retroactive application resulted in a restatement of fiscal year 2022.

2020		2021 (a)		2022 (b)		2023		2024		2025	
\$	9,547,702	\$	8,949,669	\$	12,352,060	\$	8,811,830	\$	10,431,196	\$	8,650,032
	168,503		208,142		381,617		176,869		68,043		3,320,980
	497,987		474,319		432,140		228,936		864,437		359,365
	10,214,192		9,632,130		13,165,817		9,217,635		11,363,676		12,330,377
	24,333,554		23,173,321		24,331,873		25,703,191		27,290,867		28,627,763
	61,634,465		67,019,978		70,157,980		71,877,411		78,348,684		90,590,025
	85,968,019		90,193,299		94,489,853		97,580,602		105,639,551		119,217,788
\$	96,182,211	\$	99,825,429	\$	107,655,670	\$	106,798,237	\$	117,003,227	\$	131,548,165
\$	1,694,933	\$	2,624,628	\$	1,714,458	\$	1,384,402	\$	2,387,743	\$	5,181,695
	79,929		81,730		84,034		90,914		753,675		403,173
	488,451		482,306		399,290		486,234		241,193		50,000
	2,263,313		3,188,664		2,197,782		1,961,550		3,382,611		5,634,868
	23,415,684		24,633,172		26,102,946		25,850,736		26,611,140		26,641,080
	79,931,895		71,244,549		76,031,347		73,538,954		77,287,586		95,492,759
	6,509,157		6,640,850		6,710,435		9,752,717		6,137,284		8,557,183
	26,226		-		-		-		11,497,801		2,902,194
	109,882,962		102,518,571		108,844,728		109,142,407		121,533,811		133,593,216
\$	112,146,275	\$	105,707,235	\$	111,042,510	\$	111,103,957	\$	124,916,422	\$	139,228,084
\$	(7,950,879)	\$	(6,443,466)	\$	(10,968,035)	\$	(7,256,085)	\$	(7,981,065)	\$	(6,695,509)
	23,914,943		12,325,272		14,354,875		11,561,805		15,894,260		14,375,428
\$	15,964,064	\$	5,881,806	\$	3,386,840	\$	4,305,720	\$	7,913,195	\$	7,679,919
\$	9,834,264	\$	10,344,149	\$	10,791,532	\$	11,647,326	\$	12,182,791	\$	12,536,110
	1,745,490		956,235		268,495		1,280,020		3,485,104		4,757,320
	1,579,824		97,889		232,582		184,857		338,406		277,068
	(11,890)		(11,890)		(11,890)		(11,890)		(11,890)		(18,270)
	13,147,688		11,386,383		11,280,719		13,100,313		15,994,411		17,552,228
	4,468,253		1,261,160		(2,209,267)		1,612,299		8,251,972		11,823,400
	-		-		-		-		-		10,812,678
	11,890		11,890		11,890		11,890		11,890		18,270
	4,480,143		1,273,050		(2,197,377)		1,624,189		8,263,862		22,654,348
\$	17,627,831	\$	12,659,433	\$	9,083,342	\$	14,724,502	\$	24,258,273	\$	40,206,576
\$	5,196,809	\$	4,942,917	\$	312,684	\$	5,844,228	\$	8,013,346	\$	10,856,719
	28,395,086		13,598,322		12,157,498		13,185,994		24,158,122		37,029,776
\$	33,591,895	\$	18,541,239	\$	12,470,182	\$	19,030,222	\$	32,171,468	\$	47,886,495

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Restricted	Committed	Total
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	22,150,273	94,865,706
2022	74,143,148	20,431,275	94,574,423
2023	76,008,569	23,822,802	99,831,371
2024	79,970,351	27,604,075	107,574,426
2025	85,316,793	33,413,169	118,729,962

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Changes in Fund Balance of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
Revenues				
Property taxes	\$ 7,329,117	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785
Intergovernmental	71,562	181,418	1,413,239	196,321
Charges for services	7,556,578	3,683,683	4,652,449	3,522,081
Investment earnings	342,127	518,982	897,199	1,485,504
Rental Income	-	-	-	-
Other revenues	62,558	13,263	34,267	179,069
Total revenues	15,361,942	12,292,794	15,515,218	14,527,760
Expenditures				
Salaries and employee benefits				
transferred from district-wide	2,455,453	1,961,724	2,292,919	2,332,437
Services and supplies	3,354,938	4,187,243	11,014,697	8,612,252
Equipment and capital structures	-	2,809,252	1,129,750	208,151
Total Expenditures	5,810,391	8,958,219	14,437,366	11,152,840
Excess of revenues over/(under) expenditures	9,551,551	3,334,575	1,077,852	3,374,920
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(13,333)	(12,445)	(12,444)	(12,444)
Total other financing sources (uses)	(13,333)	(12,445)	(12,444)	(12,444)
Net change in fund balances	\$ 9,538,218	\$ 3,322,130	\$ 1,065,408	\$ 3,362,476

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

	2020		2021		2022		2023		2024		2025
\$	9,834,264	\$	10,344,149	\$	10,791,532	\$	11,647,326	\$	12,182,791	\$	12,536,110
	568,380		556,049		483,324		577,148		455,588		992,452
	1,694,933		2,624,628		1,690,497		1,360,441		2,360,632		5,181,695
	1,745,490		956,235		268,495		1,280,020		3,485,104		4,757,321
	-		7,987		23,961		23,961		27,111		-
	1,579,824		97,889		232,582		184,857		319,926		270,186
	15,422,891		14,586,937		13,490,391		15,073,753		18,831,152		23,737,764
	2,205,357		2,401,207		2,484,861		2,250,551		2,533,566		3,222,553
	8,008,597		6,966,093		10,873,497		6,876,779		8,517,413		9,348,287
	13,059		1,407		411,426		677,585		43,708		-
	10,227,013		9,368,707		13,769,784		9,804,915		11,094,687		12,570,840
	5,195,878		5,218,230		(279,393)		5,268,838		7,736,465		11,166,924
	-		-		-		-		18,480		6,882
	-		-		-		-		539,280		539,279
	(11,890)		(11,890)		(11,890)		(11,890)		(551,170)		(557,549)
	(11,890)		(11,890)		(11,890)		(11,890)		6,590		(11,388)
\$	5,183,988	\$	5,206,340	\$	(291,283)	\$	5,256,948	\$	7,743,055	\$	11,155,536

**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
ZONE 7 WATER AGENCY**

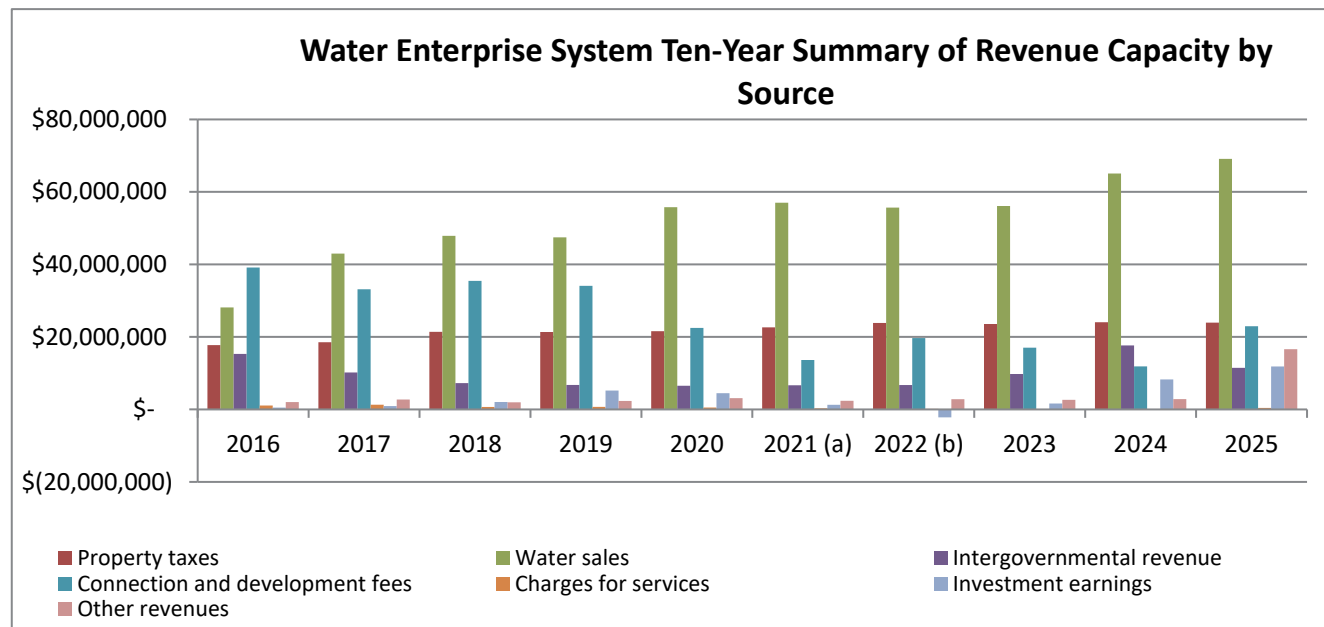
**Revenue Capacity
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30**

Water Enterprise System

	2016	2017	2018	2019
Revenues				
Property taxes	\$ 17,716,841	\$ 18,524,750	\$ 21,385,641	\$ 21,353,809
Water sales	28,110,974	42,975,960	47,860,145	47,440,592
Intergovernmental revenue	15,285,044	10,179,114	7,235,940	6,723,525
Connection and development fees	39,135,444	33,128,280	35,434,462	34,068,092
Charges for services	1,050,070	1,276,122	665,688	687,569
Investment earnings	496,700	915,090	2,021,455	5,187,260
Other revenues	2,000,146	2,716,835	1,944,121	2,310,887
Total Revenues	\$ 103,795,219	\$ 109,716,151	\$ 116,547,452	\$ 117,771,734

(a) Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

(b) The Agency implemented the provisions of GASB Statement 96 in fiscal year 2022 and retroactive application resulted in a restatement of fiscal year 2022.



	2020	2021 (a)	2022 (b)	2023	2024	2025
\$	21,553,508	\$ 22,616,173	\$ 23,836,161	\$ 23,540,590	\$ 24,043,448	\$ 23,923,784
	55,777,208	57,012,484	55,670,511	56,105,302	65,069,514	69,090,745
	6,509,157	6,640,850	6,710,435	9,752,717	17,635,085	11,459,377
	22,461,926	13,609,527	19,669,509	17,023,627	11,860,411	22,940,368
	500,371	277,722	144,160	86,983	91,125	392,426
	4,468,253	1,261,160	(2,209,267)	1,612,299	8,251,972	11,823,400
	3,080,792	2,361,815	2,813,952	2,633,188	2,834,228	16,599,194
\$	114,351,215	\$ 103,779,731	\$ 106,635,461	\$ 110,754,706	\$ 129,785,783	\$ 156,229,294

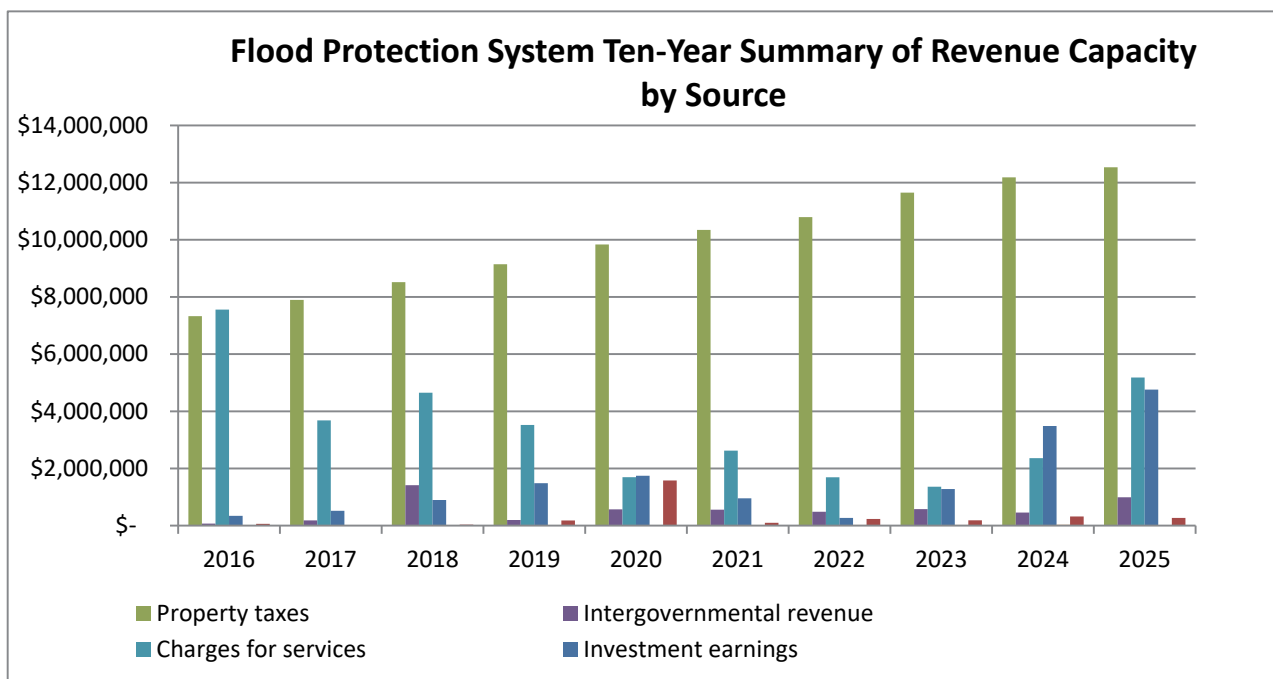
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
ZONE 7 WATER AGENCY

Revenue Capacity
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30

Flood Protection System

	2016	2017	2018	2019
Revenues				
Property taxes	\$ 7,329,117	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785
Intergovernmental revenue	71,562	181,418	1,413,239	196,321
Charges for services	7,556,578	3,683,683	4,652,449	3,522,081
Investment earnings	342,127	518,982	897,199	1,485,504
Rental Income	-	-	-	-
Other revenues	62,558	13,263	34,267	179,069
Total Revenues	\$ 15,361,942	\$ 12,292,794	\$ 15,515,218	\$ 14,527,760

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

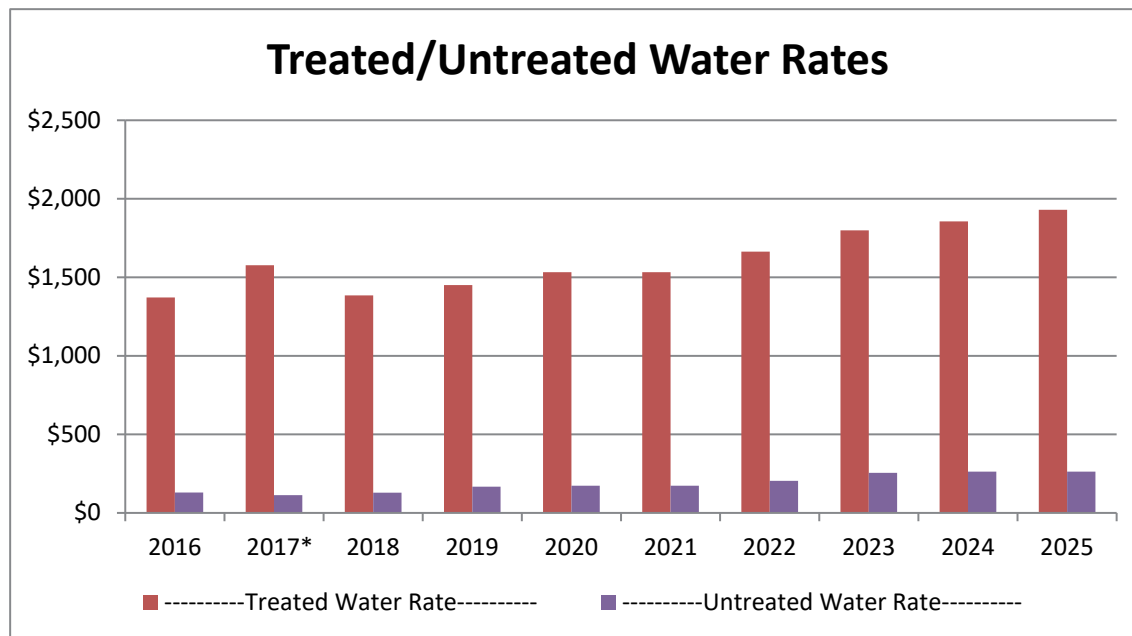


2020		2021		2022		2023		2024		2025	
\$	9,834,264	\$	10,344,149	\$	10,791,532	\$	11,647,326	\$	12,182,791	\$	12,536,110
	568,380		556,049		483,324		577,148		455,588		992,452
	1,694,933		2,624,628		1,690,497		1,360,441		2,360,632		5,181,695
	1,745,490		956,235		268,495		1,280,020		3,485,104		4,757,321
	-		7,987		23,961		23,961		27,111		-
	1,579,824		97,889		232,582		184,857		319,926		270,186
\$	15,422,891	\$	14,586,937	\$	13,490,391	\$	15,073,753	\$	18,831,152	\$	23,737,764

ALAMEDA COUNTY FLOOD CONTROL 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
2016	\$1,372	0.0%	\$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%
2022	\$1,664	8.5%	\$204	17.9%
2023	\$1,799	8.1%	\$255	25.0%
2024	\$1,856	3.1%	\$263	3.1%
2025	\$1,930	4.0%	\$263	0.0%

*In 2017, the agency changed its rates structure to include volume-based and fixed-based components. The rates shown include a mix of volume-based rates and fixed charges expressed in acre-feet.

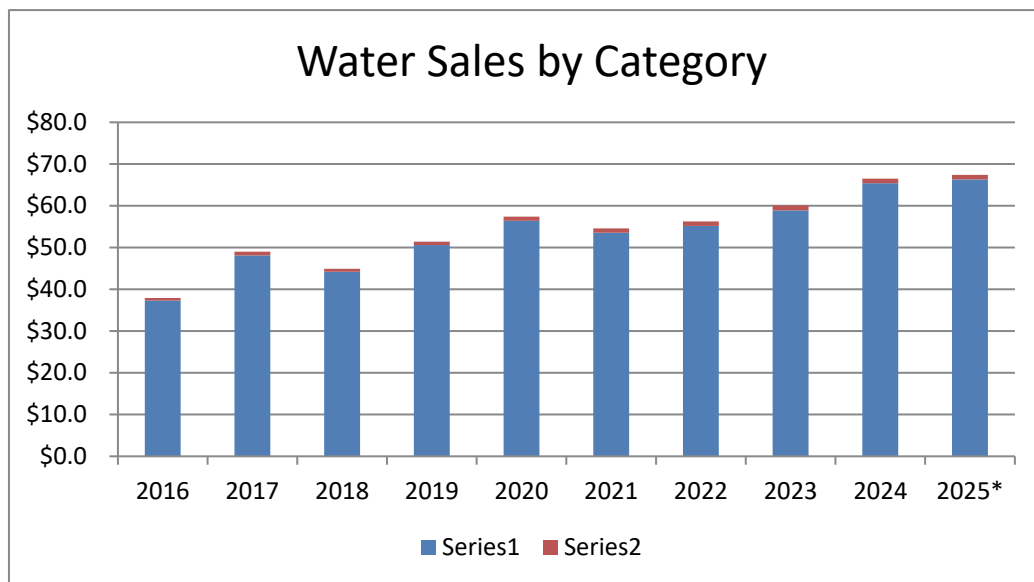


Source: Zone 7 Finance Department

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Water Sales by Category
 Ten-Year History
 (amounts expressed in millions)

Calendar Year	(Treated) Water Revenue	Untreated Water Revenue	Total
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	\$53.5	\$1.0	\$54.6
2022	\$55.2	\$1.1	\$56.3
2023	\$58.9	\$1.2	\$60.1
2024	\$65.4	\$1.1	\$66.5
2025*	\$66.3	\$1.1	\$67.4

*Calendar Year 2025 revenue is forecasted.



Source: Zone 7 Finance Department

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Principal Treated Water Customers
 Current Complete Year Comparison to Nine Years Ago
 (Calendar Year)

-----2024-----			
Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption
City of Pleasanton	13,573	1	38%
Dublin San Ramon Services District	9,932	2	28%
City of Livermore	5,946	3	17%
California Water Service Company	5,886	4	17%
All other treated water customers ¹	299	5	1%
Total Annual Consumption (AF)	35,637		100%

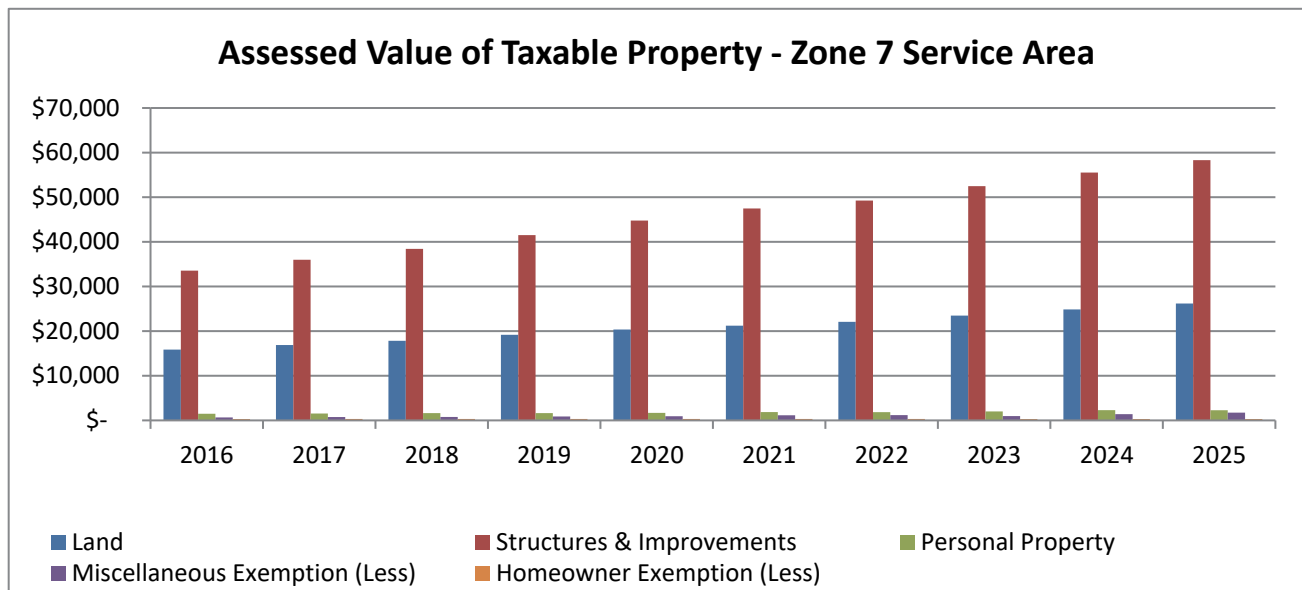
Source: Zone 7 Finance Department

¹Other treated customers include Lawrence Livermore Laboratory, Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District.

-----2015-----			
Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption
City of Pleasanton	7,729	1	31%
Dublin San Ramon Services District	7,466	2	30%
City of Livermore	4,556	3	19%
California Water Service Company	4,545	4	19%
All other treated water customers ¹	270	5	1.1%
Total Annual Consumption (AF)	24,566		100%

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Assessed Value of Taxable Property - Zone 7 Service Area
 Last Ten Fiscal Years
 Fiscal Year Ended June 30
 (expressed in millions)

	2016	2017	2018	2019
Assessed Value of Taxable Property				
Land	\$ 15,861	\$ 16,884	\$ 17,825	\$ 19,166
Structures & Improvements	33,555	35,989	38,434	41,506
Personal Property	1,473	1,536	1,625	1,622
Miscellaneous Exemption (Less)	661	748	769	870
Subtotal	50,228	53,661	57,115	61,424
Homeowner Exemption (Less)	303	304	306	307
Net Total	\$ 49,925	\$ 53,357	\$ 56,809	\$ 61,117



Source: Alameda County Assessor's Office

	2020		2021		2022		2023		2024		2025
\$	20,359	\$	21,220	\$	22,068	\$	23,473	\$	24,862	\$	26,174
	44,764		47,473		49,260		52,485		55,537		58,312
	1,667		1,858		1,829		2,005		2,280		2,266
	921		1,130		1,167		961		1,387		1,729
	65,869		69,421		71,990		77,002		81,292		85,023
	309		308		305		302		299		298
\$	65,560	\$	69,113	\$	71,685	\$	76,700	\$	80,993	\$	84,725

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
ZONE 7 WATER AGENCY

Property Tax Rates⁽¹⁾

Direct and Overlapping Governments

Last Ten Fiscal Years

(Rates per \$1,000 of Assessed value)

	2016	2017	2018	2019
Direct Rates:				
City of Livermore	1.0000%	1.0000%	1.0000%	1.0000%
County GO Bond				0.0112%
Overlapping Rates⁽²⁾:				
School District	0.0404%	0.0886%	0.0803%	0.0771%
Community College	0.0198%	0.0246%	0.0445%	0.0443%
Bay Area Rapid Transit	0.0026%	0.0080%	0.0084%	0.0070%
Zone 7 Flood Control	0.0343%	0.0333%	0.0359%	0.0332%
Total Direct and Overlapping Rates	1.0971%	1.1545%	1.1691%	1.1728%

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.

2020	2021	2022	2023	2024	2025
1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
0.0108%	0.0036%	0.0041%	0.0103%	0.0088%	0.0089%
0.0743%	0.0691%	0.0706%	0.0638%	0.0540%	0.0475%
0.0422%	0.0214%	0.0458%	0.0388%	0.0416%	0.0393%
0.0120%	0.0139%	0.0060%	0.0140%	0.0134%	0.0148%
0.0309%	0.0309%	0.0307%	0.0279%	0.0267%	0.0243%
1.1702%	1.1389%	1.1572%	1.1548%	1.1445%	1.1348%

ALAMEDA COUNTY FLOOD CONTROL 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
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%
2022	32,008,443	32,008,443	100%	0%
2023	32,885,000	32,885,000	100%	0%
2024	33,419,000	33,419,000	100%	0%
2025	34,648,000	34,648,000	100%	0%

Source: Zone 7 Finance Department

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

Taxpayer	2025 ⁽¹⁾			2016 ⁽²⁾		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Westcore Bravo Livermore LLC	\$ 326,749,900	1	0.39%			
Stoneridge Creek Pleasanton CCRC LLC	294,837,306	2	0.35%	\$ 192,673,565	4	0.39%
Stoneridge Properties	291,452,520	3	0.35%	251,603,253	2	0.50%
Rosewood Commons Property Owner LLC	277,970,292	4	0.33%			
Workday Inc.	277,685,090	5	0.33%			
OAK Owens 20172020 LLC	268,485,759	6	0.32%			
Kaiser Foundation Health Plan Inc	263,694,284	7	0.31%	372,400,427	1	0.75%
Livermore Premium Outlets LLC	238,891,491	8	0.29%	199,243,320	3	0.40%
ESSEX Pleasanton Owner LP	214,926,440	9	0.26%			
Avalon West Dublin LP	191,688,452	10	0.23%			
Avalon Dublin Station II LP				171,200,560	5	0.34%
Trust NOIP Dublin LP				158,226,698	6	0.32%
Stoneridge Residential LLC				153,376,131	7	0.31%
Tishman Speyer Archstone Smith				151,900,471	8	0.30%
SFI Pleasanton LLC				146,293,994	9	0.29%
6200 Stoneridge Mall Road Investors LLC				145,700,000	10	0.29%
	<u>\$ 2,646,381,534</u>		<u>3.16%</u>	<u>\$ 1,942,618,419</u>		<u>3.89%</u>

Source: (1) County of Alameda 2024-25 FY Top 10 Taxpayers by Primary Tax Code Area (Secured)
(2) Zone 7 Water Agency ACFR for FY 2016

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

	2015		2016		2017		2018 ¹	
2018 Water Revenue Bond ¹	\$	-	\$	-	\$	-	\$	71,376,744
2023 Water Revenue Bond ²		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	71,376,744
Total Debt Per Capita	\$	-	\$	-	\$	-	\$	275.41

Source: Zone 7 Finance Department

¹ In March 2018, the Agency, via the Livermore Valley Water Financing Authority, issued the 2018 Water Revenue Bonds in the amount of \$64,010,000.

² In October 2023, the Agency, via the Livermore Valley Water Financing Authority, issued the 2023 Water Revenue Bonds in the amount of \$28,795,000.

2019	2020	2021	2022	2023	2024	2025
\$ 70,735,844	\$ 68,705,423	\$ 66,661,411	\$ 64,592,816	\$ 62,498,601	\$ 60,378,146	\$ 58,221,595
-	-	-	-	-	29,887,991	29,360,197
\$ 70,735,844	\$ 68,705,423	\$ 66,661,411	\$ 64,592,816	\$ 62,498,601	\$ 90,266,137	\$ 87,581,792
\$ 272.06	\$ 264.25	\$ 256.39	\$ 242.83	\$ 234.96	\$ 339.35	\$ 329.25

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (In Millions)

	2016	2017	2018	2019
Debt Limit	\$ 2,496	\$ 2,668	\$ 2,840	\$ 3,056
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 2,496	\$ 2,668	\$ 2,840	\$ 3,056
Total net debt applied to the limit as a percentage of the debt limit	0%	0%	0%	0%

Source: Alameda County Assessor's Office and Zone 7 Finance Department

2020		2021		2022		2023		2024		2025	
\$	3,278	\$	3,456	\$	3,584	\$	3,835	\$	4,050	\$	4,236
	-		-		-		-		-		-
\$	3,278	\$	3,456	\$	3,584	\$	3,835	\$	4,050	\$	4,236
0%		0%		0%		0%		0%		0%	

ALAMEDA COUNTY FLOOD CONTROL 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

Fiscal Year	Zone 7 Service Area (Acres)	Population Served within Zone 7's Service Area^A	Total Population Alameda County¹	Total Personal Income Alameda County^{2,C} (billions)	Per Capita Income Alameda County^{2,C}	Unemployment Rate Alameda County³	Consumer Price Index Alameda County (% change in CPI)⁴
2016	272,000	247,000	1,629,738	108.3	65,209	4.7%	3.1%
2017	272,000	255,023	1,646,405	115.8	69,254	4.0%	3.0%
2018	272,000	259,165	1,656,884	124.7	74,192	3.1%	4.3%
2019	272,000	260,000	1,666,753	134.7	79,984	3.1%	2.7%
2020	272,000	260,000	1,670,834	148.2	88,190	13.5%	1.6%
2021	272,000	260,000	1,656,591	161.7	98,370	6.6%	3.2%
2022	272,000	266,000	1,651,979	164.2	100,836	3.0%	6.8%
2023	272,000	266,000	1,636,194	173.0	106,657	4.2%	2.9%
2024	272,000	266,000	1,641,869	N/A ^B	N/A ^B	4.7%	3.2%
2025	272,000	266,000	1,662,482	N/A ^B	N/A ^B	5.0%	1.5%

Sources: ¹ State of California, Department of Finance

² U.S. Bureau of Economic Analysis

³ State of California Employment Development Department Labor Market Information

⁴ U.S. Bureau of Labor Statistics San Francisco Area

^A Population of Service Area are estimates and includes the cities of Livermore, Pleasanton, Dublin and Dougherty Valley (Dougherty Valley figures are estimated as 3.36% of City of San Ramon) .

^B Personal Income & Per Capita Income for Alameda County are not available for 2024 and 2025.

^C Personal Income & Per Capital Income for Alameda County have been revised.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY

Principal Employers Within the Service Area

Current Year and Nine Years Ago

CITY OF DUBLIN ¹

-----2024 ^A -----			-----2016-----		
Company/Organization	Number of Employees	Percentage of Total Employment ⁴	Company/Organization	Number of Employees	Percentage of Total Employment ⁴
United States Government & Federal Correction Institute	3,109	9.04%	United States Government & Federal Correction Institute	2,100	6.54%
County of Alameda	1,308	3.80%	Dublin Unified School District	915	2.85%
Dublin Unified School District	1,292	3.76%	SAP (Formerly: Sybase Corporation)	700	2.18%
Ross Stores Headquarters	1,081	3.14%	Zeiss Meditec	500	1.56%
Zeiss Meditec	767	2.23%	Ross Stores Headquarters	500	1.56%
Kaiser Permanente	542	1.58%	Target Stores	350	1.09%
Patelco Credit Union	461	1.34%	Callidus Cloud	350	1.09%
Target Stores	352	1.02%	County of Alameda	325	1.01%
Snowflake, Inc.	350	1.02%	De Silva Gates Construction	300	0.93%
TriNet	215	0.63%	Safeway	280	0.87%
Total Employment	34,400	27.55%	Total Employment	32,100	19.69%

CITY OF LIVERMORE ²

-----2024 ^A -----			-----2015 ^B -----		
Company/Organization	Number of Employees	Percentage of Total Employment	Company/Organization	Number of Employees	Percentage of Total Employment
Lawrence Livermore National Lab	9,291	17.33%	Lawrence Livermore National Lab	5800-6000	13.16%
Sandia National Lab	1,842	3.44%	Sandia National Lab	1100-1200	2.56%
Livermore Valley Joint Unified School District	1,401	2.61%	Livermore Valley Joint Unified School District	1200-1300	2.79%
GILLIG	1,109	2.07%	Kaiser Permanente	800-900	1.90%
Form Factor	989	1.84%	Wente	700-800	1.67%
Kaiser Permanente	825	1.54%	RGW Construction	400-500	1.00%
Lam Research	640	1.19%	Livermore Area Recreation and Parks District	400-500	1.00%
City of Livermore	578	1.08%	Las Positas College	400-800	1.00%
Topcon Positioning Systems	410	0.76%	City of Livermore	400-500	1.00%
Las Positas College	291	0.54%	Valley Care Health Systems	432	1.00%
Total Employment		32.40%	Total Employment		27.08%

CITY OF PLEASANTON ³

-----2024 ^A -----			-----2016-----		
Company/Organization	Number of Employees	Percentage of Total Employment	Company/Organization	Number of Employees	Percentage of Total Employment
Workday Inc	5,399	9.12%	Kaiser Permanente	3,741	6.79%
Kaiser Foundation Hospitals	3,019	5.10%	Wokday	2,250	4.09%
Pleasanton Unified School District	1,373	2.32%	Safeway Inc	1,681	3.05%
Safeway Inc	1,348	2.28%	Oracle	1,557	2.83%
Stanford Healthcare - Trivalley	1,124	1.90%	Pleasanton Unified School Dist.	1,444	2.62%
Veeva Systems Inc	945	1.60%	Valley Care Medical Center	1,400	2.54%
Roche Molecular Systems Inc.	927	1.57%	Ellie Mae	1,000	1.82%
Oracle America Inc	882	1.49%	State Compensation Ins. Fund	787	1.43%
10x Genomics	600	1.01%	Roche Molecular Systems Inc.	750	1.36%
Life Technologies	579	0.98%	Blackhawk Network Inc.	736	1.34%
Total Employment		27.37%	Total Employment		27.87%

Note: ^ANumber of Employees and Percentage of Total Employment unavailable for 2025.

^BNumber of Employees and Percentage of Total Employment unavailable for City of Livermore FY2015/16

Source: ¹ City of Dublin, Annual Comprehensive Financial Report FY 2023/24

² City of Livermore, Annual Comprehensive Financial Report FY 2023/24

³ City of Pleasanton, Annual Comprehensive Financial Report FY 2023/24 and FY 2015/16

⁴ Percentage calculated based on Dublin's Employment of 34,400 for 2024 and 32,100 for 2016 (Source: State of California Employment Development Department)

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
ZONE 7 WATER AGENCY

Full-time Equivalent Agency Employees by Function/Program Budget
Last Ten Fiscal Years

Division/Function	2016	2017	2018	2019
Office of the General Manager	8	9	9	9
Integrated Planning	8.5	9.5	9.5	6.5
Finance:				
Accounting, Finance & Purchasing	10	10	10	10
Human Resources	7	4	4	3
Engineering:				
Facilities Engineering	12	13	13	10
Groundwater	8.5	7.5	7.5	7.5
Water Quality	7.5	7.5	7.5	7.5
Flood Protection	6	7	7	8
Operations	24	27	27	28
Maintenance	20	20	20	19
Total FTE	111.5	114.5	114.5	108.5

Source: Zone 7 Finance Department

2020	2021	2022	2023	2024	2025
10	10	10	11	11	11
8.5	9.5	8.5	11	11	10
11	11	11	12	12	13
3	3	3	3	3	3
12	11	11	11	11	10
7.5	7	7	7	7	7
7.5	7	7	7	7	9
7	5.5	5.5	5	5	5
29	30	30	30	30	29
19	21	22	25	25	30
114.5	115.0	115.0	122.0	122.0	127.0

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
ZONE 7 WATER AGENCY

Operating Indicators

Fiscal Years 2016-2025

	2016	2017	2018	2019
Water Enterprise System				
Total Groundwater pumped (AF) ¹	2,002	2,300	4,700	8,200
Total Artificial Stream Recharge (AF)	8,910	8,300	9,100	3,100
New water connections	1,600	1,338	1,301	1,214
Total drilling permits issued	133	155	165	154
Flood Protection System				
Flood Protection area managed (sq. miles)	425	425	425	425
Flood Protection channels (miles)	37	37	37	37
Flood Protection encroachment permits issued	34	24	32	37
Flood Protection development referrals	15	20	15	11

Source: Facilities Engineering, Flood Protection, Groundwater and Integrated Planning departments.

¹ Calculated on a Water Year basis (October 1 - September 30)

2020	2021	2022	2023	2024	2025
10,100	16,400	15,200	5,100	3,200	4,000
4,040	830	110	4,400	9,200	4,300
796	470	643	522	354	584
119	130	136	125	113	117
425	425	425	425	425	425
37	37	37	37	37	39
44	23	18	20	17	12
18	26	45	49	48	34

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -
 ZONE 7 WATER AGENCY
 Operating Information
 Capital Asset Statistics
 Fiscal Years 2016-2025

	2016	2017	2018	2019
Number of treatment plants	3	3	3	3
Miles of pipeline	41	41	41	41
Number of treated water pumping stations	2	2	2	2
Number of wells operated	10	10	10	10
Total Groundwater storage (AF) ^{1,2}	226,000	248,000	249,000	252,000
Total Groundwater operational storage-water year (AF) ²	98,000	120,000	121,000	124,000

Source: Facilities Engineering and Integrated Planning Departments

¹ 2024 total and operational Groundwater Storage are estimates based on mid-September water levels.
 Actual values get calculated at end of each year.

² Calculated on a Water Year basis (October 1 - September 30).

2020	2021	2022	2023	2024	2025
3	3	3	3	4	5
41	41	41	41	41	41
2	2	2	3	3	3
10	10	10	10	10	10
246,000	230,000	218,000	230,000	253,000	252,000
118,000	102,000	90,000	102,000	125,000	124,000

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

To the Board of Directors of the
Alameda County Flood Control and Water Conservation District, Zone 7
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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alameda County Flood Control And Water Conservation District, Zone 7, Zone 7 Water Agency (Agency), as of and for the year ended June 30, 2025, and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maze + Associates". The script is cursive and somewhat stylized.

Pleasant Hill, California
November 25, 2025

**ALAMEDA COUNTY FLOOD CONTROL AND WATER
CONSERVATION AGENCY – ZONE 7 WATER AGENCY**

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

FOR THE YEAR ENDED JUNE 30, 2025

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**ALAMEDA COUNTY FLOOD CONTROL AND WATER
CONSERVATION AGENCY – ZONE 7 WATER AGENCY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2025

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Other Matters	3
<i>Required Communications</i>	7
Significant Audit Matters.....	7
Qualitative Aspects of Accounting Practices	7
Difficulties Encountered in Performing the Audit.....	8
Corrected and Uncorrected Misstatements.....	8
Disagreements with Management.....	8
Management Representations	8
Management Consultations with Other Independent Accountants	9
Other Audit Findings or Issues	9
Other Matters.....	9

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MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the basic financial statements of the Alameda County Flood Control and Water Conservation Agency – Zone 7 Water Agency (Agency), California, as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the Agency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze + Associates'.

Pleasant Hill, California
November 25, 2025

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**ALAMEDA COUNTY FLOOD CONTROL AND WATER
CONSERVATION AGENCY – ZONE 7 WATER AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

Management’s Discussion and Analysis – This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items – This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position – This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

**ALAMEDA COUNTY FLOOD CONTROL AND WATER
CONSERVATION AGENCY – ZONE 7 WATER AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

GASB 103 – Financial Reporting Model Improvements (Continued)

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

**ALAMEDA COUNTY FLOOD CONTROL AND WATER
CONSERVATION AGENCY – ZONE 7 WATER AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

EFFECTIVE FISCAL YEAR 2026/27:

GASB 104 – Certain Risk Disclosures

GASB 104, effective for fiscal years beginning after June 15, 2025, establishes new disclosure requirements designed to improve transparency regarding the risks that could impact a government's financial position or service capacity.

Under this standard, governments must provide qualitative and quantitative information about their exposure to **concentrations** and **constraints** that make them vulnerable to severe financial stress.

- **Concentrations** are exposures to a single or limited number of counterparties, activities, or conditions (for example, dependence on one employer, industry, or revenue source).
- **Constraints** are limitations that hinder a government's ability to adjust to potential financial stress (for example, legal or contractual restrictions, or limited revenue-raising capacity).

The disclosure should describe the nature of the concentration or constraint, the possible effect on the government's finances or operations, and any actions taken to mitigate the risk. The statement does not require governments to quantify potential losses—only to disclose conditions that make the government more vulnerable to severe financial stress.

Implementation is required for the June 30, 2026, financial statements for most entities, though early adoption is permitted. Management should begin identifying potential concentrations or constraints and considering whether additional disclosures will be necessary.

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REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Alameda County Flood Control and Water Conservation Agency – Zone 7 Water Agency (Agency), California, for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 28, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 101 – *Compensated Absences*
GASB 102 – *Certain Risk Disclosures*

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency’s financial statements were:

Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management’s estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 6 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability: Management's estimate of the net OPEB liability is disclosed in Note 7 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1H to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1L to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures – The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Agency's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 25, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Agency’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has 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.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Pleasant Hill, California
November 25, 2025

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