



**WATER  
AGENCY**



# **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' Report**

For the Year Ended June 30, 2025

With Summarized Information for the Year Ended June 30, 2024

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**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)**

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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.

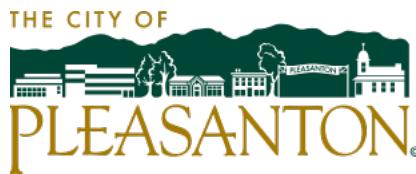


**DUBLIN** The City of Dublin was incorporated in 1982 and is located in the East Bay of the San Francisco Bay Area and is approximately 30 miles east of San Francisco and 30 miles northeast of the Silicon Valley. In 2011 Dublin was named an "All-America City" by the National Civic League, and in 2018 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.

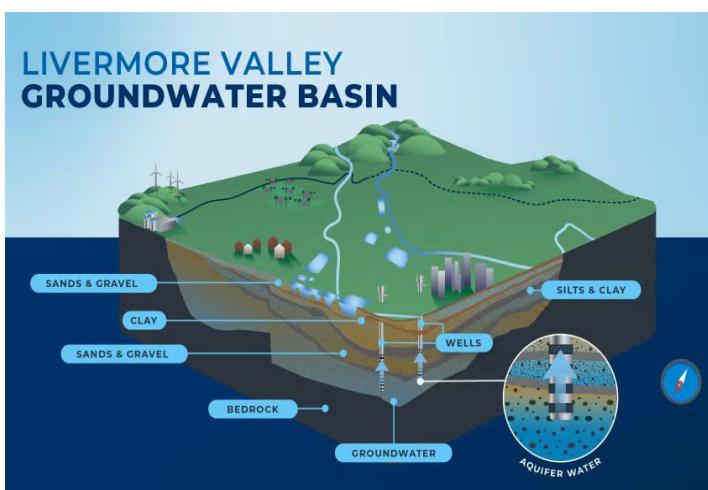
On April 29, 2025, the Department of Water Resources announced the 2025 SWP final allocation to be 50% due to California's snowpack beginning to melt and flow into the State's watersheds and further filling up the reservoirs. Based on total water supplies available, the Agency is well-positioned to meet 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 for the Livermore Valley Groundwater Basin.



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.

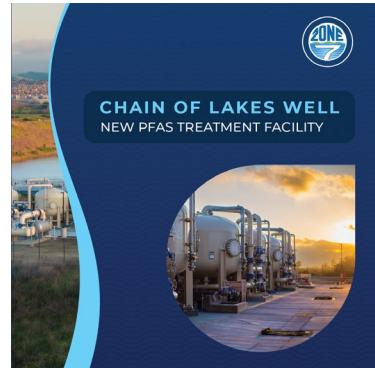
- Initiated the 2025 Water Demand Assessment to forecast future municipal and industrial water demands.
- Continued development of a robust water transfer program to meet water supply needs and manage available transfer water supply and costs. The Agency executed a multi-year water transfer agreement 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

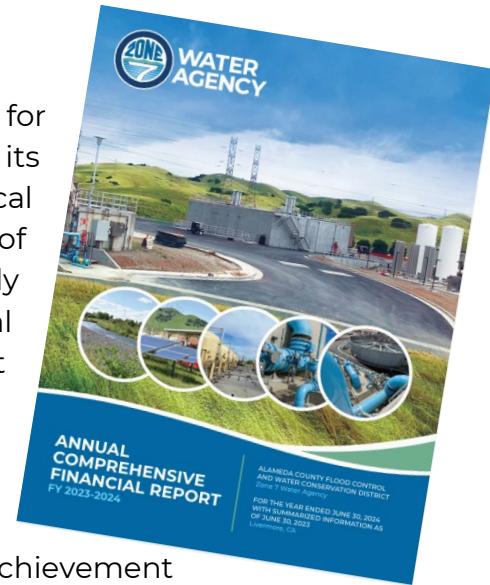
### Independent Audit

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,



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**Valerie Pryor**  
General Manager



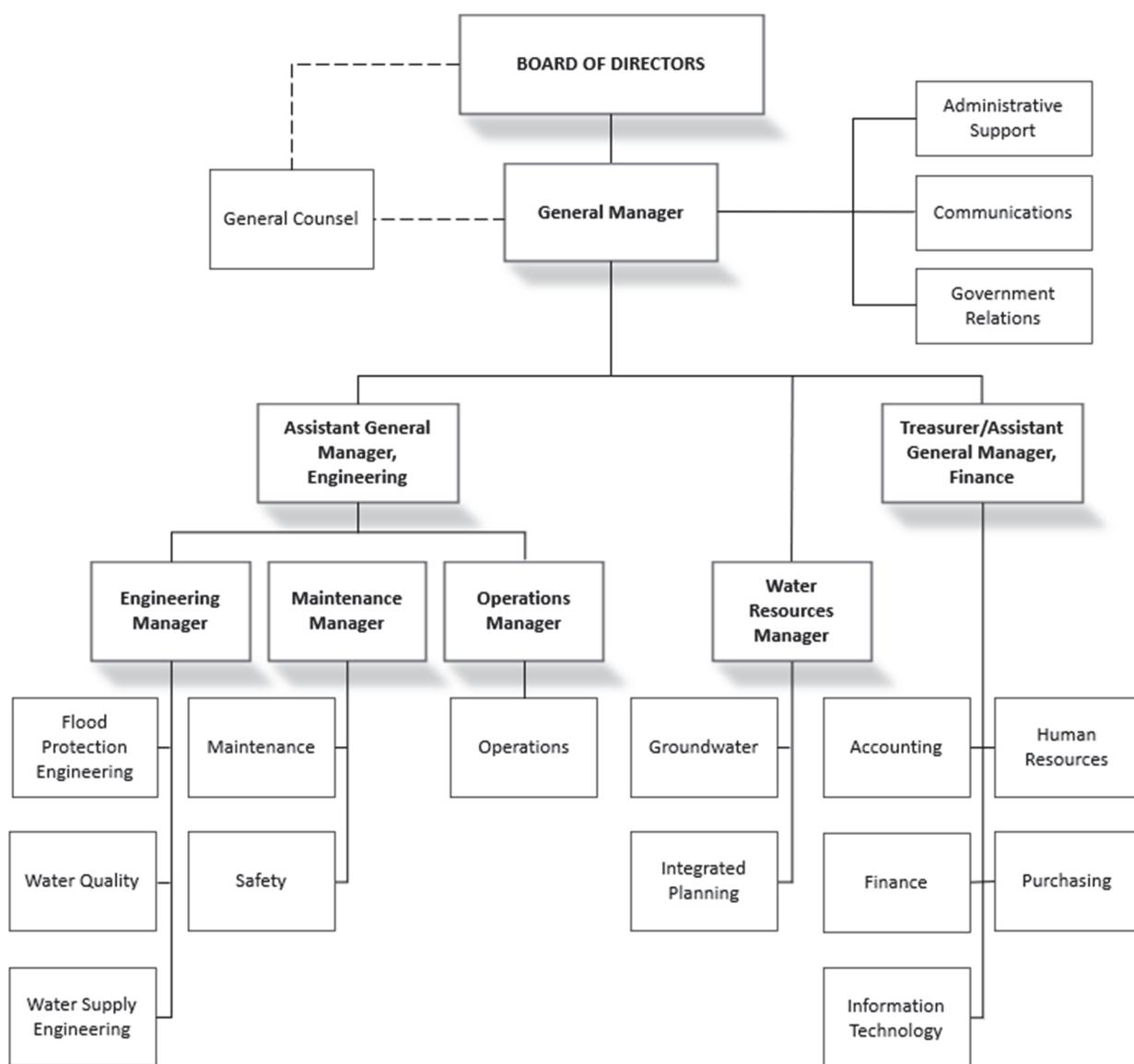
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**Osborn Solitei**  
Treasurer/Assistant  
General Manager, Finance

# 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.

*Maze + Associates*

Pleasant Hill, California  
November 25, 2025

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

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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, \$117.8 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**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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**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**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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**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**  
**Zone 7 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
<b>Assets:</b>						
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
<b>TOTAL ASSETS</b>	<b>154,505,429</b>	<b>145,144,013</b>	<b>629,767,544</b>	<b>596,938,926</b>	<b>784,272,973</b>	<b>742,082,939</b>
<b>Deferred Outflows of Resources</b>						
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
<b>Total Deferred Outflows of Resources</b>	<b>543,982</b>	<b>611,066</b>	<b>5,200,279</b>	<b>7,123,946</b>	<b>5,744,261</b>	<b>7,735,012</b>
<b>Liabilities:</b>						
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
<b>TOTAL LIABILITIES</b>	<b>4,150,407</b>	<b>5,222,829</b>	<b>116,087,604</b>	<b>120,011,470</b>	<b>120,238,011</b>	<b>125,234,299</b>
<b>Deferred Inflows of Resources</b>						
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
<b>Total Deferred Inflows of Resources</b>	<b>348,937</b>	<b>838,902</b>	<b>3,335,716</b>	<b>5,536,675</b>	<b>3,684,653</b>	<b>6,375,577</b>
<b>Net Position:</b>						
Net Investment in capital assets	33,265,825	32,807,289	276,697,075	281,764,763	309,962,900	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	85,858,531	46,528,255	117,825,980	73,443,963
<b>TOTAL NET POSITION</b>	<b>\$ 150,550,067</b>	<b>\$ 139,693,348</b>	<b>\$ 515,544,503</b>	<b>\$ 478,514,727</b>	<b>\$ 666,094,570</b>	<b>\$ 618,208,075</b>

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**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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The largest portion of the Agency's net position, \$310 million or 46.5 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
<b>Assets:</b>						
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
<b>TOTAL ASSETS</b>	<b>145,144,013</b>	<b>137,081,171</b>	<b>596,938,926</b>	<b>542,123,674</b>	<b>742,082,939</b>	<b>679,204,845</b>
<b>Deferred Outflows of Resources</b>						
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
<b>Total Deferred Outflows of Resources</b>	<b>611,066</b>	<b>783,166</b>	<b>7,123,946</b>	<b>9,508,104</b>	<b>7,735,012</b>	<b>10,291,270</b>
<b>Liabilities:</b>						
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
<b>TOTAL LIABILITIES</b>	<b>5,222,829</b>	<b>5,232,143</b>	<b>120,011,470</b>	<b>90,401,547</b>	<b>125,234,299</b>	<b>95,633,690</b>
<b>Deferred Inflows of Resources</b>						
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
<b>Total Deferred Inflows of Resources</b>	<b>838,902</b>	<b>952,192</b>	<b>5,536,675</b>	<b>6,873,626</b>	<b>6,375,577</b>	<b>7,825,818</b>
<b>Net Position:</b>						
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
<b>TOTAL NET POSITION</b>	<b>\$ 139,693,348</b>	<b>\$ 131,680,002</b>	<b>\$ 478,514,727</b>	<b>\$ 454,356,605</b>	<b>\$ 618,208,075</b>	<b>\$ 586,036,607</b>

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

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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.

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**Zone 7 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
<b>Revenues:</b>						
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
<b>Total revenues</b>	<b>23,205,367</b>	<b>19,388,912</b>	<b>156,229,294</b>	<b>129,785,783</b>	<b>179,434,661</b>	<b>149,174,695</b>
<b>Expenses:</b>						
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
<b>Total expenses</b>	<b>12,330,377</b>	<b>11,363,676</b>	<b>119,217,788</b>	<b>105,639,551</b>	<b>131,548,165</b>	<b>117,003,227</b>
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	<b>\$ 150,550,068</b>	<b>\$ 139,693,348</b>	<b>\$ 515,544,503</b>	<b>\$ 478,514,727</b>	<b>\$ 666,094,571</b>	<b>\$ 618,208,075</b>

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased \$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 Floatation 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.

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**Management's Discussion and Analysis (Unaudited) (Continued)**  
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**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
<b>Revenues:</b>						
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
<b>Total revenues</b>	<b>19,388,912</b>	<b>15,073,753</b>	<b>129,785,783</b>	<b>110,754,706</b>	<b>149,174,695</b>	<b>125,828,459</b>
<b>Expenses:</b>						
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
<b>Total expenses</b>	<b>11,363,676</b>	<b>9,217,635</b>	<b>105,639,551</b>	<b>97,580,602</b>	<b>117,003,227</b>	<b>106,798,237</b>
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	<b>\$ 139,693,348</b>	<b>\$ 131,680,002</b>	<b>\$ 478,514,727</b>	<b>\$ 454,356,605</b>	<b>\$ 618,208,075</b>	<b>\$ 586,036,607</b>

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased \$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**  
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**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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**Governmental Activities**

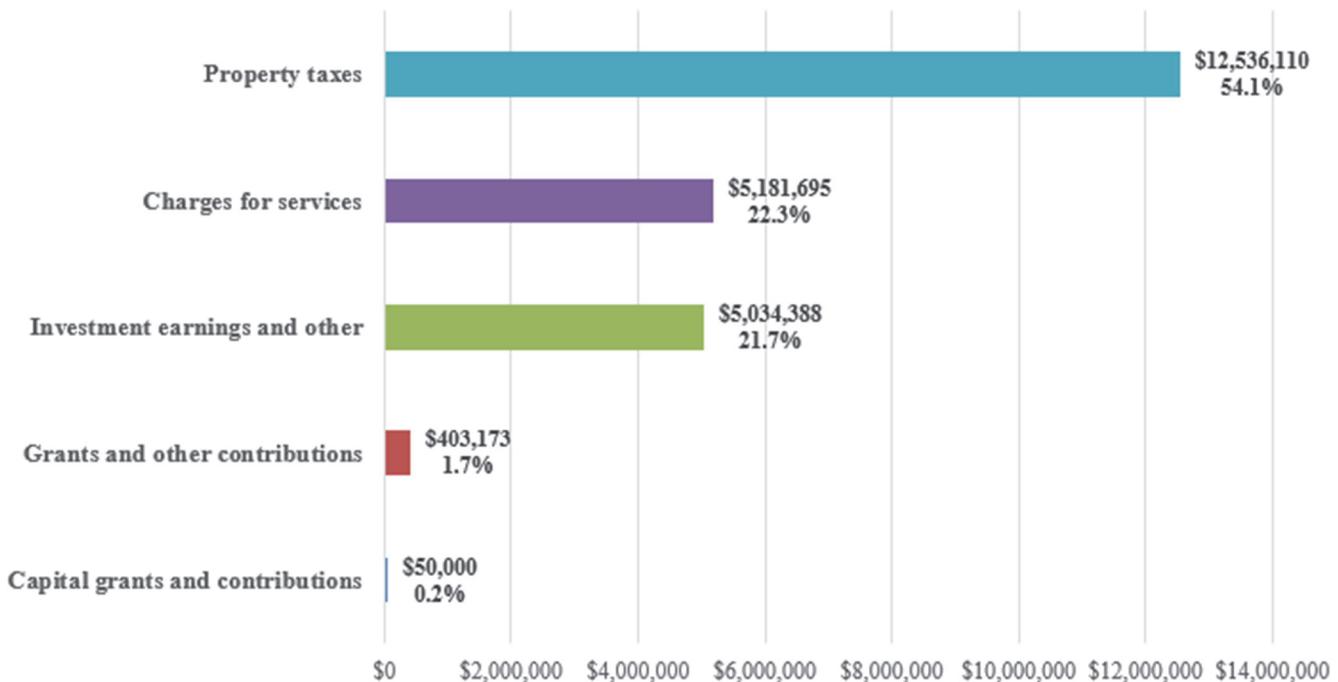
The net position for the Agency's governmental activities increased by \$10.9 million from \$139.7 million to \$150.6 million. The net position's increase from the prior year is mainly due to a \$9.4 million increase in total assets and \$1.1 million decrease in total liabilities, \$0.5 million in pension 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**

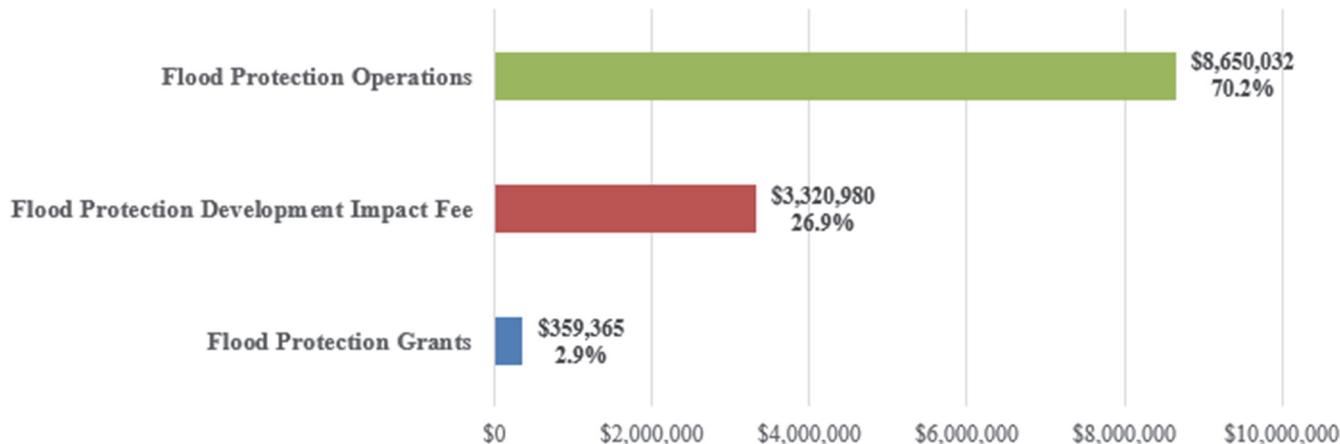


**Expenses:** Total expenses increased by \$1 million, or 8.5 percent, in the governmental activities mainly due to the developer reimbursement for the construction of a detention basin, offset by decreases in services and supplies as permitting delays have deferred many projects into fiscal year 2026. 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.

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

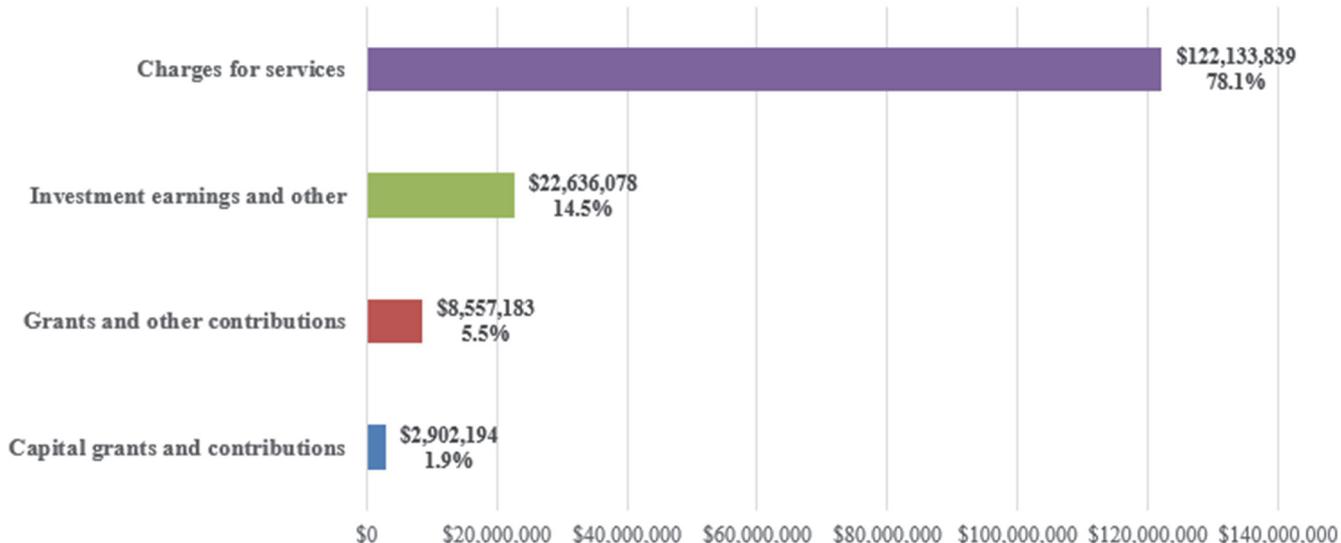
**Revenues:** Significant changes in revenues are as follows:

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

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

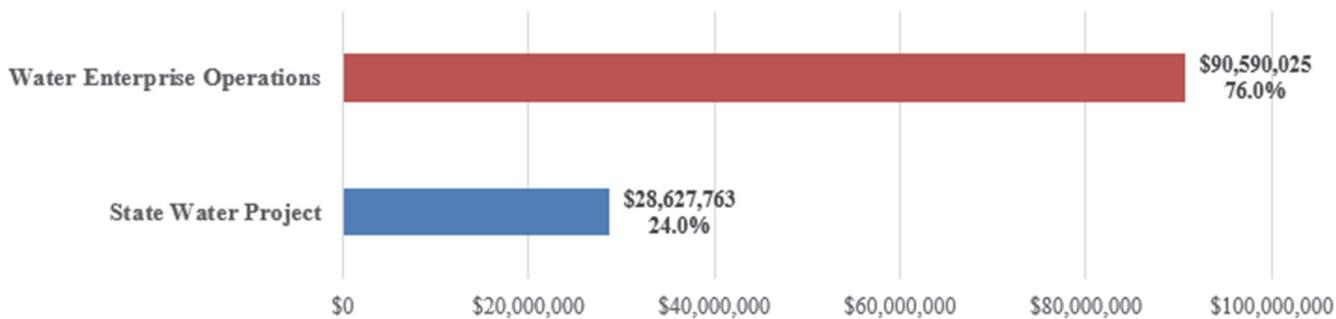


**Expenses:** Significant changes in expenses are as follows:

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**



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

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**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.

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

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**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
<b>REVENUES:</b>				
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)
<b>Total Revenue</b>	<b>13,498,000</b>	<b>14,421,097</b>	<b>923,097</b>	<b>2,255,726</b>
<b>EXPENDITURES:</b>				
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
<b>Total Expenditures</b>	<b>31,754,147</b>	<b>8,890,495</b>	<b>22,863,652</b>	<b>12,405,583</b>
<b>EXCESS REVENUES OVER EXPENDITURES</b>				
Other Financing Sources (Uses)	(18,256,147)	5,530,602	23,786,749	14,661,309
Transfers in (Note 3)	-	6,882	6,882	18,480
Transfers (out) (Note 3)	(16,000)	318,174	318,174	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (18,272,147)</b>	<b>5,837,388</b>	<b>\$ 24,109,535</b>	<b>\$ 14,364,724</b>
Fund balance, beginning of year		<b>27,800,557</b>		
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 33,637,945</b>		

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:

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

	<b>Final Budgeted Amounts</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Budget Variance</b>	
			<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>REVENUES:</b>				
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
<b>Total Revenue</b>	<b>3,477,000</b>	<b>8,418,023</b>	<b>4,941,023</b>	<b>1,140,215</b>
<b>EXPENDITURES:</b>				
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
<b>Total Expenditures</b>	<b>5,617,282</b>	<b>3,320,980</b>	<b>2,296,302</b>	<b>2,695,219</b>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	<b>(2,140,282)</b>	<b>5,097,043</b>	<b>7,237,325</b>	<b>3,835,434</b>
Other Financing (Uses):				
Transfers in (Note 3)	-	221,105	221,105	(221,105)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,140,282)</b>	<b>5,318,148</b>	<b>\$ 7,458,430</b>	<b>\$ 3,614,329</b>
Fund balance, beginning of year		<b>79,773,869</b>		
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 85,092,017</b>		

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, MGDP Concentrate Conditioning Facility Project, Chain of Lakes PFAS Treatment Facility, and the Wells and MGDP Electrical Upgrades Project. This was offset by the decrease in construction in progress and the retirements of the DVWTP Dissolved Air Floatation 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**  
**Zone 7 Water Agency**  
**Management’s Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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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)**

	<b>2025</b>	<b>2024</b>	<b>2025 vs. 2024</b>		<b>2023</b>	<b>2024 vs. 2023</b>	
			<b>\$ Change</b>	<b>% Change</b>		<b>\$ Change</b>	<b>% Change</b>
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)**

	<b>2025</b>	<b>2024</b>	<b>2025 vs. 2024</b>		<b>2023</b>	<b>2024 vs. 2023</b>	
			<b>\$ Change</b>	<b>% Change</b>		<b>\$ Change</b>	<b>% Change</b>
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**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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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:

<b>Type of Bond</b>	<b>Ratings/ Outlook</b>	
	<b>S &amp; P</b>	<b>Fitch Rating</b>
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**  
**Zone 7 Water Agency**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2025, and 2024**

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**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
<b>ASSETS</b>			
Current assets			
Pooled Cash in County Treasury (Note 2)	\$93,377,218	\$97,651,853	\$191,029,071
Cash and Investments - Agency Treasury (Note 2)	24,015,694	133,909,936	157,925,630
Restricted cash (Note 2)	1,802,784	19,204,180	21,006,964
Accounts receivable, net	657,016	34,678,384	35,335,400
Interest receivable	2,955	14,955	17,910
Lease receivable			22,261
Prepaid expenses	1,383,937	1,425,584	2,809,521
<b>Total current assets</b>	<b>121,239,604</b>	<b>286,884,892</b>	<b>408,124,496</b>
			<b>368,391,237</b>
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
Depreciable, net	11,144,211	287,125,586	298,269,797
<b>Total noncurrent assets</b>	<b>33,265,825</b>	<b>342,882,652</b>	<b>376,148,477</b>
			<b>373,691,702</b>
<b>Total assets</b>	<b>154,505,429</b>	<b>629,767,544</b>	<b>784,272,973</b>
			<b>742,082,939</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related (Note 6)	387,288	3,702,338	4,089,626
OPEB related (Note 7)	156,694	1,497,941	1,654,635
<b>Total deferred outflow of resources</b>	<b>543,982</b>	<b>5,200,279</b>	<b>5,744,261</b>
			<b>7,735,012</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	1,097,657	8,584,298	9,681,955
Interest payable		1,957,269	1,957,269
Deposits payable	1,411,985	347,495	1,759,480
Compensated absences (Note 1L)	57,127	1,317,392	1,374,519
Long-term debt - due within one year (Note 5)		2,215,000	2,215,000
<b>Total current liabilities</b>	<b>2,566,769</b>	<b>14,421,454</b>	<b>16,988,223</b>
			<b>19,227,908</b>
Noncurrent liabilities			
Compensated absences (Note 1L)	85,941	1,981,875	2,067,816
Long-term debt (Note 5)		85,366,792	85,366,792
Net pension liability (Note 6)	1,293,600	12,366,383	13,659,983
Net OPEB liability (Note 7)	204,097	1,951,100	2,155,197
<b>Total noncurrent liabilities</b>	<b>1,583,638</b>	<b>101,666,150</b>	<b>103,249,788</b>
			<b>106,006,391</b>
<b>Total liabilities</b>	<b>4,150,407</b>	<b>116,087,604</b>	<b>120,238,011</b>
			<b>125,234,299</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Lease related			811,589
Pension related (Note 6)	251,995	2,408,985	2,660,980
OPEB related (Note 7)	96,942	926,731	1,023,673
<b>Total deferred inflow of resources</b>	<b>348,937</b>	<b>3,335,716</b>	<b>3,684,653</b>
			<b>6,375,577</b>
<b>NET POSITION (Note 1O)</b>			
Net investment in capital assets	33,265,825	276,697,075	309,962,900
Restricted for			314,572,052
Capital Projects and Water Expansion	85,092,017	150,848,774	235,940,791
Pension trust	224,776	2,140,123	2,364,899
Unrestricted	31,967,449	85,858,531	117,825,980
<b>Total net position</b>	<b>\$150,550,067</b>	<b>\$515,544,503</b>	<b>\$666,094,570</b>
			<b>\$618,208,075</b>

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	Program Revenues				Total
	Expenses	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	<u>359,365</u>		<u>309,365</u>	<u>\$50,000</u>	<u>359,365</u>
Total governmental activities	<u>12,330,377</u>	<u>5,181,695</u>	<u>403,173</u>	<u>50,000</u>	<u>5,634,868</u>
Business-type activities:					
State Water Project	28,627,763	26,641,080	4,819,004		31,460,084
Water Enterprise	<u>90,590,025</u>	<u>95,492,759</u>	<u>3,738,179</u>	<u>2,902,194</u>	<u>102,133,132</u>
Total business-type activities	<u>119,217,788</u>	<u>122,133,839</u>	<u>8,557,183</u>	<u>2,902,194</u>	<u>133,593,216</u>
Total	<u><u>\$131,548,165</u></u>	<u><u>\$127,315,534</u></u>	<u><u>\$8,960,356</u></u>	<u><u>\$2,952,194</u></u>	<u><u>\$139,228,084</u></u>

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	
<u>(6,695,509)</u>		<u>(6,695,509)</u>	<u>(7,981,065)</u>
	\$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
<u>(6,695,509)</u>	<u>14,375,428</u>	<u>7,679,919</u>	<u>7,913,195</u>
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
<u>17,570,498</u>	<u>22,636,078</u>	<u>40,206,576</u>	<u>24,258,273</u>
<u>(18,270)</u>	<u>18,270</u>		
10,856,719	37,029,776	47,886,495	32,171,468
<u>139,693,348</u>	<u>478,514,727</u>	<u>618,208,075</u>	<u>586,036,607</u>
<u><b>\$150,550,067</b></u>	<u><b>\$515,544,503</b></u>	<u><b>\$666,094,570</b></u>	<u><b>\$618,208,075</b></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	Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2025	2024
<b>ASSETS</b>					
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
<b>Total assets</b>	<b>\$35,992,507</b>	<b>\$85,247,097</b>	<b>\$139,685</b>	<b>\$121,379,289</b>	<b>\$113,111,069</b>
<b>LIABILITIES</b>					
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
<b>Total liabilities</b>	<b>2,354,562</b>	<b>155,080</b>	<b>139,685</b>	<b>2,649,327</b>	<b>4,598,016</b>
Deferred inflows of resources					
Lease-related					399,347
Unavailable revenues					539,280
<b>Total deferred inflows of resources</b>					<b>938,627</b>
<b>FUND BALANCES</b>					
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
<b>Total fund balances</b>	<b>33,637,945</b>	<b>85,092,017</b>		<b>118,729,962</b>	<b>107,574,426</b>
<b>Total liabilities and fund balances</b>	<b>\$35,992,507</b>	<b>\$85,247,097</b>	<b>\$139,685</b>	<b>\$121,379,289</b>	<b>\$113,111,069</b>

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**

<b>TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$118,729,962</b>
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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>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$150,550,067</u></b>
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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
<b>REVENUES</b>				
Property taxes	\$12,536,110		\$12,536,110	\$12,182,791
Intergovernmental revenues	93,808		898,644	992,452
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
<b>Total revenues</b>	<b>14,421,097</b>	<b>8,418,023</b>	<b>898,644</b>	<b>23,737,764</b>
				<b>18,831,152</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and employee benefits transferred from district-wide	3,187,556	30,463	4,534	3,222,553
Services and supplies	5,702,939	3,290,517	354,831	9,348,287
Capital outlay:				
Equipment and capital infrastructure	8,890,495	3,320,980	359,365	12,570,840
				43,708
				11,094,687
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,530,602</b>	<b>5,097,043</b>	<b>539,279</b>	<b>11,166,924</b>
				<b>7,736,465</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
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)
Total other financing sources (uses)	306,786	221,105	(539,279)	(11,388)
				6,590
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,837,388</b>	<b>5,318,148</b>	<b>11,155,536</b>	<b>7,743,055</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>27,800,557</b>	<b>79,773,869</b>	<b>107,574,426</b>	<b>99,831,371</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$33,637,945</b>	<b>\$85,092,017</b>	<b>\$118,729,962</b>	<b>\$107,574,426</b>

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

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)

**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)

**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	<u>(40,377)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$10,856,719

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		
<b>REVENUES</b>				
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
<b>TOTAL REVENUES</b>	<b>13,498,000</b>	<b>13,498,000</b>	<b>14,421,097</b>	<b>923,097</b>
<b>EXPENDITURES</b>				
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
<b>TOTAL EXPENDITURES</b>	<b>23,692,000</b>	<b>31,754,147</b>	<b>8,890,495</b>	<b>22,863,652</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(10,194,000)</b>	<b>(18,256,147)</b>	<b>5,530,602</b>	<b>23,786,749</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
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)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$10,210,000)</b>	<b>(\$18,272,147)</b>	<b>5,837,388</b>	<b>\$24,109,535</b>
Fund balance, beginning of year			<b>27,800,557</b>	
Fund balance, end of year			<b>\$33,637,945</b>	

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**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
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
<b>TOTAL REVENUES</b>	<b>3,477,000</b>	<b>3,477,000</b>	<b>8,418,023</b>	<b>4,941,023</b>
<b>EXPENDITURES</b>				
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				
<b>TOTAL EXPENDITURES</b>	<b>1,830,000</b>	<b>5,617,282</b>	<b>3,320,980</b>	<b>2,296,302</b>
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	<b>\$1,647,000</b>	<b>(\$2,140,282)</b>	<b>5,318,148</b>	<b>\$7,458,430</b>
Fund balance, beginning of year			<b>79,773,869</b>	
Fund balance, end of year			<b>\$85,092,017</b>	

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
<b>ASSETS</b>					
Current assets:					
Cash in County treasury (Note 2)	\$15,194,775	\$63,177,608	\$18,816,007	\$463,463	\$97,651,853
Cash in Agency treasury (Note 2)	39,116,969	41,633,226	53,159,741		133,909,936
Restricted cash and investments (Note 2)		18,284,931	919,249		19,204,180
Receivables, net	2,717,296	24,230,755	7,730,333		34,678,384
Interest receivable	4,567	4,191	6,197		14,955
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
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension related (Note 6)		3,658,170	44,168		3,702,338
OPEB related (Note 7)		1,480,071	17,870		1,497,941
Total deferred outflow of resources		5,138,241	62,038		5,200,279
					7,123,946
<b>LIABILITIES</b>					
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
Deposits				347,495	347,495
Compensated absences (Note 1L)		1,317,392			325,384
Long-term debt					1,317,392
- 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
<b>DEFERRED INFLOW OF RESOURCES</b>					
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
<b>NET POSITION (Note 10)</b>					
Net Investment in capital assets		276,697,075		276,697,075	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		85,742,563		115,968	85,858,531
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
<b>OPERATING REVENUES</b>					
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
<b>Total operating revenues</b>	<b>2,717,296</b>	<b>71,735,996</b>	<b>23,756,763</b>	<b>98,210,055</b>	<b>79,855,278</b>
<b>OPERATING EXPENSES</b>					
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
<b>Total operating expenses</b>	<b>28,627,763</b>	<b>60,432,070</b>	<b>18,995,217</b>	<b>108,055,050</b>	<b>102,024,132</b>
<b>Operating income (loss)</b>	<b>(25,910,467)</b>	<b>11,303,926</b>	<b>4,761,546</b>	<b>(9,844,995)</b>	<b>(22,168,854)</b>
<b>NONOPERATING REVENUES and (EXPENSES)</b>					
Property taxes		23,923,784		23,923,784	24,043,448
Intergovernmental revenue		4,819,004	3,501,206	11,459,377	17,635,085
Investment earnings		2,738,482	5,055,409	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)	(3,430,570)	(3,212,774)
Other revenues		10,812,678		10,812,678	
<b>Total nonoperating revenues (expenses)</b>	<b>31,481,270</b>	<b>8,484,860</b>	<b>6,873,953</b>	<b>16,418</b>	<b>46,856,501</b>
<b>Income (loss) before transfers</b>	<b>5,570,803</b>	<b>19,788,786</b>	<b>11,635,499</b>	<b>16,418</b>	<b>37,011,506</b>
Transfers in (Note 3)		341,962		341,962	2,186,067
Transfers (out) (Note 3)			(323,692)		(323,692)
Change in net position	5,570,803	20,130,748	11,311,807	16,418	37,029,776
Net position, beginning of year	52,340,307	366,893,822	59,181,048	99,550	478,514,727
Net position, end of year	<b>\$57,911,110</b>	<b>\$387,024,570</b>	<b>\$70,492,855</b>	<b>\$115,968</b>	<b>\$515,544,503</b>
					<b>\$478,514,727</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users		\$72,588,072	(\$4,282,560)		\$54,000,704
Refund of customers deposits				\$22,111	(17,988)
Cash received from connection and development fees			22,940,368		11,860,411
Cash paid to suppliers for goods and services	(\$29,346,123)	(28,852,130)	(18,402,784)		(66,884,136)
Cash paid to employees for services			(291,139)		(20,869,987)
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>(21,910,996)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund borrowing					
Transfers in		341,962			2,186,067
Transfers (out)			(323,692)		(2,174,177)
Property tax	23,923,784				24,043,448
Intergovernmental	4,819,004	14,313,884	3,139,167		17,635,085
Cash flows from noncapital financing activities	<u>28,742,788</u>	<u>14,655,846</u>	<u>2,815,475</u>	<u></u>	<u>41,690,423</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets		(34,289,206)			(21,439,157)
Proceeds from sale of assets		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)			(1,595,000)
Interest paid	(3,152,265)	(305,408)			(3,164,551)
Cash flows from (used for) capital and related financing activities	<u></u>	<u>(25,637,871)</u>	<u>(955,408)</u>	<u></u>	<u>(24,378,632)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investments	<u>2,739,489</u>	<u>5,056,007</u>	<u>4,908,361</u>	<u>16,418</u>	<u>8,250,335</u>
Cash flows from investing activities	<u>2,739,489</u>	<u>5,056,007</u>	<u>4,908,361</u>	<u>16,418</u>	<u>8,250,335</u>
Net increase (decrease) in cash and cash equivalents	<u>2,136,154</u>	<u>15,351,470</u>	<u>6,732,313</u>	<u>38,529</u>	<u>24,258,466</u>
Cash and cash equivalent at beginning of period	<u>52,175,590</u>	<u>107,744,295</u>	<u>67,948,906</u>	<u>424,934</u>	<u>194,643,383</u>
Cash in County treasury	15,194,775	63,177,608	18,816,007	463,463	72,163,174
Cash in Agency treasury	39,116,969	41,633,226	53,159,741		122,837,085
Restricted cash and investments		18,284,931	919,249		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>\$198,294,513</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	<u>(\$25,910,467)</u>	<u>\$11,303,926</u>	<u>\$4,761,546</u>	<u>(\$9,844,995)</u>	<u>(\$22,168,854)</u>
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	(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>
NONCASH ITEMS:					
Acquisition of right to use intangible assets					\$176,593
Amortization on bond premium					\$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**

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**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**

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**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**

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**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**

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**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**

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**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 contact 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**

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**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**

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**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**

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**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><u>\$143,068</u></u>	<u><u>\$3,299,267</u></u>
Current Portion	<u><u>\$57,127</u></u>	<u><u>\$1,317,392</u></u>
Non-current Portion	<u><u>\$85,941</u></u>	<u><u>\$1,981,875</u></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**

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**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**

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**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**

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**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>\$369,961,665</u>
 <hr/>	
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>\$369,961,665</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**

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**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**

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**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**

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**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
<b><i>Pooled Cash and Investments in County Treasury</i></b>					
Cash in County Pool	\$191,029,071				\$191,029,071
<b><i>Cash and Investments - Agency Treasury</i></b>					
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	<u>3,679,226</u>				<u>3,679,226</u>
Total Investments	<u>8,716,381</u>	<u>65,009,250</u>	<u>78,401,225</u>	-	<u>152,126,856</u>
Cash in bank					5,798,774
<b><i>Total Cash and Investments - Agency Treasury</i></b>					
					<u>157,925,630</u>
<b><i>Restricted Cash and Investments</i></b>					
Money Market Fund	18,642,066				18,642,066
Investment Held by Pension Trust				\$2,364,898	2,364,898
Total	<u>\$18,642,066</u>	-	-	<u>\$2,364,898</u>	<u>21,006,964</u>
<b><i>Total Restricted Cash and Investments</i></b>					
					<u>21,006,964</u>
<b>Total Cash and Investments</b>					
					<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**

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**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
<b><i>Pooled Cash and Investments in County Treasury</i></b>							
<b>Not rated:</b>							
Cash in County Pool							\$191,029,071
<b><i>Cash and Investments - Agency Treasury</i></b>							
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
<b>Not rated:</b>							
Asset-backed Securities							9,148,386
Cash in Bank							5,798,774
Money Market Fund							3,679,226
<b>Total Cash and Investments - Agency Treasury</b>	<b>5,519,850</b>	<b>104,660,766</b>	<b>8,783,826</b>	<b>8,397,127</b>	<b>9,251,364</b>	<b>2,686,311</b>	<b>157,925,630</b>
<b><i>Restricted Cash and Investments</i></b>							
<b>Not rated:</b>							
Money Market Fund							18,642,066
Investment Held by Pension Trust							2,364,898
<b>Total Restricted Cash and Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,006,964</b>
<b>Total Cash and Investments</b>							<b>\$369,961,665</b>

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

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

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

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**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
<b><i>Investments - Agency Treasury</i></b>				
<b>Investments by Fair Value Level</b>				
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
<b>Investments Measured at Amortized Cost</b>				
Money Market Fund			\$3,679,226	3,679,226
<b>Total Investments - Agency Treasury</b>	<b>74,045,339</b>	<b>74,402,291</b>	<b>3,679,226</b>	<b>152,126,856</b>
<b><i>Restricted Investments</i></b>				
<b>Investments by Fair Value Level</b>				
Investment Held by Pension Trust		2,364,898		2,364,898
<b>Investments Measured at Amortized Cost</b>				
Money Market Fund			18,642,066	18,642,066
<b>Total Restricted Investments</b>	<b>-</b>	<b>\$2,364,898</b>	<b>\$18,642,066</b>	<b>21,006,964</b>
<b>Total Investments</b>				<b>\$173,133,820</b>

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

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**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:

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

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:

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

(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**

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**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>	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Balance at June 30, 2025</u>
<b>Capital assets not being depreciated:</b>			
Rights of way	\$21,203,051		\$21,203,051
Easements	36,960		36,960
Construction in Progress	<u>881,603</u>		<u>881,603</u>
Total capital assets not being depreciated	<u>21,240,011</u>	<u>881,603</u>	<u>22,121,614</u>
<b>Capital assets being depreciated:</b>			
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>
<b>Less accumulated depreciation for:</b>			
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>
<b>Governmental activity capital assets, net</b>	<b><u>\$32,807,289</u></b>	<b><u>\$458,536</u></b>	<b><u>\$33,265,825</u></b>

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**

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**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	<u>18,496,453</u>	<u>\$3,058,610</u>	<u>(\$13,868,516)</u>	<u>7,686,547</u>
Total capital assets not being depreciated	<u>66,566,972</u>	<u>3,058,610</u>	<u>(13,868,516)</u>	<u>55,757,066</u>
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	<u>4,425,604</u>			<u>4,425,604</u>
Total capital assets being depreciated	<u>392,563,368</u>	<u>31,230,596</u>	<u>(13,192,851)</u>	<u>410,601,113</u>
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	<u>(738,774)</u>	<u>(130,940)</u>		<u>(869,714)</u>
Total accumulated depreciation	<u>(119,213,913)</u>	<u>(9,944,080)</u>	<u>5,682,466</u>	<u>(123,475,527)</u>
Net capital assets being depreciated	<u>273,349,455</u>	<u>41,174,676</u>	<u>(18,875,317)</u>	<u>287,125,586</u>
Subscription assets, not being amortized				
Development in progress - software	10,000		(10,000)	
Subscription assets, being amortized	271,189		(271,189)	
Less accumulated amortization	<u>(60,780)</u>		<u>60,780</u>	
Total subscription assets, being amortized	<u>210,409</u>		<u>(210,409)</u>	
Business-Type activity capital assets, net	<u>\$340,136,836</u>	<u>\$44,233,286</u>	<u>(\$32,964,242)</u>	<u>\$342,882,652</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**

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**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:

<b>Enterprise Projects</b>	
Chain of Lakes (COL) Pipeline	\$1,152,183
Wells & MGDP 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
<b>Total</b>	<b>\$7,686,547</b>

**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		Balance June 30, 2025	Amount due within one year	Amount more than one year
		June 30, 2024	Retirements			
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
<b>Total bonds payable</b>		<b>90,266,137</b>	<b>(2,684,345)</b>	<b>87,581,792</b>	<b>2,215,000</b>	<b>85,366,792</b>
Subscription liabilities		176,593	(176,593)			
<b>Total long-term debt</b>		<b>\$90,442,730</b>	<b>(\$2,860,938)</b>	<b>\$87,581,792</b>	<b>\$2,215,000</b>	<b>\$85,366,792</b>

**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**

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

In October 2023, the Agency, via the LWWFA, 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><u>\$87,581,792</u></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**

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**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:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 4</b>
Hire date	Prior to July 1, 1983	July 1, 1983 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.6% 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%
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**

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**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 Reservice (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**

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**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	
<b>Total</b>	<b>\$4,089,626</b>	<b>\$2,660,980</b>

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)
	<b>(\$726,980)</b>

**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**

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**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	<b>100.00%</b>	

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	Current Discount Rate (7.00%)	Discount Rate
- 1% (6.00%)		+1% (8.00%)
<b>\$29,685,599</b>	<b>\$13,659,983</b>	<b>\$521,109</b>

**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**

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**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:

<b>Membership Eligibility</b>	<p><i>Service Retirees:</i> Retired with at least 10 years of services (including deferred vested members who terminate employment and receive a retirement benefit from ACERA).</p> <p><i>Disabled Retirees:</i> A minimum of 10 years of service required for non-duty disability. There is no minimum service requirement for duty disability.</p>								
<b>Benefit Eligibility</b>	<p>1 <i>Monthly Medical Allowance</i></p> <p><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:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><b>Completed Years of Service</b></th> <th style="text-align: center;"><b>Percentage Subsidized</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">20+</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p><i>Disabled Retirees:</i> Non-duty retirees receive the same Monthly Medical Allowance as services retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those services retirees with 20 or more years of service.</p> <p>2 <i>Medical Benefit Reimbursement Plan:</i>  The SRBR reimburses the full Medicare Part B premium to qualified retired members.  To qualify for reimbursement, a retiree must <ul style="list-style-type: none"> <li>- Have at least 10 years of ACERA service,</li> <li>- Be eligible for Monthly Medical Allowance,</li> <li>- Provide proof of enrollment in Medical Part B</li> </ul> </p> <p>3 <i>Dental and Vision Plans:</i> 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:</p> <p><i>Service Retirees:</i> Retired with at least 10 years of service.</p> <p><i>Disabled Retirees:</i> For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.</p>	<b>Completed Years of Service</b>	<b>Percentage Subsidized</b>	10-14	50%	15-19	75%	20+	100%
<b>Completed Years of Service</b>	<b>Percentage Subsidized</b>								
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**

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**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):

<b>Deferred Benefit</b>	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.
<b>Death Benefit</b>	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.

**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><u>105</u></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**

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**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% (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1% (8.00%)
\$3,883,236	\$2,155,197	\$729,614

Total OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
(5.7% to 3.50%)	(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
<b>Total</b>	<b>\$1,654,635</b>	<b>\$1,023,673</b>

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)
	<b><u>\$630,962</u></b>

**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**

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**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**

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**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 DCFA 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**

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**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**

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**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**

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**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**

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**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)	
					Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables
Mortality					

(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**

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**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**

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**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**

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**Last Ten Fiscal Years**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
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%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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 Non-Medicare medical plan - 7.75% graded to ultimate 4.50% over 13 years
Healthcare Trend Rates	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	Totals	
	Grant	Federal	State Grant	
			2025	2024
<b>ASSETS</b>				
Current assets				
Cash in Agency treasury				\$539,280
Accounts receivable, net			\$139,685	823,723
Total assets			139,685	1,363,003
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable				49,378
Due to other funds			139,685	774,345
Total liabilities			139,685	823,723
Deferred inflows of resources				
Unavailable revenues				539,280
Total deferred inflows of resources				539,280
<b>FUND BALANCES</b>				
Unrestricted				
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances			\$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
<b>REVENUES</b>				
Intergovernmental revenues		\$89,713	\$808,931	\$898,644
Total revenues		89,713	808,931	898,644
<b>EXPENDITURES</b>				
Current:				
Salaries and employee benefits transferred from district-wide			4,534	4,534
Services and supplies	89,713		265,118	354,831
Capital outlay:				
Equipment and capital infrastructure				37,054
Total expenditures	89,713		269,652	359,365
Excess (deficiency) of revenues over expenditures		539,279	539,279	(539,280)
<b>OTHER FINANCING SOURCES:</b>				
Transfers out			(539,279)	(539,279)
Total other financing sources (Uses)			(539,279)	539,280
<b>NET CHANGE IN FUND BALANCES</b>				
<b>FUND BALANCES, BEGINNING OF YEAR</b>				
<b>FUND BALANCES, END OF YEAR</b>				

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
<b>ASSETS</b>			
Current assets:			
Cash in County treasury	\$463,463	\$463,463	\$424,934
Total current assets	<u>463,463</u>	<u>463,463</u>	<u>424,934</u>
Total assets	<u>463,463</u>	<u>463,463</u>	<u>424,934</u>
<b>LIABILITIES</b>			
Current liabilities:			
Deposits	347,495	347,495	325,384
Total current liabilities	<u>347,495</u>	<u>347,495</u>	<u>325,384</u>
Total liabilities	<u>347,495</u>	<u>347,495</u>	<u>325,384</u>
<b>NET POSITION</b>			
Unrestricted	115,968	115,968	99,550
Total net position	<u>\$115,968</u>	<u>\$115,968</u>	<u>\$99,550</u>

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
<b>NONOPERATING REVENUES</b>			
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	<b>\$115,968</b>	<b>\$115,968</b>	<b>\$99,550</b>

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

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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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> These schedules contain information to help the reader assess one of the government's most significant local revenue source-property tax.	108-121
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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.

<b>2020</b>	<b>2021 (a)</b>	<b>2022 (b)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 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
<b>\$ 120,580,173</b>	<b>\$ 125,523,090</b>	<b>\$ 125,835,774</b>	<b>\$ 131,680,002</b>	<b>\$ 139,693,348</b>	<b>\$ 150,550,067</b>
\$ 227,930,485	\$ 246,768,274	\$ 273,744,254	\$ 276,759,129	\$ 281,764,763	\$ 276,697,075
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	85,858,531
<b>\$ 415,414,791</b>	<b>\$ 429,013,113</b>	<b>\$ 441,170,611</b>	<b>\$ 454,356,605</b>	<b>\$ 478,514,727</b>	<b>\$ 515,544,503</b>
\$ 260,924,242	\$ 279,540,580	\$ 306,630,925	\$ 309,947,190	\$ 314,572,052	\$ 309,962,900
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	117,825,980
<b>\$ 535,994,964</b>	<b>\$ 554,536,203</b>	<b>\$ 567,006,385</b>	<b>\$ 586,036,607</b>	<b>\$ 618,208,075</b>	<b>\$ 666,094,570</b>

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

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Expenses</b>				
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	<u>6,123,920</u>	<u>7,183,306</u>	<u>14,632,127</u>	<u>10,802,301</u>
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	<u>101,878,858</u>	<u>81,627,430</u>	<u>95,068,056</u>	<u>84,984,207</u>
Total primary government expenses	<u><u>\$ 108,002,778</u></u>	<u><u>\$ 88,810,736</u></u>	<u><u>\$ 109,700,183</u></u>	<u><u>\$ 95,786,508</u></u>
<b>Program Revenues</b>				
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	<u>7,668,342</u>	<u>3,878,364</u>	<u>6,065,688</u>	<u>3,718,402</u>
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	<u>103,298,519</u>	<u>108,801,061</u>	<u>114,525,997</u>	<u>113,371,219</u>
Total primary government program revenues	<u><u>\$ 110,966,861</u></u>	<u><u>\$ 112,679,425</u></u>	<u><u>\$ 120,591,685</u></u>	<u><u>\$ 117,089,621</u></u>
<b>Net (Expense)/Revenue</b>				
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	<u><u>\$ 2,964,083</u></u>	<u><u>\$ 23,868,689</u></u>	<u><u>\$ 10,891,502</u></u>	<u><u>\$ 21,303,113</u></u>
<b>General Revenues and Other Changes in Net Position</b>				
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	<u>7,680,267</u>	<u>8,401,985</u>	<u>9,437,086</u>	<u>10,796,914</u>
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	<u>510,033</u>	<u>927,535</u>	<u>2,033,899</u>	<u>5,199,704</u>
Total primary government	<u><u>\$ 8,190,300</u></u>	<u><u>\$ 9,329,520</u></u>	<u><u>\$ 11,470,985</u></u>	<u><u>\$ 15,996,618</u></u>
<b>Change in Net Position</b>				
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	<u><u>\$ 11,154,383</u></u>	<u><u>\$ 33,198,209</u></u>	<u><u>\$ 22,362,487</u></u>	<u><u>\$ 37,299,731</u></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.

	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)

<b>Fiscal Year</b>	<b>Restricted</b>	<b>Committed</b>	<b>Total</b>
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)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>				
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
<b>Total revenues</b>	<b>15,361,942</b>	<b>12,292,794</b>	<b>15,515,218</b>	<b>14,527,760</b>
<b>Expenditures</b>				
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
<b>Total Expenditures</b>	<b>5,810,391</b>	<b>8,958,219</b>	<b>14,437,366</b>	<b>11,152,840</b>
Excess of revenues over/(under) expenditures	9,551,551	3,334,575	1,077,852	3,374,920
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(13,333)	(12,445)	(12,444)	(12,444)
<b>Total other financing sources (uses)</b>	<b>(13,333)</b>	<b>(12,445)</b>	<b>(12,444)</b>	<b>(12,444)</b>
<b>Net change in fund balances</b>	<b>\$ 9,538,218</b>	<b>\$ 3,322,130</b>	<b>\$ 1,065,408</b>	<b>\$ 3,362,476</b>

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

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$	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	
<b>15,422,891</b>	<b>14,586,937</b>	<b>13,490,391</b>	<b>15,073,753</b>	<b>18,831,152</b>	<b>23,737,764</b>	
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	-	
<b>10,227,013</b>	<b>9,368,707</b>	<b>13,769,784</b>	<b>9,804,915</b>	<b>11,094,687</b>	<b>12,570,840</b>	
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)	
<b>(11,890)</b>	<b>(11,890)</b>	<b>(11,890)</b>	<b>(11,890)</b>	<b>6,590</b>	<b>(11,388)</b>	
\$ 5,183,988	\$ 5,206,340	\$ (291,283)	\$ 5,256,948	\$ 7,743,055	\$ 11,155,536	

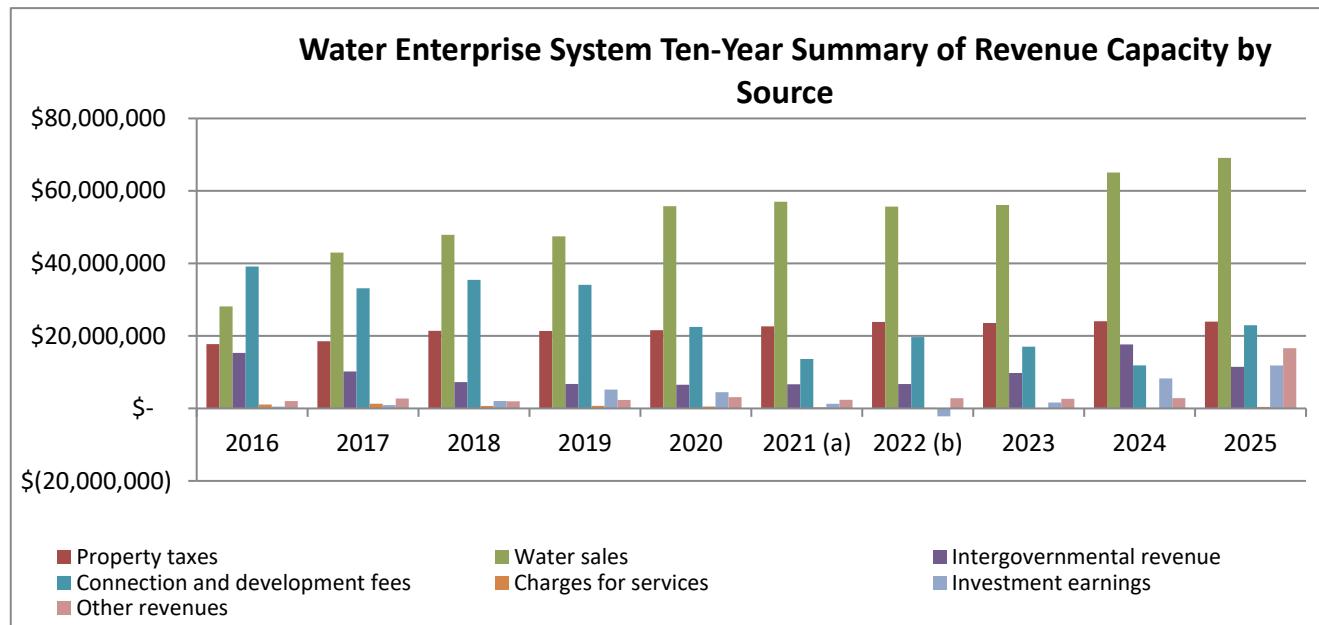
**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT -**  
**ZONE 7 WATER AGENCY**  
**Revenue Capacity**  
**Ten-Year Summary of Revenue by Source**  
**Fiscal Year Ended June 30**

**Water Enterprise System**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 103,795,219</b>	<b>\$ 109,716,151</b>	<b>\$ 116,547,452</b>	<b>\$ 117,771,734</b>

(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.



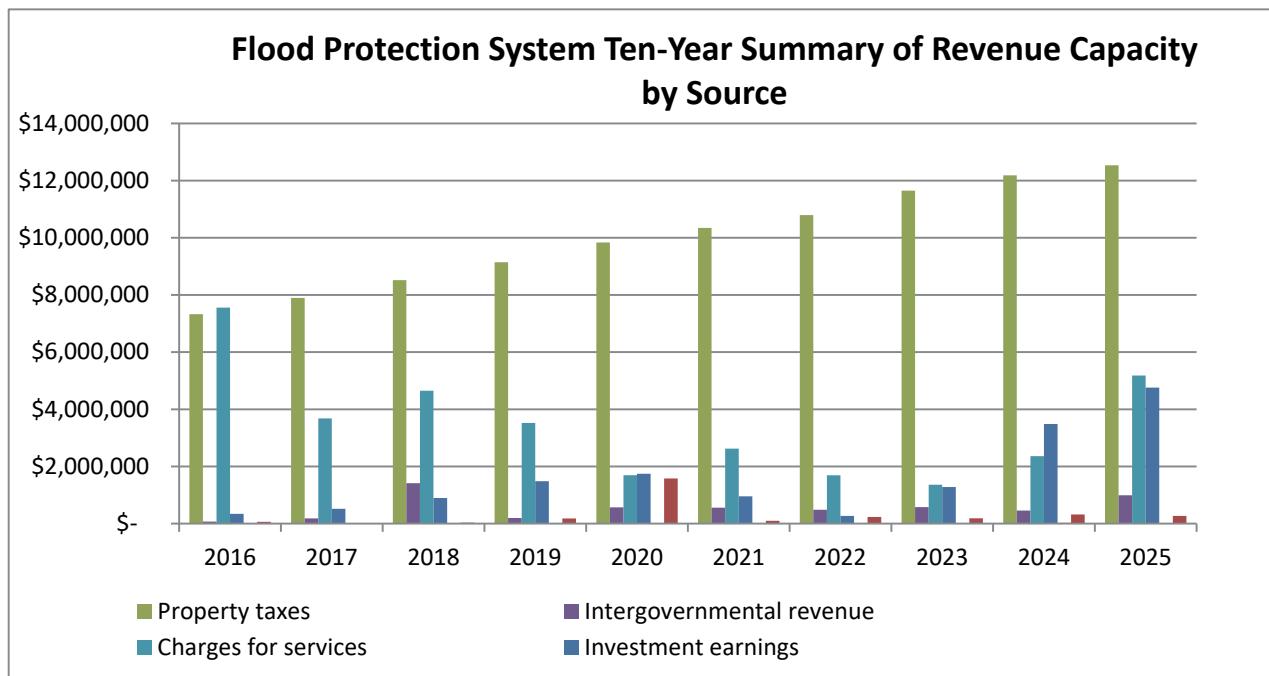
	<b>2020</b>		<b>2021 (a)</b>		<b>2022 (b)</b>		<b>2023</b>		<b>2024</b>		<b>2025</b>
\$	21,553,508	\$	22,616,173	\$	23,836,161	\$	23,540,590	\$	24,043,448	\$	23,923,784
55,777,208		57,012,484		55,670,511		56,105,302		65,069,514		69,090,745	
6,509,157		6,640,850		6,710,435		9,752,717		17,635,085		11,459,377	
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	
<b>\$ 114,351,215</b>	<b>\$ 103,779,731</b>	<b>\$ 106,635,461</b>	<b>\$ 110,754,706</b>	<b>\$ 129,785,783</b>	<b>\$ 156,229,294</b>						

**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**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 15,361,942</b>	<b>\$ 12,292,794</b>	<b>\$ 15,515,218</b>	<b>\$ 14,527,760</b>

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

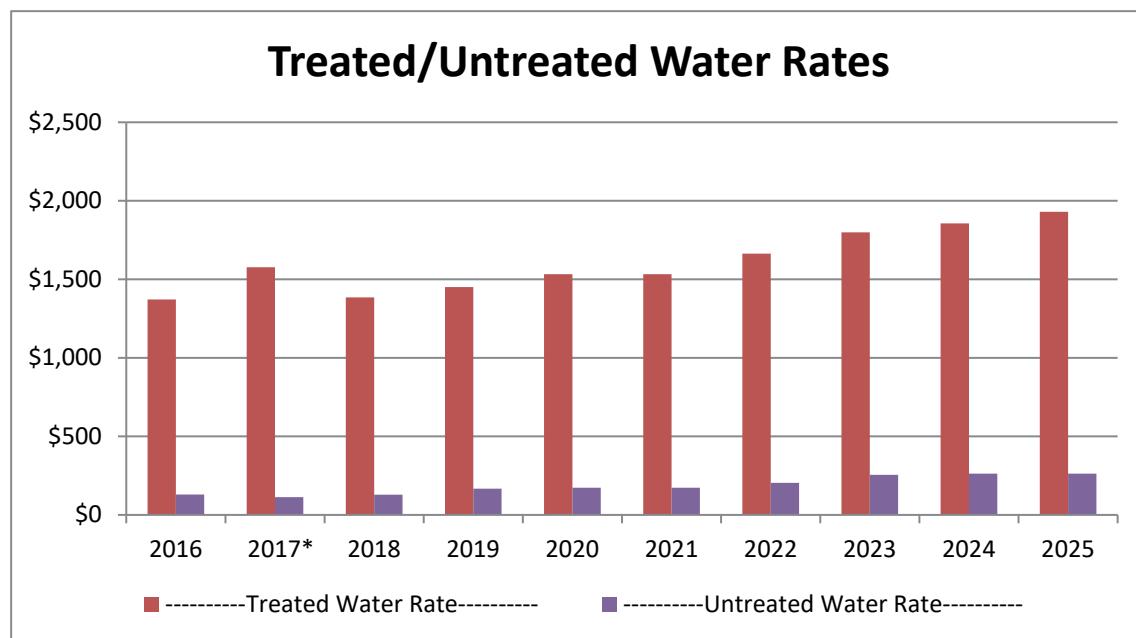


<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 9,834,264	\$ 10,344,149	\$ 10,791,532	\$ 11,647,326	\$ 12,182,791	\$ 12,536,110
568,380	556,049	483,324	577,148	455,588	992,452
1,694,933	2,624,628	1,690,497	1,360,441	2,360,632	5,181,695
1,745,490	956,235	268,495	1,280,020	3,485,104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

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.

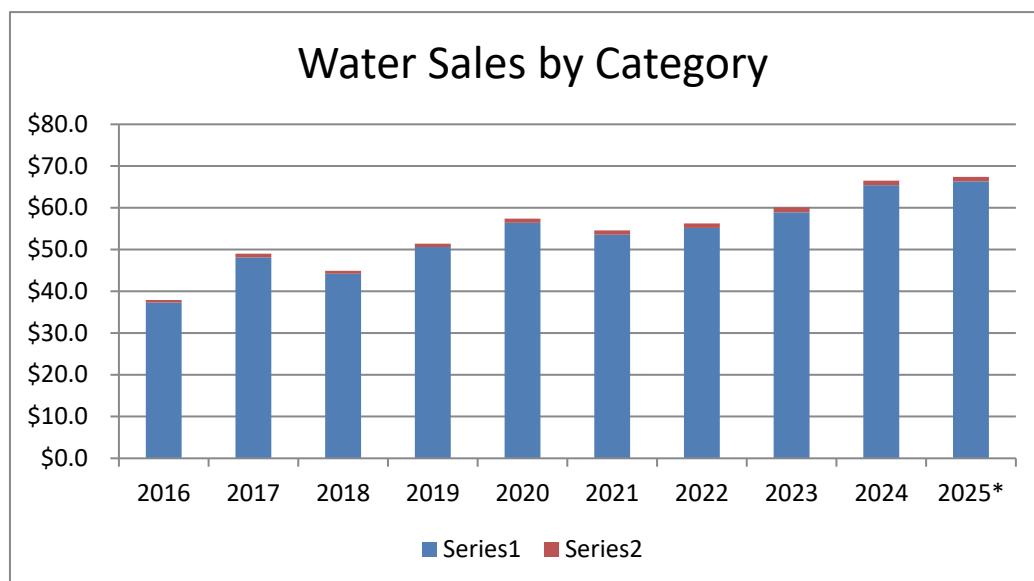


Source: Zone 7 Finance Department

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)

<b>2024</b>			
<b>Customer</b>	<b>Annual Consumption (AF)</b>	<b>Rank</b>	<b>Percentage of Total Annual Consumption</b>
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 <sup>1</sup>	299	5	1%
<b>Total Annual Consumption (AF)</b>	<b>35,637</b>		<b>100%</b>

Source: Zone 7 Finance Department

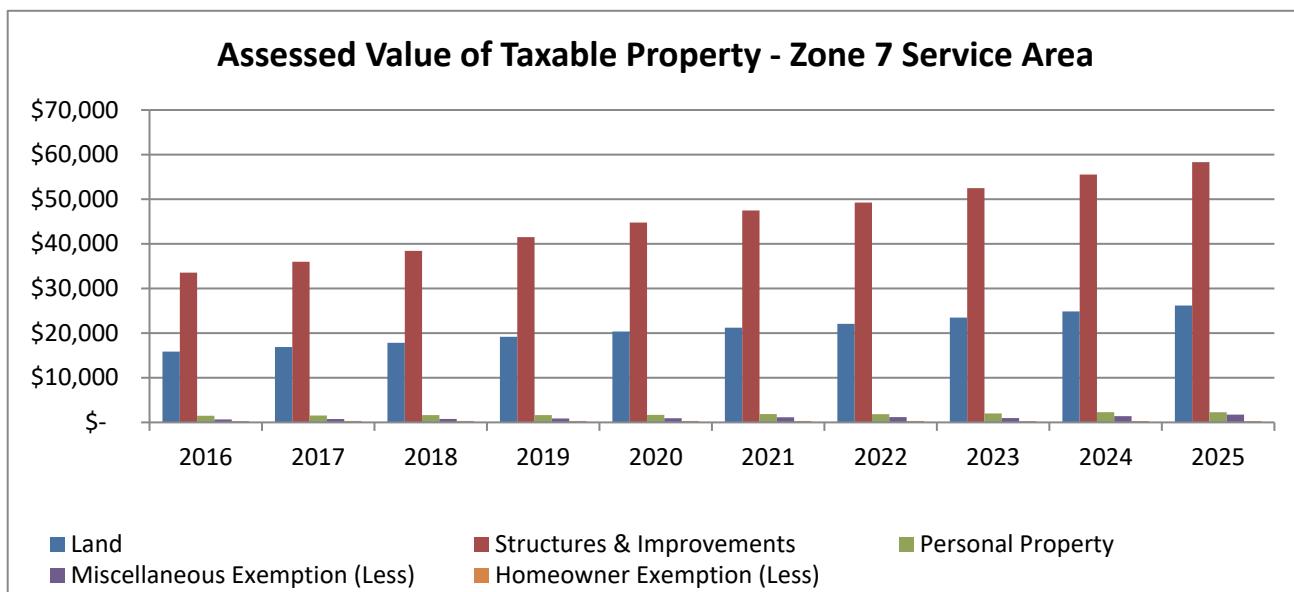
<sup>1</sup>Other treated customers include Lawrence Livermore Laboratory, Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District.

-----2015-----

<b>Customer</b>	<b>Annual Consumption (AF)</b>	<b>Rank</b>	<b>Percentage of Total Annual Consumption</b>
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 <sup>1</sup>	270	5	1.1%
<b>Total Annual Consumption (AF)</b>	<b>24,566</b>		<b>100%</b>

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
<b>Assessed Value of Taxable Property</b>				
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
<b>Net Total</b>	<b>\$ 49,925</b>	<b>\$ 53,357</b>	<b>\$ 56,809</b>	<b>\$ 61,117</b>



Source: Alameda County Assessor's Office

	<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>2025</b>
\$	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<sup>(1)</sup>  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Rates per \$1,000 of Assessed value)

	2016	2017	2018	2019
<b>Direct Rates:</b>				
City of Livermore	1.0000%	1.0000%	1.0000%	1.0000%
County GO Bond				0.0112%
<b>Overlapping Rates<sup>(2)</sup>:</b>				
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%
<b>Total Direct and Overlapping Rates</b>	<b>1.0971%</b>	<b>1.1545%</b>	<b>1.1691%</b>	<b>1.1728%</b>

Source: Alameda County Auditor-Controller Agency

Note:

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

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
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%
<b>1.1702%</b>	<b>1.1389%</b>	<b>1.1572%</b>	<b>1.1548%</b>	<b>1.1445%</b>	<b>1.1348%</b>

**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 <sup>(1)</sup>			2016 <sup>(2)</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total 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><u>\$ 2,646,381,534</u></u>		<u><u>3.16%</u></u>	<u><u>\$ 1,942,618,419</u></u>		<u><u>3.89%</u></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

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

Source: Zone 7 Finance Department

<sup>1</sup> 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.

<sup>2</sup> 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.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 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
<b>\$ 70,735,844</b>	<b>\$ 68,705,423</b>	<b>\$ 66,661,411</b>	<b>\$ 64,592,816</b>	<b>\$ 62,498,601</b>	<b>\$ 90,266,137</b>	<b>\$ 87,581,792</b>

\$ 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 <sup>A</sup>	Total Population Alameda County <sup>1</sup>	Total Personal Income Alameda County <sup>2,C</sup> (billions)	Per Capita Income Alameda County <sup>2,C</sup>	Unemployment Rate Alameda County <sup>3</sup>	Consumer Price Index Alameda County (% change in CPI) <sup>4</sup>
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 <sup>B</sup>	N/A <sup>B</sup>	4.7%	3.2%
2025	272,000	266,000	1,662,482	N/A <sup>B</sup>	N/A <sup>B</sup>	5.0%	1.5%

Sources: <sup>1</sup> State of California, Department of Finance

<sup>2</sup> U.S. Bureau of Economic Analysis

<sup>3</sup> State of California Employment Development Department Labor Market Information

<sup>4</sup> U.S. Bureau of Labor Statistics San Francisco Area

<sup>A</sup> 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).

<sup>B</sup> Personal Income & Per Capita Income for Alameda County are not available for 2024 and 2025.

<sup>C</sup> 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 <sup>1</sup>

2024 <sup>A</sup>			2016		
Company/Organization	Number of Employees	Percentage of Total Employment <sup>4</sup>	Company/Organization	Number of Employees	Percentage of Total Employment <sup>4</sup>
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%
<b>Total Employment</b>	<b>34,400</b>	<b>27.55%</b>	<b>Total Employment</b>	<b>32,100</b>	<b>19.69%</b>

CITY OF LIVERMORE <sup>2</sup>

2024 <sup>A</sup>			2015 <sup>B</sup>		
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%
<b>Total Employment</b>	<b>32,40%</b>		<b>Total Employment</b>		<b>27.08%</b>

CITY OF PLEASANTON <sup>3</sup>

2024 <sup>A</sup>			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%
<b>Total Employment</b>	<b>27.37%</b>		<b>Total Employment</b>		<b>27.87%</b>

Note: <sup>A</sup>Number of Employees and Percentage of Total Employment unavailable for 2025.

<sup>B</sup>Number of Employees and Percentage of Total Employment unavailable for City of Livermore FY2015/16

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

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

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

<sup>4</sup> 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

<b>Division/Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
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

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
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
<b>Water Enterprise System</b>				
Total Groundwater pumped (AF) <sup>1</sup>	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
<b>Flood Protection System</b>				
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.

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

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
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) <sup>1/2</sup>	226,000	248,000	249,000	252,000
Total Groundwater operational storage-water year (AF) <sup>2</sup>	98,000	120,000	121,000	124,000

Source: Facilities Engineering and Integrated Planning Departments

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

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

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
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.

*Maze + Associates*

Pleasant Hill, California  
November 25, 2025