



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE YEARS ENDED JUNE 30, 2019 and JUNE 30, 2018

Livermore, California

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

CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

PREPARED BY THE FINANCE AND MANAGEMENT DEPARTMENT

OSBORN K. SOLITEI, TREASURER/ASSISTANT GENERAL MANAGER – FINANCE

PRINTED ON RECYCLED PAPER

**ALAMEDA COUNTY FLOOD CONTROL AND
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BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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November 25, 2019

To the Board of Directors:

The Comprehensive Annual Financial Report for the Zone 7 Water Agency

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of the Alameda County Flood Control and Water Conservation District, Zone 7, California (Agency), for the fiscal years ended June 30, 2019 and June 30, 2018.

The Comprehensive Annual 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 & 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, 2019. The purpose of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019, are free of material misstatement. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Agency Profile

Zone 7 Water Agency is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act. The Act (Chapter 55 of the California

Water Code Appendix) was passed by the State Legislature in 1949. The Agency was established by a vote of the residents of the Livermore-Amador Valley area in 1957, with its own independent elected board to provide local control of integrated water resources. The Agency's Administrative Office is located in the City of Livermore in Alameda County. Livermore was founded in 1869 and is one of California's oldest wine regions. The Agency currently serves a population of over 260,000 people and it 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 special agreement with Dublin-San Ramon Services District, the Dougherty Valley portion of San Ramon.



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

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 in that period had local farmers, vintners and residents alike worried about their livelihoods, according to reports published in 1948. There was frequent flooding, particularly in northern Pleasanton, where Hacienda Business Park and various residential developments are now located.

The Agency was established in 1957 by local voters demanding local control over local water-resource planning, flood protection and financing. The Agency has taken the Tri-Valley a long way in resolving many of its most pressing water-supply, water-quality and flood-protection problems. The locally-elected, seven-member Board of Directors has continually formulated and implemented needed programs for flood protection and water-resource management,

incorporating co-benefits of recreation, and environmental protection and enhancements where feasible. Many issues have persisted over the decades, and their implications on local land use, local control and local financing continue to surface. Indeed, challenges continue as the agency works to improve water reliability and quality, along with flood protection, in the most economical and environmentally sound ways possible, and to accommodate new development being 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.

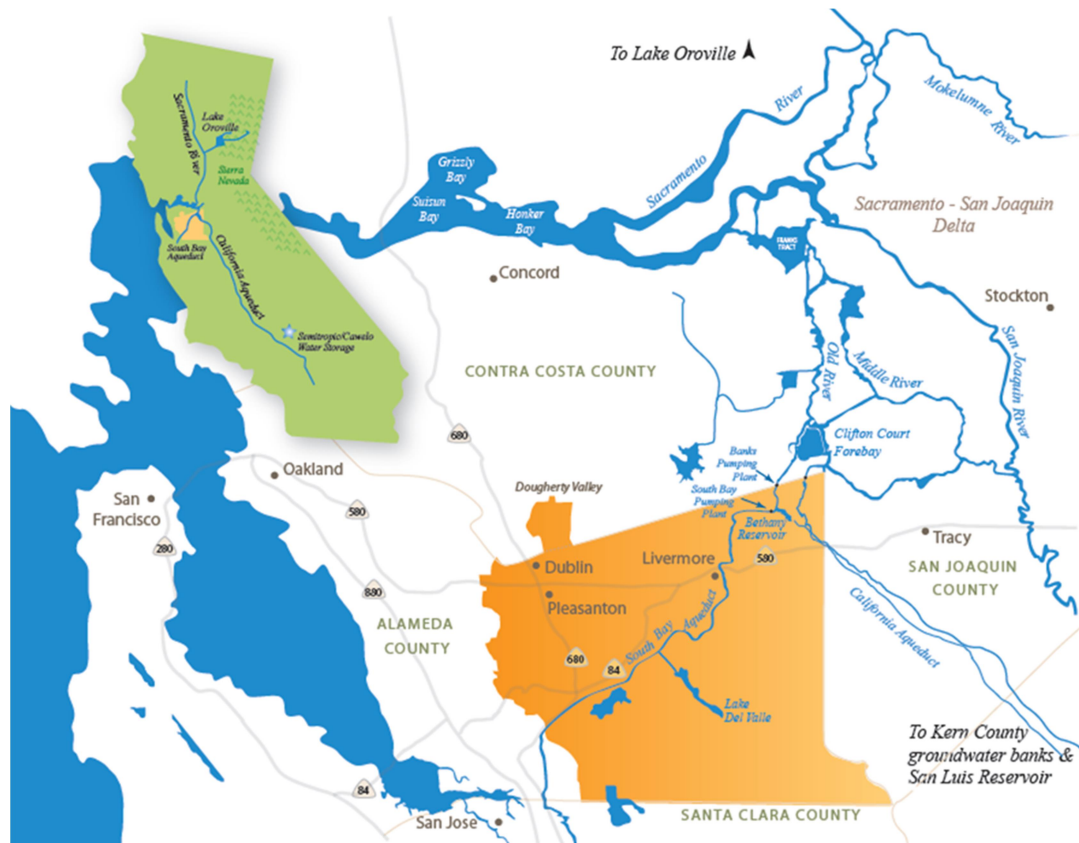
In July 2019, the Agency was recognized by the California Department of Water Resources (DWR) for being a leader in groundwater management. After extensive review, DWR identified the Agency’s Alternative Groundwater Sustainability Plan as one of nine plans out of fifteen submitted by agencies across the state that met SGMA standards for management and protection of groundwater in California. DWR Director Karla Nemeth commended these nine agencies, which included Zone 7, for their work. Stating, “It is clear that a number of local agencies have been addressing groundwater issues in their basins for many years. Their continued commitment to sustainably manage their basins will help protect California’s groundwater reserves as the state confronts critical water challenges.”

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

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

The Agency's Service Area

The Agency supplies treated drinking water to retailers serving approximately 260,000 people and businesses in Pleasanton, Livermore, Dublin, and through 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. Below is a map of the Agency's service area (shown in orange):



Mission

Zone 7 Water Agency is committed to providing a reliable supply of high-quality water and an effective flood-control system to the Livermore – Amador Valley. In fulfilling our present and future commitments to the community, we will develop and manage our water resources in a fiscally responsible, innovative, proactive, and environmentally sensitive way.

Vision

To be recognized as the platinum standard water and flood control district in which to live, work and do business by enhancing the quality of life, economic vitality and environmental health of the communities we serve.

Values

- **Open and Transparent** – The Board’s meetings and communications shall be open and public, except when the Brown Act authorizes otherwise.
- **Customer Service** – Our commitment to the community requires prompt, respectful and courteous relations with our customers, both internal and external, as well as pursuing community partnerships and collaboration with other area public agencies when beneficial to the public.
- **Integrity** – We practice the highest ethical standards and maintain open, honest communications at all levels of the organization at all times.
- **Fiscally Responsible** – We will operate in a productive, cost effective, transparent and efficient manner to ensure sound financial stability.
- **Environmentally Sensitive** – In carrying out our mission, we are dedicated to preserving and enhancing the environment while complying with regulations.
- **Innovative/Proactive** – We encourage innovation, creativity and ingenuity, seeking constant improvement and keeping up with the latest economical technologies and management practices.
- **Safety** – We are committed to public and employee safety to maintain a healthy work environment. We work safely and provide safe products and services.
- **Employee Development** – We foster a respect for diversity, equality, a spirit of performance-based accountability and productivity along with personal and professional growth for all team members so as to achieve excellence through the collective energy that comes from a work environment where each employee can flourish and succeed to their highest potential.

Economic Condition and Fiscal Outlook

The Agency’s Administrative Office is located in the City of Livermore, in Alameda County which is part of the Tri-Valley area of Dublin-Livermore-Pleasanton. The Tri-Valley is located 39 miles east of San Francisco, California and 28 miles north of Silicon Valley. This area is a crossroads, not only literally (for commuters traveling from the Central Valley to Silicon Valley and other employment destinations) but also figuratively (where major employers include both vineyards and high-tech firms.) With a combined population now over 260,000 residents, the Tri-Valley area is proving to be one of the fastest growing areas in the Bay Area.

The Livermore Valley is home to one of California’s oldest wine regions with a rich winemaking tradition dating back to 1840. Capturing America’s first international gold medal for wine in 1889 at the Paris Exposition thus putting California on the world wine map, Livermore Valley currently has 50 plus wineries and more than 5,000 acres of vineyards. Wineries vary in size from limited release, 100-case special reserves to 400,000-case mass produced operations. The region’s climate is ideal for producing fully ripened, balanced grapes for winemaking. The Livermore Valley’s long and rich tradition of winemaking makes it a true tourist destination for wine lovers.

The Agency service area is also home to the Lawrence Livermore National Laboratory (LLNL). LLNL is a world-renowned scientific center, where cutting-edge science and engineering are used to break new ground to enhance national security. Other areas of research at LLNL include developments in energy, biomedicine, and environmental science.

All cities within the Agency service area continue to grow, with the city of Livermore serving the largest overall population. The city of Dublin grew the most in the Tri-Valley over the period from 2018 to 2019 at a rate of 4.4%. In FY 2018-19, Dublin tied for ninth as the largest percentage change in population in California cities. Livermore and Pleasanton had smaller increases (0.8% and 1.3% respectively)¹.

Most of the Agency's service area lies within the County of Alameda which possesses a large and diverse economic base, consisting of research and high technology, professional services, agriculture, finance, retail trade, medical and health services, government services and many others. The 2018-19 local roll included assessments of 515,000 properties within Alameda County. The assessed value of these properties totaled \$300.1 billion, a \$19.9 billion increase from the previous year. The net local roll, after all legal exemptions have been applied, totals \$288.2 billion. For FY 2018-19, the Alameda County Assessor's office reported a 7.1% increase above the previous year assessment roll. The primary reason for the 7.1% increase in this year's assessed value growth is attributed to the recovery in our economy and the increase in real estate market values. Properties that were afforded reduced assessments in prior years due to market value declines continue to receive increases in their assessed values due to rising market values. These properties are not limited to the mandatory 2% maximum increase on Proposition 13 base year assessments.

Other factors leading to this year's assessment growth included the mandatory inflation index of 1.02% being applied to all property's assessed values that were not affected by assessment declines in prior years. This inflation index added \$5.1 billion. Reassessments due to sales/transfers of real estate added \$10.8 billion, new construction activity added \$1.7 billion, while business personal property assessments increased by \$1.5 billion. A copy of the 2018-19 annual report is available at the Alameda County Assessor Office website: http://www.acgov.org/assessor/documents/2018-2019_Annual_Report.pdf

The unemployment rate for all of Alameda County also improved. In October 2019, the unemployment rate was reported at 2.6% versus 2.9% in 2018². These numbers reflect a positive trend and place Alameda County below the national average, demonstrating the impact of an improving economy.

Water conservation (the new normal) continued to impact overall water use and Agency water sales even though drought conditions abated in Calendar Year 2016. Calendar Year 2017 was the second-wettest year on record, followed by a dry year in Calendar Year 2018.

¹State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, released May 2019.

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

Long-Term Financial Planning/Strategic Planning

Credit Rating: The Standard & Poor’s (S&P) Global Ratings assigned its ‘AA+’ and stable outlook long-term rating to the Livermore Valley Water Financing Authority’s series 2018 water revenue bonds. Fitch Ratings has assigned an ‘AA’ and a stable outlook rating to the same 2018 water revenue bonds. In announcing the credit rating, S&P cited the Agency’s very strong cash position, stable financial metrics and extremely strong credit quality of the Agency’s municipal customers.

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. Treated water sales for FY 2018-19 were \$46.7 million. On October 17, 2018, the Board approved a four (4) year treated water rates schedule for Calendar Years (CY) 2019, 2020, 2021 and 2022. See the Management Discussion & Analysis for more details on the water rates schedule.

Strategic Planning: As part of the Agency’s strategic planning, five general strategic planning priorities were identified. These priorities were developed to ensure all of the Agency’s efforts are focused on fulfilling the mission of the Agency, and to further ensure the most immediate needs are addressed in an efficient and cost-effective manner. The five general priorities (listed below) include a number of specific strategic planning sub-priorities and form the basis for master plans, budgets, capital plans and other resource allocation planning.

- Provide customers with a reliable, cost-effective and safe water supply.
- Provide Eastern Alameda County with an effective system of flood protection.
- Provide the Agency with effective organization, administration and governance.
- Operate the Agency in a fiscally-responsible manner.
- Increase public understanding of the Agency and its functions.

Capital Improvement Plan: The Capital Improvement Program (“CIP”) describes the capital investments the Agency intends to make over a multi-year period. The CIP is the basis from which final capital budgeting decisions flow. The Agency prepares a ten-year CIP for the Water System and is currently in the process of transitioning to a ten-year CIP for the Flood Protection System in 2019. The CIP is updated about every other year.

For the purpose of the CIP, capital outlay is distinguished from capital projects. Capital outlay includes only those projects or equipment purchases between \$5,000 and \$50,000 and having more than one year of



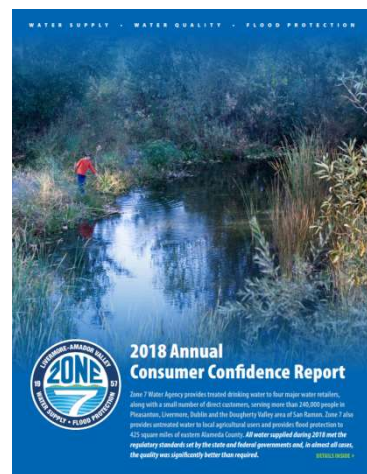
New liquid oxygen and carbon dioxide tanks at the DVWTP Ozone facility.

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.

Significant Accomplishments

Water Supply, Reliability and Quality

Sustainable Groundwater Management: The Sustainable Groundwater Management Act (“SGMA”) is historic legislation which requires local agencies to adopt groundwater management plans, and monitor and manage groundwater resources in a sustainable way. In 2014, the State of California’s Sustainable Groundwater Management Act recognized the Agency’s sustainable groundwater management program by naming the Agency the exclusive Agency to continue this role in its service area. At the end of 2016, the Agency officially accepted the new role and filed an Alternative Sustainable Groundwater Management Plan. Early in 2017, the Agency’s Board of Directors adopted a Sustainable Groundwater Management Ordinance to clarify the Agency’s responsibilities related to groundwater management for the Livermore-Amador Valley groundwater basin as well as a small portion that lies within Contra Costa County. The crowning achievement of the Agency’s proactive oversight of groundwater management was achieved in July 2019 with the significant milestone of the Agency’s Alternative Sustainable Groundwater Management Plan being reviewed and accepted by the California Department of Water Resources.



Water Quality: All water supplied during 2018 met the regulatory standards set by the state and federal governments and, in almost all cases, the quality was significantly better than minimum standards. To ensure continued high-quality, safe drinking water, the Agency took significant steps towards construction of ozone projects at both the Del Valle and Patterson Pass water treatment plants. The Agency initiated a Per- and Polyfluoroalkyl Substances (PFAS) monitoring program, communicated its findings to the Board of Directors and Retailers, and posted information on the Agency website.

Multi-year Capital Projects Initiated: In April 2018, construction began on the Del Valle Water Treatment Plant Ozone Project and the \$49 million project is scheduled for completion in the spring of 2020. The project includes the modification of existing facilities and construction of new facilities including an ozone generation building, contactor



DVWTP Ozone generator building under construction.

structure, existing filters modifications, chemical feed facilities, Power and Water Resource Pooling Authority (“PWRPA”) electrical facilities and a plant utility water pump station. This project will improve water quality, enhance the water treatment process, and increase production reliability.

Ozonation disinfection technology has been identified as one that would be most effective to improve taste, remove odor, and improve overall water quality for water consumers in the service area. In addition to improving taste and odor, ozone is more effective than other water treatment technologies (such as powdered activated carbon, chlorine, and chloramines) in addressing algal byproducts and chemicals of emerging concern, including endocrine disruptors, as well as pharmaceutical and personal care product residues.

In April 2019, construction began on a similar Ozone Project at the Patterson Pass Water Treatment Plant (PPWTP) that also includes modernization of the plant in tandem with the addition of ozone to the water treatment process. The plant upgrades will ensure that the Agency can continue to meet its commitment to providing a reliable supply of high quality water.

Once the project is completed, PPWTP will essentially be a brand new 24 million gallons per day plant and will provide much needed redundancy in case of potential outages at the Del Valle Water Treatment Plant. The additional operational flexibility provides for a reliable water supply in the event of emergencies such as earthquakes, Public Safety Power Shutoffs (PSPS) events, and other emergencies.

Flood Protection

The following are some of the key accomplishments related to the Flood Protection Program in 2018.

Administration & Planning:

- As a part of the Stream Maintenance Program (SMP), staff continued developing a streamlined permitting process with various regulatory agencies.
- The Agency hosted a Flood Preparedness Open House during the statewide Flood Preparedness week.
- The Agency purchased ESRI Enterprise Solution and staff is developing several projects to improve workflow, data management, and public communications.
- The Agency continued data collection for the sediment study.

Watershed Protection & Collaboration:

- Staff chaired two multi-agency working groups that support environmental studies and collaboration in the Alameda Creek watershed.
- The Living Arroyos Program planted over 700 riparian trees, installed over 500 willow stakes, removed nearly 30,000 gallons of non-native invasive weeds through hand weeding or using string trimmers, and conducted several stream clean-ups following high-flow events in the winter.

- The Agency is a member of the Bay Area Flood Protection Agencies Association (BAFPAA). In 2018, BAFPAA members formed Environmental Permitting Workgroup in order to better collaborate and coordinate on common themes dealing with environmental permitting and mitigation requirements.
- The Flood Protection Program supported two grant applications with a combined total value of \$1.631 million.
- As a part of the Agency’s commitment to support recreational opportunities, collaborated with local municipalities and park districts in their planning and construction of trail projects utilizing Flood Protection channel maintenance access roads.
- The Agency collaborated with the local cities in four creek cleanup events.

Capital Projects: and Repair & Maintenance Activities:

- The Agency reduced the scope of work of Arroyo Mocho Medeiros Parkway (an SMMP project) and released a California Environmental Quality Act (CEQA) Initial Study/Mitigated Negative Declaration for public review.
- Completed repairs of bank slides, access roads, a drainage inlet, concrete outfalls, and cracking in concrete channels.
- The Agency completed 26 repairs from the 2017 damages in Phase 1 of construction and a U.S. Army Corps of Engineers (USACE) contractor completed an additional 5 repairs in 2018.

Long-Term Water Supply Reliability

The Agency continued work on the 2019 Water Supply Evaluation Update. This update takes a fresh look at the 2016 Water Supply Evaluation Update, which evaluated a number of water supply options including Delta conveyance, potable reuse, and desalination. The Agency relies on its Water Supply Evaluation Report to inform its water management decisions, enhance its water storage flexibility, and improve the long-term water supply reliability for the Livermore-Amador Valley. The 2019 Update includes new information on demands and potential supplies. New potential supply and storage options under review include the Sites Reservoir project and the Los Vaqueros Reservoir Expansion project. A key driver under review is the State of California Long-Term Conservation Framework. This new State-mandated, long-term water conservation framework aims to “*Make Conservation a California Way of Life*” in order to help the state manage and prepare for dry periods. Implementation of these measures is expected to have a major impact on water demands throughout the state. Based on Board input, the 2019 Water Supply Evaluation was completed in 2019.

Community Outreach Events and Education

Transparency Certificate of Excellence: In August 2019, the Agency was awarded a District Transparency Certificate of Excellence by the Special District Leadership Foundation in recognition of the Agency’s efforts to promote transparency and good governance. Since 2015, the Agency has been video recording/televising monthly board meetings on community television and posting archived video links to the Agency’s website. Videotaping and subsequent replay on TV30 began in 2016. Recordings are viewable at: <http://www.tri-valleytv.org/?q=node/59>

Schools Program: The Agency’s popular Valley-wide water education program continued in 2018-19 school year, reaching an agency record of 17,900 students from kindergarten to twelfth grade. The Agency’s Schools Program is a unique and highly-effective outreach and education program that has been offered for the past 18 years. The program provides Tri-Valley teachers with a wide variety of free classroom programs to make learning about water fun while still meeting state mandated curriculum standards.

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



Living Arroyos Program Volunteer Day

Lawn to Garden Party: The Agency partnered with StopWaste and the City of Dublin to host a “Lawn to Garden” Party at a resident’s home during Water Awareness month. Together with the homeowner, a team of volunteers who also wanted to learn about the process, and a band of dedicated sponsors and experts, transformed this resident’s water thirsty lawn into a beautiful water-wise garden for the community to enjoy in just one day.

Patterson Pass Water Treatment Plant Groundbreaking Ceremony: On April 10, 2019, The Agency hosted a groundbreaking ceremony to kick off construction of ozonation treatment infrastructure and upgrades to the facilities at the Patterson Pass Water Treatment Plant (PPWTP). In attendance were local and state elected and agency officials. It was an excellent opportunity for the community to come together and celebrate a project that the Agency has been working towards for many years.

The Agency Board Recognized Local Students: The Agency participates annually in the Livermore Valley Joint Unified School District Science Odyssey, an annual science and engineering fair that encourages students to pursue their interests in STEM-related topics. The whole process inspires students from elementary to high school to ask questions, practice research methodology, and work to find creative solutions to the problems they encounter. The Agency publicly recognized 9 students for their outstanding projects in water related topics.

Partnership for Safe Water (PSW) Directors Award Status: 20 years: The Agency received the PSW 20 year Director's Award from National American Water Works Association (AWWA). The PSW's award-winning utilities demonstrate an outstanding commitment to delivering superior quality drinking water to customers. Utilities that subscribe to the PSW are dedicated to providing high-quality water to customers, even beyond regulatory requirements.

Financial Policies

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

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

Investment Policy: The Investment Policy was adopted by the Board in May 2019 (Resolution No. 19-38). The Agency's Investment Policy is in compliance with the California Government Code, Section 53600 et seq. The investment of idle funds is delegated by Agency's Board to the Assistant General Manager – Finance as the Treasurer who assumes full responsibility for the transactions of the investment program. The objectives of the investment policy are safety of principal, liquidity, return on investment or yield and diversity. The Investment Policy applies to the Agency's pooled investment fund which encompasses all monies under the direct oversight of the Agency Treasurer.

Debt Policy: The Debt policy was adopted by the Board in June 2017 (Resolution No. 17-52). The Debt Policy provides the guidelines under which specific projects outlined in the biennial planning process and documented in the Capital Improvement Plan may be best financed. Debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt

management program. The Agency recognizes that changes in the capital markets and other unforeseen circumstances may require action deviating from this Debt Management Policy. In cases requiring any exception to this policy, approval from the Board will be required. The Debt Management Policy is not applicable to intra-agency borrowing.

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

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

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

Other Information

Independent Audit

An independent audit by certified public accountants is important in determining the reliability of the Agency's financial statements. The importance of such verification has been recognized by the federal and state governments, and the general public. The Agency contracted with the accounting firm of 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

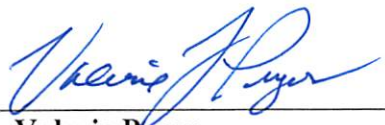
Certificate of Achievement for Excellence in Financial Reporting: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the Agency for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

GFOA Distinguished Budget Award: For the fifth year in a row, the Agency was awarded the Government Finance Officers Association's Distinguished Budget Award for its two year budget (FY 2018-20). The award is the highest form of recognition in governmental budgeting, and reflects the Agency's commitment to public transparency and accountability. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. In order to receive the budget award, the Agency had to satisfy fourteen nationally recognized criteria.

Acknowledgements

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

Respectfully submitted,



Valerie Pryor

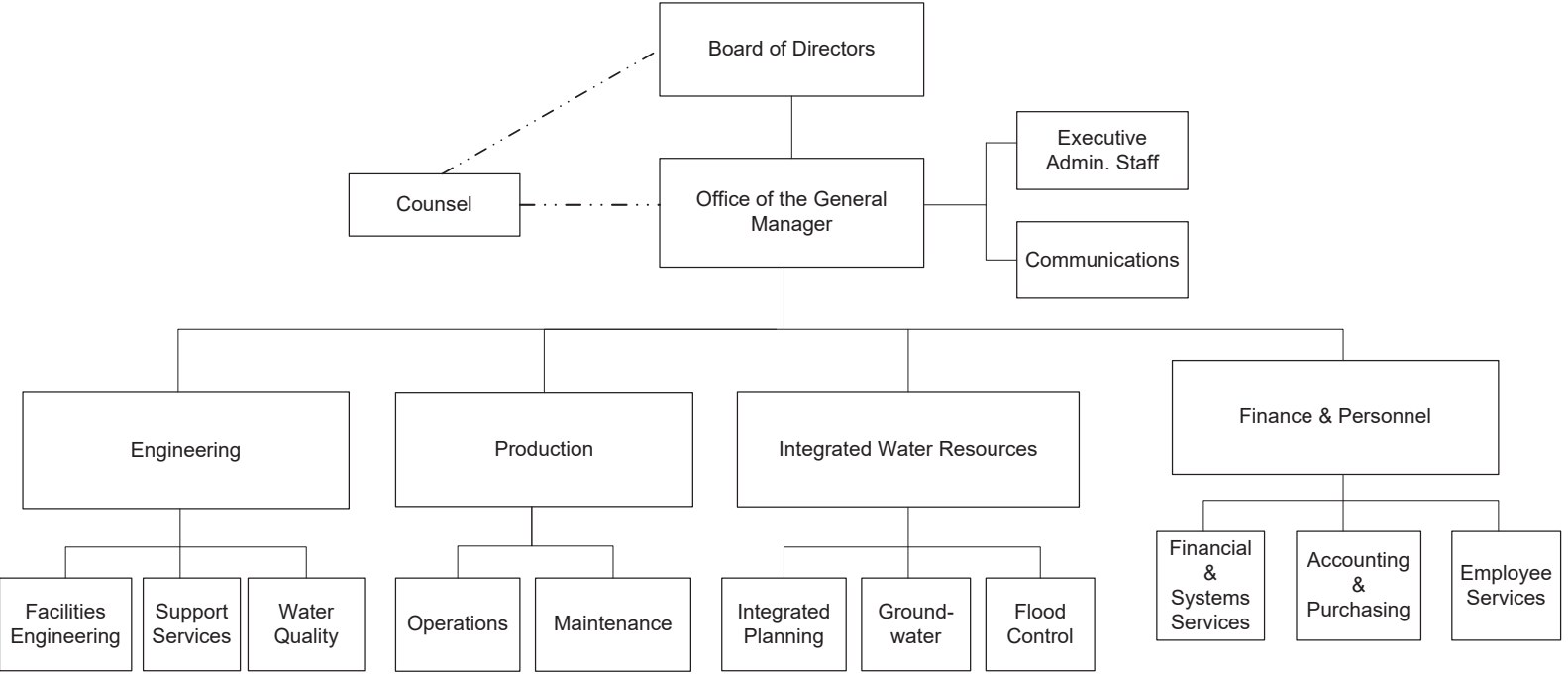
General Manager



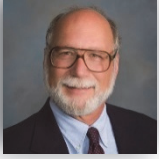
Osborn Solitei

Treasurer/Assistant General Manager,
Finance

Alameda County Flood Control & Water Conservation District -
Zone 7 Water Agency
Functional Organizational Chart
FY 18/19



LIST OF ELECTED OFFICIALS AND AGENCY MANAGEMENT



Sands Figuers, *President*

Board Member 1988-2000; again since 2008 -- Term Expires June 30, 2020



Olivia Sanwong, *Vice President*

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



Dennis Gambs

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



Sarah Palmer

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



Richard (Dick) Quigley

Board Member since 2004 -- Term Expires June 30, 2020



Angela Ramirez Holmes

Board Member since 2012 -- Term Expires June 30, 2020



Michelle Smith McDonald

Board Member appointed since 2019 -- Term Expires June 30, 2020

Executive Management Team

Valerie Pryor, *General Manager*

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

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

**2019 Comprehensive Annual Financial Report
Project Team**

Audit/Financial Statement Coordinator

Osborn Solitei,

Treasurer/Assistant General Manager, Finance

Teri Yasuda

Accounting Manager

JaVia Green
Financial Analyst

Mike Wallace
Staff Analyst



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of governmental activities, business-type activities and each major fund and aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (Agency), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities and each major fund and the aggregate remaining fund information of the Agency as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management early adopted the provisions of Governmental Accounting Standards Board Statements No. 89, *Accounting for Interest Cost Incurred before and End of a Construction Period*, during the year ended June 30, 2019. This statement had no material effect on the financial statements.

During the fiscal year ended June 30, 2019, management adopted the provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which became effective during the year ended June 30, 2019 as discussed in Note 1O and 5A to the financial statements. This Statement had no material effect on the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Report on Summarized Comparative Information

We have previously audited the Agency's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
December 10, 2019

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Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (Unaudited)

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, 2019 and 2018. 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 2019 to 2018 information is presented in this report. Readers are encouraged to consider the information presented here as complementary to the information contained in the accompanying financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

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

Financial Highlights

- The Agency’s net position increased by \$37.3 million or 8.0 percent from \$465.1 million to \$502.4 million mainly due to the change in total assets of \$45.8 million and a decrease in total expenses of \$13.9 million for fiscal year ended June 30, 2019.
- Total revenues increased by \$1.0 million or 0.78 percent from \$132.1 million to \$133.1 million mainly due to increased interest and investment income of \$3.8 million from the previous year as a result of favorable economic conditions. The increase is offset by a \$1.8 million decrease in charges for services and \$1.1 million decrease in capital grants and contributions as a result of prior year grants received by the Agency.
- Total expenses decreased by \$13.9 million or 12.7 percent from \$109.7 million to \$95.8 million mainly due to decreased expenses in Water Enterprise Capital Expansion of \$16.4 million mainly as a result of the Cawelo Water District Certificate of Participation, Series 2006 refunding in the prior year. The decrease is offset by an increase in \$1.6 million in the State Water Project pass-through payments to California State Department of Water Resources (DWR) and \$3.3 million in Water Enterprise Operations.
- Capital assets increased by \$27.8 million or 12.1 percent from \$230.6 million to \$258.4 million mainly due to construction in progress at the Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone and upgrade projects.

Overview of Financial Statements

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

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

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.

Proprietary funds

The Agency's proprietary funds consist of five enterprise funds: Water Enterprise Operations, State Water Facilities, Water Enterprise Capital Expansion, Water Facilities and Water Supply and Reliability. Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs (including depreciation)

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

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.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Government-wide Financial Analysis

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

Statement of Net Position

June 30, 2019 and 2018

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets:						
Current assets	\$ 87,435,578	\$ 83,452,429	\$ 264,275,707	\$ 250,280,954	\$ 351,711,285	\$ 333,733,383
Capital assets	33,164,265	32,247,481	225,236,620	198,348,996	258,400,885	230,596,477
TOTAL ASSETS	120,599,843	115,699,910	489,512,327	448,629,950	610,112,170	564,329,860
Deferred Outflows of Resources						
Pension related	922,269	840,712	8,380,552	7,506,814	9,302,821	8,347,526
OPEB related	96,193	419,471	874,092	3,745,510	970,285	4,164,981
Total Deferred Outflows of Resources	1,018,462	1,260,183	9,254,644	11,252,324	10,273,106	12,512,507
Liabilities:						
Current liabilities	2,960,200	2,339,527	12,078,936	8,273,007	15,039,136	10,612,534
Long-term liabilities	2,836,991	2,030,181	95,690,541	89,961,166	98,527,532	91,991,347
TOTAL LIABILITIES	5,797,191	4,369,708	107,769,477	98,234,173	113,566,668	102,603,881
Deferred Inflows of Resources						
Pension related	369,654	728,151	3,359,005	6,501,747	3,728,659	7,229,898
OPEB related	68,096	191,885	618,784	1,713,365	686,880	1,905,250
Total Deferred Inflows of Resources	437,750	920,036	3,977,789	8,215,112	4,415,539	9,135,148
Net Position:						
Net Investment in capital assets	33,164,265	32,247,481	210,675,110	198,348,996	243,839,375	230,596,477
Restricted	66,872,665	62,760,525	127,521,329	107,414,628	194,393,994	170,175,153
Unrestricted	15,346,434	16,662,343	48,823,266	47,669,365	64,169,700	64,331,708
TOTAL NET POSITION	\$ 115,383,364	\$ 111,670,349	\$ 387,019,705	\$ 353,432,989	\$ 502,403,069	\$ 465,103,338

As the above table indicates, the total assets increased by \$45.8 million or 8.1 percent from \$564.3 million to \$610.1 million during the fiscal year ended June 30, 2019. The increase is mainly due to construction in progress at the Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone and upgrade projects as the Agency used the 2018 Water Revenue Bonds in the acquisition fund. In 2018, the Agency issued Water Revenue Bonds in the principal amount of \$64.0 million, net original issue premium of \$7.5 million of which \$57 million was deposited to acquisition fund for the 2018 Water Project (Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone project) and \$14.1 million was used for the capital prepayment of the Agency's obligations in connection with the Cawelo Water District Certificate of Participation, Series 2006. The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2019, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$502.4 million compared to \$465.1 million at June 30, 2018.

The largest portion of the Agency's net position, \$243.8 million or 49 percent reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

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, 2019 and 2018 were \$9.3 million and \$8.3 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2019 and 2018 were \$1.0 million and \$4.2 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, 2019 and 2018 were \$3.7 million and \$7.2 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2019 and 2018 were \$0.7 million and \$1.9 million, respectively.

For Fiscal year ended June 30, 2019, total liabilities reflects an increase of \$11.0 million from \$102.6 million to \$113.6 million mainly due to a \$6.5 million increase in the net pension liability, \$2.0 million increase in OPEB liability, \$3.1 million in accounts payable and accrued expenses. The increases are offset by a \$0.6 million retirement in bonds payable.

The total net position increased by \$37.3 million or 8.0 percent from \$465.1 million to \$502.4 million mainly due \$27.8 million increase in capital assets as a result of the Del Valle Water Treatment Plant ozone project, Patterson Pass Water Treatment Plant ozone and upgrade projects. The current and other assets increased by \$18 million from the prior year due to increased cash in Water Enterprise Funds as a result of less expenses incurred during the year than revenue earned.

Statement of Net Position

June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Assets:						
Current assets	\$ 83,452,429	\$ 80,709,495	\$ 250,280,954	\$ 155,503,933	\$ 333,733,383	\$ 236,213,428
Capital assets	32,247,481	31,990,546	198,348,996	194,732,197	230,596,477	226,722,743
TOTAL ASSETS	115,699,910	112,700,041	448,629,950	350,236,130	564,329,860	462,936,171
Deferred Outflows of Resources						
Pension related	840,712	812,725	7,506,814	9,274,131	8,347,526	10,086,856
OPEB related	419,471	-	3,745,510	-	4,164,981	-
Total Deferred Outflows of Resources	1,260,183	812,725	11,252,324	9,274,131	12,512,507	10,086,856
Liabilities:						
Current liabilities	2,339,527	662,001	8,273,007	3,715,573	10,612,534	4,377,574
Long-term liabilities	2,030,181	2,053,641	89,961,166	23,882,201	91,991,347	25,935,842
TOTAL LIABILITIES	4,369,708	2,715,642	98,234,173	27,597,774	102,603,881	30,313,416
Deferred Inflows of Resources						
Pension related	728,151	172,949	6,501,747	1,973,550	7,229,898	2,146,499
OPEB related	191,885	-	1,713,365	-	1,905,250	-
Total Deferred Inflows of Resources	920,036	172,949	8,215,112	1,973,550	9,135,148	2,146,499
Net Position:						
Net Investment in capital assets	32,247,481	31,990,546	198,348,996	194,732,197	230,596,477	226,722,743
Restricted	62,760,525	58,149,272	107,414,628	97,494,721	170,175,153	155,643,993
Unrestricted	16,662,343	20,484,357	47,669,365	37,712,019	64,331,708	58,196,376
TOTAL NET POSITION	\$ 111,670,349	\$ 110,624,175	\$ 353,432,989	\$ 329,938,937	\$ 465,103,338	\$ 440,563,112

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

As the above table indicates, the total assets increased by \$101.4 million or 21.9 percent from \$462.9 million to \$564.3 million during the fiscal year ended June 30, 2018. The increase is mainly due to 2018 Water Revenue Bonds in the principal amount of \$64.0 million, net original issue premium of \$7.5 million of which \$57 million was deposited to acquisition fund for the 2018 Water Project (Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone project) and \$14.1 million was used for the capital prepayment of the Agency obligations in connection with the Cawelo Water District Certificate of Participation, Series 2006. The total assets also increased as a result of increased revenue from water sales, and also due to connection and development fee and property tax growth caused by increased construction activities in the service area. The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2018, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$465.1 million compared to \$440.6 million at June 30, 2017.

The largest portion of the Agency's net position, \$230.6 million or 50 percent reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Deferred outflows of resources is the amount of the effect of pension and 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, 2018 and 2017 were \$8.3 million and \$10.1 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2018 were \$4.2 million.

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, 2018 and 2017 were \$7.2 million and \$2.1 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2018 were \$1.9 million.

For Fiscal year ended June 30, 2018, total liabilities reflects an increase of \$72.3 million from \$30.3 million to \$102.6 million mainly due to the Agency issuance of the Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 Series A for \$64.0 million principal amount and \$7.5 million net original issue premium. Proceeds of the issuance are used for the cost of the 2018 Water Project which includes \$57 million for Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone projects and the capital payments for Cawelo Water District debt service with respect to 2006 Certificates, which are currently outstanding in the principal amount of \$15.3 million. Accounts payable and accrued expenses also increased by \$5.2 million. The increase is offset by \$5.6 million decrease in net pension liability.

The total net position increased by \$24.5 million or 5.6 percent from \$440.6 million to \$465.1 million mainly due to increased revenue from water sales as a result of improved water demands and the Agency restructuring of the water rates to include a fixed charge component. Connection and development fee and property tax revenue also increased during fiscal year 2017-18 as a result of increased construction and development activities in the service area. The increases were offset by a decrease in charges for services.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 3,412,359	\$ 4,566,846	\$ 106,580,628	\$ 107,233,560	\$ 109,992,987	\$ 111,800,406
Grants and other contributions	70,969	182,315	6,723,525	7,235,940	6,794,494	7,418,255
Capital grants and contributions	125,352	1,230,924	-	-	125,352	1,230,924
General revenues:						
Property taxes	9,144,785	8,518,064	-	-	9,144,785	8,518,064
Investment earnings and others	1,774,295	1,017,069	5,254,326	2,077,952	7,028,621	3,095,021
Total revenues	14,527,760	15,515,218	118,558,479	116,547,452	133,086,239	132,062,670
Expenses:						
Flood Protection Operations	10,308,973	12,859,064	-	-	10,308,973	12,859,064
Flood Protection Development Impact Fee	367,976	542,139	-	-	367,976	542,139
Flood Protection Grants	125,352	1,230,924	-	-	125,352	1,230,924
State Water Project	-	-	21,420,192	19,794,128	21,420,192	19,794,128
Water Enterprise	-	-	63,564,015	75,273,928	63,564,015	75,273,928
Total expenses	10,802,301	14,632,127	84,984,207	95,068,056	95,786,508	109,700,183
Change in net position before transfers	3,725,459	883,091	33,574,272	21,479,396	37,299,731	22,362,487
Transfers	(12,444)	(12,444)	12,444	12,444	-	-
Change in net position	3,713,015	870,647	33,586,716	21,491,840	37,299,731	22,362,487
Net position at beginning of year	111,670,349	110,799,702	353,432,989	331,941,149	465,103,338	442,740,851
Net position at end of year	\$ 115,383,364	\$ 111,670,349	\$ 387,019,705	\$ 353,432,989	\$ 502,403,069	\$ 465,103,338

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 \$37.3 million from the prior year. The table above indicates the Agency total revenues increased by \$1.0 million or 0.78 percent to \$133.1 million from \$132.1 million in the prior year. The increase is mainly due to increased interest and investment income of \$3.8 million from the previous year as a result of favorable economic conditions. The increase is offset by a \$1.8 million decrease in charges for services and \$1.1 million decrease in capital grants and contributions as a result of prior year grants received by the Agency.

Total expenses decreased by \$13.9 million or 12.7 percent from \$109.7 million to \$95.8 million mainly due to \$14.1 million in prior year refund of the Cawelo Water District Certificate of Participation, Series 2006 and a \$2.6 million decrease in flood protection activities. The decrease is offset by an increase in \$1.6 million in the State Water Project pass-through payments to the California State Department of Water Resources (DWR) and \$3.3 million in Water Enterprise Operations.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Charges for services	\$ 4,566,846	\$ 3,554,796	\$ 107,233,560	\$ 98,547,121	\$ 111,800,406	\$ 102,101,917
Grants and other contributions	182,315	181,418	7,235,940	10,179,114	7,418,255	10,360,532
Capital grants and contributions	1,230,924	-	-	-	1,230,924	-
General revenues:						
Property taxes	8,518,064	7,895,448	-	-	8,518,064	7,895,448
Investment earnings and others	1,017,069	661,132	2,077,952	989,916	3,095,021	1,651,048
Total revenues	15,515,218	12,292,794	116,547,452	109,716,151	132,062,670	122,008,945
Expenses:						
Flood Protection Operations	12,859,064	5,341,751	-	-	12,859,064	5,341,751
Flood Protection Development Impact Fee	542,139	1,841,555	-	-	542,139	1,841,555
Flood Protection Grants	1,230,924	-	-	-	1,230,924	-
State Water Project	-	-	19,794,128	20,985,604	19,794,128	20,985,604
Water Enterprise	-	-	75,273,928	60,641,826	75,273,928	60,641,826
Total expenses	14,632,127	7,183,306	95,068,056	81,627,430	109,700,183	88,810,736
Change in net position before transfers	883,091	5,109,488	21,479,396	28,088,721	22,362,487	33,198,209
Transfers	(12,444)	(12,445)	12,444	12,445	-	-
Change in net position	870,647	5,097,043	21,491,840	28,101,166	22,362,487	33,198,209
Net position at beginning of year, as restated in Note 6C	110,799,702	105,527,132	331,941,149	301,837,771	442,740,851	407,364,903
Net position at end of year	<u>\$ 111,670,349</u>	<u>\$ 110,624,175</u>	<u>\$ 353,432,989</u>	<u>\$ 329,938,937</u>	<u>\$ 465,103,338</u>	<u>\$ 440,563,112</u>

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 \$24.5 million from the prior year. The table above indicates the Agency total revenues increased by \$10.1 million or 8.3 percent to \$132.1 million from \$122 million in the prior year. The increase is mainly due to increased revenue from water sales by \$4.9 million as a result of improved water demands, water rate restructure to include a fixed charge equal to 35 percent of revenue requirement and 65 percent as volume-based rates, and a temporary conservation surcharge of \$0.57 per 100 Cubic Feet (CCF) which ended on December 31, 2017. Property tax increased by \$2.9 million and connection and development fees increased by \$2.3 million mainly due to increased development and construction activities in the service area. The increases were offset by a decrease in other miscellaneous revenues.

Total expenses increased by \$20.9 million or 23.5 percent from \$88.8 million to \$109.7 million mainly due to an increase of \$7.4 million in flood protection activities as a result of the 2017 winter storm; the Water Enterprise expenses also increased by \$14.6 million mainly due to the Agency's prepayment of its obligations in connection with the Cawelo Water District Certificate of Participation, Series 2006, and the increases were offset by a slight decrease in the State Water Project payments to the State Department of Water Resources (DWR).

Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Governmental Activities

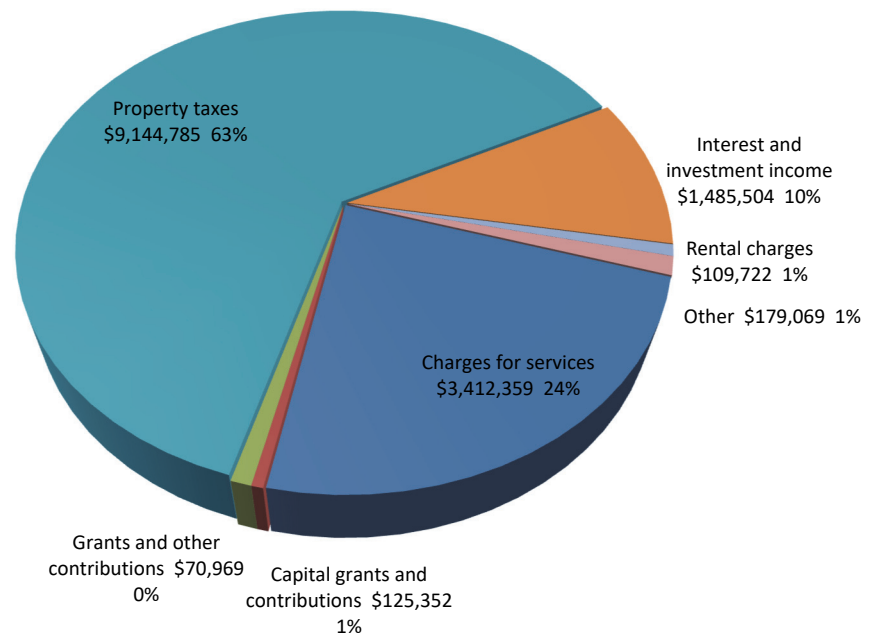
The net position for the Agency’s governmental activities increased by \$3.7 million from \$111.7 million to \$115.4 million. The increase is mainly due to a decrease in flood protection activities. The increase is offset by a decrease in the development impact fees from the service area. Total revenues were \$14.5 million while total expenses (including transfers) amounted to \$10.8 million.

Revenues: Significant changes in revenue are as follows:

Total revenues decrease by \$1.0 million from the prior year or 6.4 percent.

- Charges for services decrease by \$1.1 million or 25.3 percent mainly due to less development activities in the Dublin-Dougherty Valley service area.
- Capital grants and contributions decrease by \$1.1 million. In FY 2017-18, the Agency received a total of \$1.2 million in grants from: Environmental Protection Agency (EPA) \$0.2 million; the Natural Resources Conservation Grant (NRCS) \$0.8 million; and California Governor’s Office of Emergency Services (Cal-OES) \$0.2 million. The federal grants are for damages caused by January 2017 storms.
- Property taxes increased by \$0.6 million or 7.4 percent because of slightly higher total assessed value.
- Interest and investment income increased by \$0.6 million or 65.6% due to favorable economic conditions.

Revenues by Source - Governmental Activities



Expenses: Total expenses decreased by \$3.8 million or 26.2 percent in the governmental activities mainly due to less flood protection maintenance work and the 2017 flood emergency repair program subsiding. In FY 2018-19, the following major flood control and maintenance repairs activities were undertaken:

- 49 sites were repaired in 2017 and 2018 (Phase 1)
- 47 sites were repaired in 2019 (Phase 2)

Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

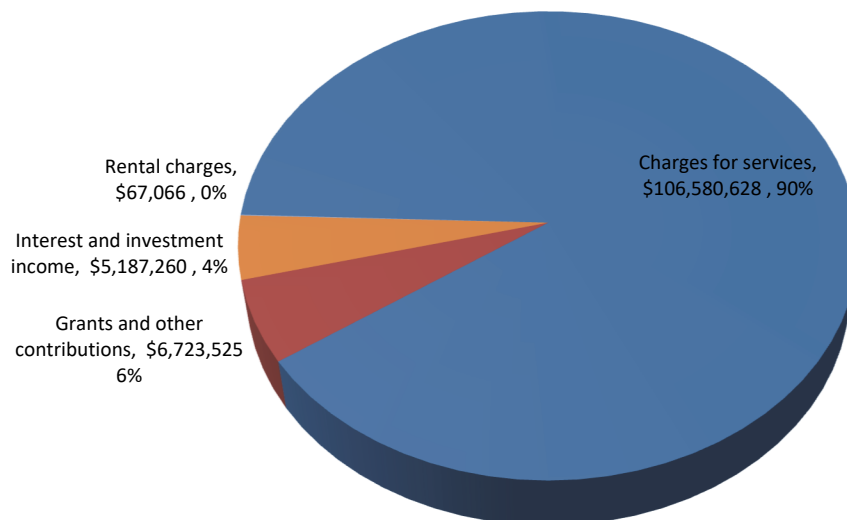
Business-Type Activities

The net position for the Agency’s business-type activities increased by \$33.6 million from \$353.4 million to \$387.0 million during the current year. The net position increased from the prior year mainly due to a \$26.9 million increase in capital assets as a result of the Del Valle Water Treatment Plant ozone project, Patterson Pass Water Treatment Plant ozone and upgrade projects. Total revenues were \$118.6 million and total expenses (including transfers) were \$85.0 million.

Revenues: Significant changes in revenues are as follows:

- **Charges for Services:** includes water rate revenue and connections fees. Charges for Services decreased by a net of \$0.6 million from the prior year. The decrease is mainly due to a \$1.4 million or 4 percent decrease in connection fee revenues as a result of slower construction and development activities in the service area.
- **Interest and investment income:** increased by \$3.2 million or 156 percent due favorable economic conditions and higher cash balances from the previous year.
- **Grants and other contributions:** includes intergovernmental revenue such as DWR refunds and grant proceeds. Grants and other contributions decreased by \$0.5 million or by 7 percent mainly due to the DWR refunds in the State Water Facilities fund. DWR refunds and credits vary year to year based on the level of prior year expenditures.

Revenues by Source - Business-type Activities



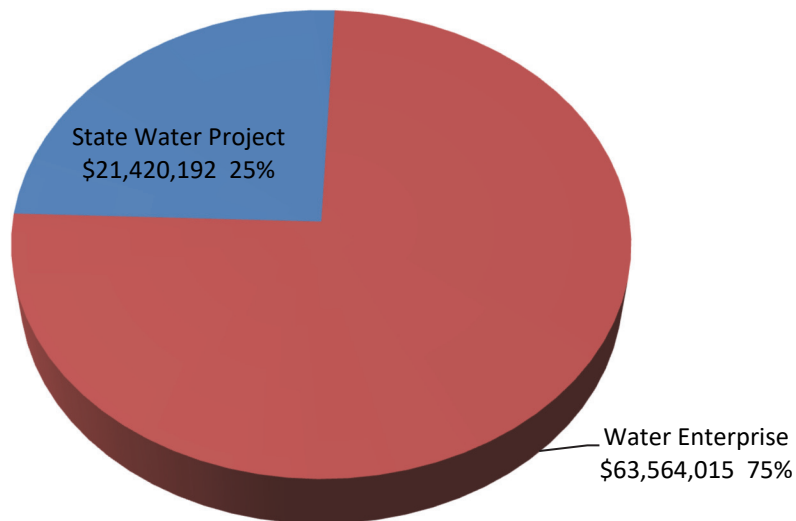
Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Expenses: Significant changes in expenses are as follows:

Total expenses total \$85.0 million which is a \$10.1 million or 10.6 percent decrease from the prior year mainly attributed to the following:

- **State Water Project:** Expenses increased by \$1.6 million or 8.2 percent. On May 24, 2018, DWR informed the Agency that for the past three years DWR under billed Zone 7’s share of the Transportation Minimum OMP&R Component charges related to our Table A transfers in California Aqueduct Reaches down to Kern County and will true-up (or collect) these charges in Calendar Year 2019. In addition, DWR started collecting the contractor’s share of the Oroville Spillway Emergency Response costs. The Agency share was estimated at \$0.8 million.
- **Water Enterprise:** includes Water Enterprise Operations, Water Enterprise Capital Expansion, and Non-Major Enterprise Funds. Expenses decreased by \$11.7 million or 15.6 percent mainly due to water storage, in the prior year the Agency refunded the Cawelo Water District Certificate of Participation, Series 2006 in the amount of \$14.1 million. The decrease is offset by increased salaries, wages and benefits by \$4.3 million, non-operating revenues and expenses by \$1.4 million and utilities by \$0.9 million.

Expenses by Fund - Business-type Activities



Governmental Funds

The Agency’s governmental funds consist of three funds; Flood Protection Operations, Flood Protection Development Impact Fee and Non-Major Governmental Funds. As of June 30, 2019, the Agency’s governmental funds reported combined ending fund balance of \$84.5 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, 2019, its fund balance was \$17.6 million, a decrease of \$0.7 million from prior fiscal year. The \$17.6 million fund balance is committed as follows; \$11.6 million for capital projects, \$2.2 million for operating contingency and \$3.8 million of encumbrances.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

- **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, 2019, its restricted fund balance was \$66.9 million, an increase of \$4.1 million from prior fiscal year. The increase in fund balance was mainly due to less expenses incurred during the year than revenue earned. Staff continues to work on an amendment to the Stream Management Master Plan (SMMP) for Board adoption. FY 2018-19 capital projects (i.e. Chain of Lakes Management Area) related to the SMMP were deferred until the SMMP amendment is adopted.

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, 2019 was \$29.2 million, an increase of \$5.7 million from the prior fiscal year.

Operating revenue increased by \$0.5 million due to an increase in the Dougherty Valley Surcharge Assessment. Intergovernmental revenue decrease slightly by \$0.5 million and the property tax override levy relatively remain unchanged from the prior fiscal year. Operating expenses increased by \$1.6 million or 8.2 percent due to a pass-through from DWR for fixed charges associated with the State Water Project. On May 24, 2018, DWR informed the Agency that for the past three years DWR under billed Zone 7's share of the Transportation Minimum OMP&R Component charges related to our Table A transfers in California Aqueduct Reaches down to Kern County and will true-up (or collect) these charges in Calendar Year 2019. In addition, DWR started collecting the contractor's share of the Oroville Spillway Emergency Response costs of which the Agency share is around \$0.8M.

- **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, 2019 was \$252.7 million, an increase of \$13.9 million from prior fiscal year. Operating revenues decreased by \$0.4 million due to a slight decrease in water sales revenue from the prior fiscal year. While water sales volumes increased from the prior year, a temporary conservation surcharge of \$0.57 per 100 Cubic Feet (CCF) which sunset on December 31, 2017 decreased the effective water rates charged during FY2019.

Interest income and rental fees revenue increased by \$1.6 million mainly due to favorable economic conditions. Operating expenses increased by \$3.3 million from the prior fiscal year. The increase is mainly due to increased salaries, wages and benefits by \$4.0 million and utilities by \$0.9 million. The increase is offset by a decrease in contractual services by \$0.7 million and water storage cost by \$1.0 million.

- **Water 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, 2019, the net

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

position for the fund was \$98.3 million, an increase of \$14.3 million from prior fiscal year.

Operating revenues were \$0.8 million less than the prior fiscal year. The decrease is mainly due to a \$1.4 million or 4.0 percent decrease in connection fee revenues as a result of slower construction and development activities in the service area. Operating expenses were \$16.4 million or 45.7 percent less than prior fiscal year mainly due to a prior year refunding of the Cawelo Water District Certificate of Participation, Series 2006. Non-operating revenues (expenses) increased by \$0.9 million from prior year mainly due to increase in interest income from investments.

Governmental Funds Budgetary Highlights

A comparative budgetary statement for the Agency's governmental fund (Special Revenue Fund) for the year ended June 30, 2019:

	Final Budgeted Amounts	Actual Amounts Budgetary Basis	Budget Variance	
			June 30, 2019	June 30, 2018
REVENUES:				
Property taxes	\$ 8,841,052	\$ 9,144,785	\$ 303,733	\$ 442,501
Intergovernmental revenues	64,700	70,969	6,269	117,615
Charges for services	47,650	69,293	21,643	18,386
Interest income and rentals	231,500	469,468	237,968	193,824
Others	35,000	167,777	132,777	(5,494)
Total Revenue	<u>\$ 9,219,902</u>	<u>\$ 9,922,292</u>	<u>\$ 702,390</u>	<u>\$ 766,832</u>
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	1,728,983	2,172,276	(443,293)	122,178
Services and supplies	12,860,667	8,314,471	4,546,196	4,883,087
Capital outlay:				
Equipment and capital structures	1,653,565	172,765	1,480,800	4,670,521
Total Expenditures	<u>\$ 16,243,215</u>	<u>\$ 10,659,512</u>	<u>\$ 5,583,703</u>	<u>\$ 9,675,786</u>
EXCESS REVENUES OVER EXPENDITURES	(7,023,313)	(737,220)	6,286,093	10,442,618
Other Financing Sources (Uses)				
Transfers (out) (Note 3)	(13,733)	(12,444)	(1,289)	(889)
NET CHANGE IN FUND BALANCE	<u>\$ (7,037,046)</u>	<u>(749,664)</u>	<u>\$ 6,287,382</u>	<u>\$ 10,443,507</u>
Fund balance, beginning of year		<u>18,352,377</u>		
FUND BALANCE, END OF YEAR		<u>\$ 17,602,713</u>		

The Agency's actual special revenue fund revenues are over the budget by \$0.7 million due to slightly higher assessed property values and an increase in interest earnings and rentals.

Variations between budget and actual expenditures in the special revenue fund reflect overall expenditures less than the final budget by \$5.6 million. The variance is primarily due the re-prioritization and deferral of capital projects while the Stream Management Master Plan (SMMP) is being developed and the revised scope and lower cost of the Arroyo Mocho Medeiros Parkway project.

Management's Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Capital assets

As of June 30, 2019, the agency's investment in capital assets totaled \$243.8 million (net of accumulated depreciation) which is an increase of \$13.2 million from the net investment in capital assets balance of \$230.6 million at June 30, 2018. The increase in capital assets was primarily due to construction in progress for the Patterson Pass Water Treatment Plant (PPWTP) upgrade project and the Ozone project at both the Del Valle Water Treatment Plant (D VWTP) and PPWTP.

There were many capital project activities in FY 2018-19. They include the D VWTP and PPWTP ozone project, PPWTP upgrade project, Arroyo Mocho Medieros project, Busch Valley Well No. 1, Chain of Lakes 1 facilities stabilization and other miscellaneous repair projects. Additional information on the Agency's capital assets is provided in Note 4 of the financial statement.

A comparison of the Agency's capital assets over the past three fiscal years is presented below:

Capital Assets
Business-type Activities
For the Years Ended June 30, 2019, 2018 and 2017
(In millions of dollars)

	2019	2018	2019 vs. 2018		2017	2018 vs. 2017	
			\$ Change	% Change		\$ Change	% Change
Easements	\$ 1.8	\$ 1.4	\$ 0.4	29%	\$ 1.4	\$ -	0%
Land	9.6	9.6	-	0%	9.6	-	0%
Treatment Plants	117.2	117.2	-	0%	115.7	1.5	1%
Construction in Progress	44.5	12.0	32.5	271%	4.7	7.3	155%
Office Building	7.1	7.1	-	0%	7.1	-	0%
Pipelines	53.9	53.9	-	0%	53.9	-	0%
Reservoirs	1.9	1.9	-	0%	1.9	-	0%
Water Entitlements	36.7	36.7	-	0%	36.7	-	0%
Wellfields	31.2	31.2	-	0%	30.7	0.5	2%
Supervisory Control and Data Acquisition Project	9.7	9.7	-	0%	9.7	-	0%
Others	5.7	5.7	-	0%	5.5	0.2	4%
Subtotal	319.3	286.4	32.9	11%	276.9	9.5	3%
Less Accumulated depreciation/amortization	94.1	88.0	6.1	7%	82.1	5.9	7%
Capital assets, net	\$ 225.2	\$ 198.4	\$ 26.8	14%	\$ 194.8	\$ 3.6	2%

Capital Assets
Governmental Activities
For the Years Ended June 30, 2019, 2018 and 2017
(In millions of dollars)

	2019	2018	2019 vs. 2018		2017	2018 vs. 2017	
			\$ Change	% Change		\$ Change	% Change
Land	\$ 21.2	\$ 20.3	\$ 0.9	4%	\$ 20.3	\$ -	0%
Easements	0.1	-	0.1	0%	-	-	0%
Flood Control Channels	12.4	12.4	-	0%	12.4	-	0%
Construction in Progress	1.2	0.9	0.3	33%	0.4	0.5	125%
Office Building	1.5	1.5	-	0%	1.5	-	0%
Others	1.0	1.0	-	0%	1.0	-	0%
Subtotal	37.4	36.1	1.3	4%	35.6	0.5	1%
Less Accumulated depreciation/amortization	4.2	3.9	0.3	8%	3.6	0.3	8%
Capital assets, net	\$ 33.2	\$ 32.2	\$ 1.0	3%	\$ 32.0	\$ 0.2	1%

Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Debt Administration and Bond Rating

As of June 30, 2019, the Agency had \$64.0 million in outstanding debt and \$6.7 million of unamortized bond premium. However, the Agency partners with other public agencies and pays for debt incurred on the Agency’s behalf. For example, the Agency pays the State incurred debt for capital projects to maintain, improve or expand the State Water Project infrastructure. The Agency, under the terms of its contract with the State, is obligated to pay its share of the debt payments regardless of the amount of water purchased.

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

Bond Ratings:

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

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

On March 19, 2018, S&P Global Ratings assigned its 'AA+' long-term rating to the Livermore Valley Water Financing Authority's series 2018 water revenue bonds, issued on behalf of the Alameda County Flood Control and Water Conservation District, Zone 7. The outlook is stable. According to S&P, *“the stable outlook reflects our view of the agency's adequate water supply, strong financial position in terms of all-in coverage and liquidity, and restructured rate schedule and implemented 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 strongest three retail customer's water fund credit quality will remain consistent with current projections”*.

On March 21, 2018, Fitch Ratings has assigned a 'AA' rating to the Livermore Valley Water Financing Authority's series 2018 water revenue bonds issued on behalf of the Alameda County Flood Control and Water Conservation District, Zone 7 bonds. The outlook is stable. According to Fitch Rating; *“The 'AA' rating reflects the Agency's strong but variable financial performance and low direct debt burden, balanced against high fixed cost burden and significant connection fee revenue variability”*.

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

Management’s Discussion and Analysis for the Years Ended June 30, 2019 and 2018 (continued)

Economic factors and next year’s budget and rates

- The Board of Directors adopted the Agency’s two-year budget on June 20, 2018. The two-year budget provides funding for the Agency’s operating, capital and debt service payments for the fiscal years ending June 30, 2019 and 2020.
- Alameda County’s average unemployment rate markedly improved. In October 2019, the unemployment rate was reported at 2.6% versus 2.9% in 2018. These numbers reflect a positive trend and place Alameda County below the national average, demonstrating the impact of an improving economy.
- Other economic issues facing the Agency include the fiscal impacts of flattening per capita water demands, the continued increasing need to allocate funds to the Asset Management Program (AMP) for infrastructure maintenance and improvements, declining reliability of the State Water Project resulting in the need to make significant investments in water supply reliability projects. The Agency recently completed the 2019 Water Supply Evaluation Update (2019 WSE Update) to evaluate future water system needs based on projected future water demand and supply conditions. It was determined that several new water supply projects will be needed for the Agency to continue to provide reliable water supplies to its existing and future customers. The projects currently being considered include, but not limited to Los Vaqueros Expansion, Sites Reservoir, Regional Desalination, Potable Reuse, Reliability Intertie and Delta Conveyance.
- On October 17, 2018, the Board approved a four (4) year treated water rates schedule for Calendar Years (CY) 2019, 2020, 2021 and 2022. The board also approved gradually increasing fixed charge revenue recovery from the current 35% to 45% by CY 2022. The Board will revisit the rate schedule for CY 2021 and 2022, through a public process, with any changed rates adopted by November 2020. The table below shows the rate schedule through CY 2022:

<u>Calendar Year</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>
Volume-based Rate per CCF	\$ 2.01	\$ 2.10	\$ 2.06	\$ 2.15
Fixed Charge Recovery	37.5%	40.0%	42.5%	45.0%
Total Fixed Charges	\$ 15,849,610	\$ 19,363,098	\$ 25,716,705	\$ 28,713,641

Requests for Information

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

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 STATEMENT OF NET POSITION

JUNE 30, 2019

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total	
			2019	2018
ASSETS				
Current assets				
Pooled Cash in County Treasury (Note 2)	\$76,546,027	\$101,573,922	\$178,119,949	\$196,185,476
Cash and Investments - Agency Treasury (Note 2)	8,802,674	107,093,212	115,895,886	65,183,428
Restricted cash (Note 2)	1,059,926	43,073,515	44,133,441	58,206,522
Accounts receivable, net	1,026,951	11,704,058	12,731,009	13,130,879
Prepaid expenses		831,000	831,000	1,027,078
Total current assets	<u>87,435,578</u>	<u>264,275,707</u>	<u>351,711,285</u>	<u>333,733,383</u>
Noncurrent assets				
Capital assets (Note 4):				
Rights of way, water entitlements, easements and construction in progress	22,466,126	92,590,288	115,056,414	80,855,267
Depreciable, net	<u>10,698,139</u>	<u>132,646,332</u>	<u>143,344,471</u>	<u>149,741,210</u>
Total noncurrent assets	<u>33,164,265</u>	<u>225,236,620</u>	<u>258,400,885</u>	<u>230,596,477</u>
Total assets	<u>120,599,843</u>	<u>489,512,327</u>	<u>610,112,170</u>	<u>564,329,860</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension related (Note 7)	922,269	8,380,552	9,302,821	8,347,526
OPEB related (Note 8)	<u>96,193</u>	<u>874,092</u>	<u>970,285</u>	<u>4,164,981</u>
Total deferred outflow of resources	<u>1,018,462</u>	<u>9,254,644</u>	<u>10,273,106</u>	<u>12,512,507</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,888,003	9,685,250	11,573,253	8,470,168
Deposits payable	1,072,197	319,115	1,391,312	1,413,256
Compensated absences (Note 1K)		769,571	769,571	729,110
Bonds payable (Note 5)		<u>1,305,000</u>	<u>1,305,000</u>	
Total current liabilities	<u>2,960,200</u>	<u>12,078,936</u>	<u>15,039,136</u>	<u>10,612,534</u>
Noncurrent liabilities				
Compensated absences (Note 1K)		480,298	480,298	456,699
Bonds payable (Note 5)		69,430,844	69,430,844	71,376,744
Net pension liability (Note 7)	2,609,424	23,711,524	26,320,948	19,859,054
Net OPEB liability (Note 8)	<u>227,567</u>	<u>2,067,875</u>	<u>2,295,442</u>	<u>298,850</u>
Total noncurrent liabilities	<u>2,836,991</u>	<u>95,690,541</u>	<u>98,527,532</u>	<u>91,991,347</u>
Total liabilities	<u>5,797,191</u>	<u>107,769,477</u>	<u>113,566,668</u>	<u>102,603,881</u>
DEFERRED INFLOW OF RESOURCES				
Pension related (Note 7)	369,654	3,359,005	3,728,659	7,229,898
OPEB related (Note 8)	<u>68,096</u>	<u>618,784</u>	<u>686,880</u>	<u>1,905,250</u>
Total deferred inflow of resources	<u>437,750</u>	<u>3,977,789</u>	<u>4,415,539</u>	<u>9,135,148</u>
NET POSITION (Note 6)				
Net investment in capital assets	33,164,265	210,675,110	243,839,375	230,596,477
Restricted for				
Capital Projects and Water Expansion	66,872,665	127,521,329	194,393,994	170,175,153
Unrestricted	<u>15,346,434</u>	<u>48,823,266</u>	<u>64,169,700</u>	<u>64,331,708</u>
Total net position	<u>\$115,383,364</u>	<u>\$387,019,705</u>	<u>\$502,403,069</u>	<u>\$465,103,338</u>

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, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Flood Protection Operations	\$10,308,973	\$69,293	\$70,969		\$140,262
Flood Protection Development Impact Fee	367,976	3,343,066			3,343,066
Flood Protection Grants	125,352			\$125,352	125,352
Total governmental activities	10,802,301	3,412,359	70,969	125,352	3,608,680
Business-type activities:					
State Water Project	21,420,192	23,420,521	3,257,217		26,677,738
Water Enterprise	63,564,015	83,160,107	3,466,308		86,626,415
Total business-type activities	84,984,207	106,580,628	6,723,525		113,304,153
Total	\$95,786,508	\$109,992,987	\$6,794,494	\$125,352	\$116,912,833
General revenues:					
Property taxes:					
Secured					
Unsecured					
Supplemental					
Investment earnings					
Rental charges					
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	
		2019	2018
(\$10,168,711)		(\$10,168,711)	(\$12,610,713)
2,975,090		2,975,090	3,958,671
(7,193,621)		(7,193,621)	(8,652,042)
	\$5,257,546	5,257,546	6,873,995
	23,062,400	23,062,400	12,527,449
	28,319,946	28,319,946	19,401,444
(7,193,621)	28,319,946	21,126,325	10,749,402
8,442,351		8,442,351	7,851,995
401,692		401,692	372,633
300,742		300,742	293,436
1,485,504	5,187,260	6,672,764	2,918,654
109,722	67,066	176,788	142,100
179,069		179,069	34,267
10,919,080	5,254,326	16,173,406	11,613,085
(12,444)	12,444		
3,713,015	33,586,716	37,299,731	22,362,487
111,670,349	353,432,989	465,103,338	442,740,851
\$115,383,364	\$387,019,705	\$502,403,069	\$465,103,338

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2019

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2019	2018
ASSETS					
Current assets					
Cash in County treasury (Note 2)	\$18,439,268	\$58,106,759		\$76,546,027	\$76,442,643
Cash in Agency treasury (Note 2)	893,863	7,908,811		8,802,674	5,132,618
Restricted cash (Note 2)	1,059,926			1,059,926	1,040,201
Accounts receivable, net	78,346	922,428	\$26,177	1,026,951	836,967
Due from other funds	1,474			1,474	189,750
	<u>1,474</u>	<u> </u>	<u> </u>	<u>1,474</u>	<u>189,750</u>
Total assets	<u>\$20,472,877</u>	<u>\$66,937,998</u>	<u>\$26,177</u>	<u>\$87,437,052</u>	<u>\$83,642,179</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$1,838,179	\$25,121	\$24,703	\$1,888,003	\$1,307,542
Deposits payable	1,031,985	40,212		1,072,197	1,031,985
Due to other funds			1,474	1,474	\$189,750
	<u> </u>	<u> </u>	<u>1,474</u>	<u>1,474</u>	<u>\$189,750</u>
Total liabilities	<u>2,870,164</u>	<u>65,333</u>	<u>26,177</u>	<u>2,961,674</u>	<u>2,529,277</u>
FUND BALANCES (Note 6)					
Restricted		66,872,665		66,872,665	62,760,525
Committed:					
Flood Protection Capital Projects	15,403,727			15,403,727	12,683,598
Flood Protection Operating Contingency	2,198,986			2,198,986	5,668,779
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>17,602,713</u>	<u>66,872,665</u>	<u> </u>	<u>84,475,378</u>	<u>81,112,902</u>
Total liabilities and fund balances	<u>\$20,472,877</u>	<u>\$66,937,998</u>	<u>\$26,177</u>	<u>\$87,437,052</u>	<u>\$83,642,179</u>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 RECONCILIATION OF
 GOVERNMENTAL FUNDS - FUND BALANCE
 WITH THE GOVERNMENTAL ACTIVITIES
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	2019
TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$84,475,378
<p>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:</p>	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	33,164,265
LONG TERM LIABILITIES	
Net pension liability and related deferred inflows and outflows of resources	(2,056,809)
Net OPEB liability and related deferred inflows and outflows of resources	(199,470)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$115,383,364

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, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals	
				2019	2018
REVENUES					
Property taxes	\$9,144,785			\$9,144,785	\$8,518,064
Intergovernmental revenues	70,969		\$125,352	196,321	1,413,239
Charges for services	69,293	\$3,343,066		3,412,359	4,566,846
Interest and rentals	469,468	1,125,758		1,595,226	982,802
Other revenues	167,777	11,292		179,069	34,267
Total revenues	9,922,292	4,480,116	125,352	14,527,760	15,515,218
EXPENDITURES					
Current:					
Salaries and employee benefits					
transferred from district-wide	2,172,276	153,877	6,284	2,332,437	2,292,919
Services and supplies	8,314,471	178,713	119,068	8,612,252	11,014,697
Capital outlay:					
Equipment and capital infrastructure	172,765	35,386		208,151	1,129,750
	10,659,512	367,976	125,352	11,152,840	14,437,366
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(737,220)	4,112,140		3,374,920	1,077,852
OTHER FINANCING SOURCES (USES)					
Transfers (out) (Note 3)	(12,444)			(12,444)	(12,444)
NET CHANGE IN FUND BALANCES	(749,664)	4,112,140		3,362,476	1,065,408
FUND BALANCES, BEGINNING OF YEAR	18,352,377	62,760,525		81,112,902	80,047,494
FUND BALANCES, END OF YEAR	\$17,602,713	\$66,872,665		\$84,475,378	\$81,112,902

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, 2019

	2019
The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$3,362,476
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
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	1,211,234
Depreciation expense is deducted from the fund balance	(294,450)
ACCRUAL OF NONCURRENT ITEMS	
Net pension liability and related deferred inflows and outflows of resources	(169,287)
Net OPEB liability and related deferred inflows and outflows of resources	(396,958)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$3,713,015

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, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$8,841,052	\$8,841,052	\$9,144,785	\$303,733
Intergovernmental revenue	64,700	64,700	70,969	6,269
Charges for services	47,650	47,650	69,293	21,643
Interest and rentals	231,500	231,500	469,468	237,968
Other revenue	35,000	35,000	167,777	132,777
TOTAL REVENUES	9,219,902	9,219,902	9,922,292	702,390
EXPENDITURES				
Current:				
Flood protection:				
Salaries and benefits	1,728,983	1,728,983	2,172,276	(443,293)
Services and supplies	9,608,574	12,860,667	8,314,471	4,546,196
Capital outlay:				
Equipment and capital structure	1,653,565	1,653,565	172,765	1,480,800
TOTAL EXPENDITURES	12,991,122	16,243,215	10,659,512	5,583,703
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(3,771,220)	(7,023,313)	(737,220)	6,286,093
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 3)	(13,733)	(13,733)	(12,444)	(1,289)
NET CHANGE IN FUND BALANCE	(\$3,784,953)	(\$7,037,046)	(749,664)	\$6,287,382
Fund balance, beginning of year			18,352,377	
Fund balance, end of year			<u>\$17,602,713</u>	

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals	
					2019	2018
ASSETS						
Current assets:						
Cash in County treasury (Note 2)	\$23,337,574	\$34,693,931	\$36,406,144	\$7,136,273	\$101,573,922	\$119,742,833
Cash in Agency treasury (Note 2)	5,167,377	26,853,319	75,072,516		107,093,212	60,050,810
Restricted cash and investments (Note 2)		42,269,415	804,100		43,073,515	57,166,321
Receivables, net		9,634,460	2,069,598		11,704,058	12,293,912
Prepaid deposits	741,000	90,000			831,000	1,027,078
Total current assets	29,245,951	113,541,125	114,352,358	7,136,273	264,275,707	250,280,954
Noncurrent assets:						
Capital assets (Note 4):						
Right of ways, water entitlements and construction in progress		92,590,288			92,590,288	59,600,375
Improvements, net of depreciation		132,646,332			132,646,332	138,748,621
Total noncurrent assets		225,236,620			225,236,620	198,348,996
Total assets	29,245,951	338,777,745	114,352,358	7,136,273	489,512,327	448,629,950
DEFERRED OUTFLOW OF RESOURCES						
Pension related (Note 7)		8,066,975	313,577		8,380,552	7,506,814
OPEB related (Note 8)		841,386	32,706		874,092	3,745,510
Total deferred outflow of resources		8,908,361	346,283		9,254,644	11,252,324
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	1,024	8,280,337	1,403,889		9,685,250	7,162,626
Deposits				319,115	319,115	381,271
Compensated absences (Note 1K)		769,571			769,571	729,110
Bonds payable (Note 5)		1,057,050	247,950		1,305,000	
Total current liabilities	1,024	10,106,958	1,651,839	319,115	12,078,936	8,273,007
Noncurrent liabilities:						
Compensated absences (Note 1K)		480,298			480,298	456,699
Bonds payable (Note 5)		55,773,875	13,656,969		69,430,844	71,376,744
Net pension liability (Note 7)		22,824,305	887,219		23,711,524	17,858,971
Net OPEB liability (Note 8)		1,990,501	77,374		2,067,875	268,752
Total noncurrent liabilities		81,068,979	14,621,562		95,690,541	89,961,166
Total liabilities	1,024	91,175,937	16,273,401	319,115	107,769,477	98,234,173
DEFERRED INFLOW OF RESOURCES						
Pension related (Note 7)		3,233,320	125,685		3,359,005	6,501,747
OPEB related (Note 8)		595,631	23,153		618,784	1,713,365
Total deferred inflow of resources		3,828,951	148,838		3,977,789	8,215,112
NET POSITION (Note 6)						
Net Investment in capital assets Restricted for		210,675,110			210,675,110	198,348,996
Capital Projects and Water Expansion	29,244,927		98,276,402		127,521,329	107,414,628
Unrestricted		42,006,108		6,817,158	48,823,266	47,669,365
Total net position	\$29,244,927	\$252,681,218	\$98,276,402	\$6,817,158	\$387,019,705	\$353,432,989

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, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals	
					2019	2018
OPERATING REVENUES						
Water sales		\$47,440,592			\$47,440,592	\$47,860,145
Connection and development fees			\$34,068,092		34,068,092	35,434,462
Charges for services		619,120	1,383		620,503	609,191
Other revenues	\$2,066,712	151,994	878,926		3,097,632	1,944,121
Total operating revenues	2,066,712	48,211,706	34,948,401		85,226,819	85,847,919
OPERATING EXPENSES						
Salaries, wages and benefits		20,728,429	957,788		21,686,217	17,366,656
Contractual services		1,928,178			1,928,178	2,987,203
Technical supplies		181,601			181,601	147,995
Chemical purchases		2,085,082			2,085,082	1,940,215
Water purchases	21,420,192	3,363,467	17,838,005		42,621,664	41,499,446
Water storage		755,911			755,911	17,814,270
Utilities		2,543,985	67		2,544,052	1,667,619
Maintenance and repairs		1,585,737	6,269		1,592,006	1,405,705
Equipment and building rents		72,391			72,391	53,130
Other services and supplies		1,407,827	707,041		2,114,868	2,300,609
Risk management		639,214			639,214	584,330
Depreciation (Note 4)		6,452,481			6,452,481	6,381,380
Total operating expenses	21,420,192	41,744,303	19,509,170		82,673,665	94,148,558
Operating income (loss)	(19,353,480)	6,467,403	15,439,231		2,553,154	(8,300,639)
NONOPERATING REVENUES and (EXPENSES)						
Property taxes	21,353,809				21,353,809	21,385,641
Intergovernmental revenue	3,257,217	385,834	3,080,474		6,723,525	7,235,940
Interest income and rental fees	518,932	2,413,092	2,194,043	\$128,259	5,254,326	2,077,952
Interest expense for debt service		(1,927,970)	(382,572)		(2,310,542)	(919,498)
Total nonoperating revenues (expenses)	25,129,958	870,956	4,891,945	128,259	31,021,118	29,780,035
Income (loss) before transfers	5,776,478	7,338,359	20,331,176	128,259	33,574,272	21,479,396
Transfers in (Note 3)		6,513,462	463,702		6,977,164	2,180,714
Transfers (out) (Note 3)			(6,464,655)	(500,065)	(6,964,720)	(2,168,270)
Change in net position	5,776,478	13,851,821	14,330,223	(371,806)	33,586,716	21,491,840
Net position, beginning of year	23,468,449	238,829,397	83,946,179	7,188,964	353,432,989	331,941,149
Net position, end of year	\$29,244,927	\$252,681,218	\$98,276,402	\$6,817,158	\$387,019,705	\$353,432,989

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, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Total	
					2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from (payments to) customers	\$2,262,790	\$45,635,967	\$880,309	(\$62,156)	\$48,716,910	\$50,244,085
Connection and development fees			37,233,685		37,233,685	31,651,757
Payments to employees		(15,555,279)	(957,788)		(16,513,067)	(16,568,562)
Payments to suppliers	(21,419,748)	(12,991,260)	(17,298,392)		(51,709,400)	(65,711,711)
Net cash provided (used) by operating activities	(19,156,958)	17,089,428	19,857,814	(62,156)	17,728,128	(384,431)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in		6,513,462	463,702		6,977,164	2,180,714
Transfers (out)			(6,464,655)	(500,065)	(6,964,720)	(2,168,270)
Property tax	21,353,809				21,353,809	21,385,641
Intergovernmental	3,257,217	385,834	3,080,474		6,723,525	7,235,940
Cash flows from noncapital financing activities	24,611,026	6,899,296	(2,920,479)	(500,065)	28,089,778	28,634,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of property, plant, and equipment		(33,340,105)			(33,340,105)	(9,998,179)
Proceeds from the issuance of long term debt						64,010,000
Premiums from the issuance of long term debt						7,506,832
Premiums payments on long term debt		(423,258)	(217,642)		(640,900)	(140,088)
Interest paid		(1,927,970)	(382,572)		(2,310,542)	(919,498)
Cash flows from (used for) capital and related financing activities		(35,691,333)	(600,214)		(36,291,547)	60,459,067
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received on investments	518,932	2,413,092	2,194,043	128,259	5,254,326	2,077,952
Cash flows from investing activities	518,932	2,413,092	2,194,043	128,259	5,254,326	2,077,952
Net increase (decrease) in cash and cash equivalents	5,973,000	(9,289,517)	18,531,164	(433,962)	14,780,685	90,786,613
Cash and cash equivalent at beginning of period	22,531,951	113,106,182	93,751,596	7,570,235	236,959,964	146,173,351
Cash and cash equivalent at end of period	\$28,504,951	\$103,816,665	\$112,282,760	\$7,136,273	\$251,740,649	\$236,959,964
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$19,353,480)	\$6,467,403	\$15,439,231		\$2,553,154	(\$8,300,639)
Adjustments to reconcile operating income (loss) to cash flows						
Depreciation		6,452,481			6,452,481	6,381,380
Changes in assets and liabilities						
Receivables		(2,575,739)	3,165,593		589,854	(3,951,830)
Prepays	196,078				196,078	(38,578)
Accounts payable and accrued expenses	444	1,572,133	950,047		2,522,624	4,590,123
Compensated absences		64,060			64,060	(62,095)
Deposits				(\$62,156)	(62,156)	38,331
Net pension liability, deferred inflows and deferred outflows		1,655,196	180,877		1,836,073	720,058
Net OPEB, deferred inflows and deferred outflows		3,453,894	122,066		3,575,960	238,819
Net cash provided (used) by operating activities	(19,156,958)	17,089,428	19,857,814	(62,156)	17,728,128	(384,431)

See accompanying notes to financial statements

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**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (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. The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reported purposes.

Joint Powers Authority (JPA)

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

B. Basis of Presentation

Government-Wide Statements

The statement of net position and statement of activities display information about the primary government (the Agency). These statements distinguish between the *governmental* and *business-type activity* of the Agency. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from the business-type activity, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activity of the Agency and for each function of the Agency’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net position are available, restricted resources are used for qualified expenditures for capital improvement projects before any unrestricted resources are spent.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Agency's funds. The fund financial statements present all governmental funds and the water enterprise funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major governmental funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency may also select other funds it believes should be presented as major funds.

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

- The *Flood Protection Operations Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Agency that are not accounted for through other funds.
- The *Flood Protection Development Impact Fee Fund* is used for the acquisition, construction, engineering and improvement of the flood protection and /or storm water drainage elements of the Stream Management Master Plan of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof.

The Agency reports the following non-major governmental fund:

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency reports the following major proprietary funds:

- The *State Water Facilities Fund* is used for fixed State water charges and State water project bonded indebtedness.
- The *Water Enterprise Operations Fund* accounts for enterprise operation and administration, emergency and support services, variable State water charges, water facilities maintenance and operation, renewal and replacement program, water facilities, water resources and water supply planning.
- The *Water Enterprise Capital Expansion Fund* is used for Water Enterprise capital expansion projects and water purchases.

The Agency reports the following non-major proprietary funds:

- The *Water Facilities Fund* is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits.
- The *Water Supply and Reliability Fund* is used for future water, water storage and Delta-related projects.

C. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which the grant revenue is received; and revenue from investments is recognized when earned.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, benefit assessments, interest, grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. 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.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability 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.

F. Receivables

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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

H. 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 Non-GAAP budgetary basis.

I. 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, 2019 are as follows:

Fund	Encumbrance
Flood Protection Operations Major Fund	\$3,781,964

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property Taxes

The Agency receives property taxes and fixed state water charges from Alameda County. The Agency recognizes property taxes as revenue in the fiscal year of levy, based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become delinquent on August 31. The Agency elected to receive the property taxes from the County under the Teeter Bill. Under this program the Agency receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

K. Compensated Absences

The Agency’s policy allows employees to accumulate earned but unused vacation and overtime compensation, subject to a vesting policy. The cost of vacation is recorded in the period it is earned. The Agency will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency, as these benefits do not vest with the employee. Therefore, sick leave is recorded as an expenditure in the period that the benefit is taken. As of June 30, 2019, the balance of compensated absences is:

Beginning Balance	\$1,185,809
Additions	\$726,086
Payments	<u>(662,026)</u>
Ending Balance	<u>\$1,249,869</u>
Current Portion	<u>\$769,571</u>
Non-current Portion	<u>\$480,298</u>

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

L. Use of Estimates

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. 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.

O. Implementation of Governmental Accounting Standards Board (GASB) Pronouncement

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2019.

GASB 83 - Certain Asset Retirement Obligations – This Statement addresses accounting and financial reporting for certain asserts retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 statement requires the current value of a government’s AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This Statement had no effect on the financial statements.

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement had no effect on the financial statements but required additional disclosure in Note 5A.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB Statement No. 89), (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 is effective for reporting periods beginning after December 15, 2019. The District early implemented this statement and it had no effect on the financial statements.

P. New GASB Pronouncements

GASB Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 is effective for the Agency’s fiscal year ending June 30, 2020.

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

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. GASB Statement No. 90 is effective for reporting periods beginning after December 15, 2018.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 91 is effective for the Agency’s fiscal year ending June 30, 2021.

NOTE 2 – CASH AND INVESTMENTS

A. Policies

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.

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.

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Classification

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

	June 30,	
	2019	2018
Pooled Cash and Investment in County Treasury	\$178,119,949	\$196,185,476
Cash and investments - Agency Treasury	115,895,886	65,183,428
Restricted cash and investments	44,133,441	58,206,522
Total Cash and Investments	\$338,149,276	\$319,575,426
Cash and Investment in Government Funds	\$86,408,627	\$82,615,462
Cash and Investments in Proprietary Funds	251,740,649	236,959,964
Total Cash and Investments	\$338,149,276	\$319,575,426

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

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

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

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

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

(A) No Board established limit.

(B) LAIF limit is \$65,000,000.

D. 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, 2019, approximately 66.9 percent of the securities in the Treasury Pool had maturities of one year or less as reported by Alameda County Treasurer.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	13 to 24 Months	Total
<i>Pooled Cash and Investments in County Treasury</i>			
Cash in County Pool			\$178,119,949
<i>Cash and Investments - Agency Treasury</i>			
U.S. Agency Securities	\$60,817,571		60,817,571
Commercial Paper	28,385,180		28,385,180
Corporate Bonds	15,032,589	\$3,887,240	18,919,829
Money Market Fund	6,738,293		6,738,293
Total	110,973,633	3,887,240	114,860,873
Cash in bank			1,035,013
<i>Total Cash and Investments - Agency Treasury</i>			115,895,886
<i>Restricted Cash and Investments</i>			
U.S. Agency Securities	6,977,500		6,977,500
U.S. Treasury Notes	12,951,330		12,951,330
Commercial Paper	10,970,180		10,970,180
Money Market Fund	12,174,505		12,174,505
	43,073,515		43,073,515
Cash in bank - Money Market			1,059,926
<i>Total Restricted Cash and Investments</i>			44,133,441
Total Cash and Investments			\$338,149,276

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. 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, 2019 for each investment type as provided by Moody’s Investor Service:

Investment Type	Aaa	Aa2	Aa3	A1	P-1	Total
<i>Pooled Cash and Investments in County Treasury</i>						
Not rated:						
Cash in County Pool						\$178,119,949
<i>Cash and Investments - Agency Treasury</i>						
U.S. Agency Securities					\$60,817,571	60,817,571
Commercial Paper					28,385,180	28,385,180
Corporate Bonds		\$6,815,421	\$3,261,553	\$8,842,855		18,919,829
Money Market Fund	\$6,738,293					6,738,293
Not rated:						
Cash in bank						1,035,013
<i>Total Cash and Investments - Agency Treasury</i>	6,738,293	6,815,421	3,261,553	8,842,855	89,202,751	115,895,886
<i>Restricted Cash and Investments</i>						
U.S. Treasury Notes	5,985,630					5,985,630
Not rated:						
U.S. Agency Securities						6,977,500
U.S. Treasury Notes						6,965,700
Commercial Paper						10,970,180
Money Market Fund						12,174,505
Cash in bank - Money Market	1,059,926					1,059,926
<i>Total Restricted Cash and Investments</i>	7,045,556					44,133,441
Total Cash and Investments						<u>\$338,149,276</u>

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).

F. Concentration of Credit Risk

Included in table E above is a significant investment in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools in any organization that represents in excess of 5% of the Agency’s total investments. This includes investments in U.S. Agency Securities with Federal Home Loan Bank in the amount of \$67,788,272.

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 2019 Alameda County Comprehensive Annual Financial Report.

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NOTE 2 – CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

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

As of June 30, 2019, the Agency had \$178,119,949 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Cash and Investments - Agency Treasury</i>			
Investments by Fair Value Level:			
U.S. Agency Securities		\$60,817,571	\$60,817,571
Commercial Paper		28,385,180	28,385,180
Corporate Bonds		18,919,829	18,919,829
Investments Measured at Amortized Cost:			
Money Market Fund			6,738,293
<i>Total Cash and Investments - Agency Treasury</i>		<u>108,122,580</u>	<u>114,860,873</u>
 <i>Restricted Cash and Investments</i>			
Investments by Fair Value Level:			
U.S. Agency Securities		6,977,500	6,977,500
U.S. Treasury Notes	\$12,951,330		12,951,330
Commercial Paper		10,970,180	10,970,180
Investments Measured at Amortized Cost:			
Money Market Fund			12,174,505
<i>Total Restricted Cash and Investments</i>	<u>12,951,330</u>	<u>17,947,680</u>	<u>43,073,515</u>
 Total Investments			 <u><u>\$157,934,388</u></u>

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

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NOTE 3 – INTERFUND TRANSFERS

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
Governmental Fund		
Flood Protection Operations Funds	Water Enterprise Operations Funds	\$12,444 (A)
Enterprise Funds:		
Water Enterprise Capital Expansion Fund	Water Enterprise Operations Fund	6,464,655 (B)
Water Supply and Reliability	Water Enterprise Capital Expansion Fund	463,702 (C)
Water Supply and Reliability	Water Enterprise Operations Fund	<u>36,363 (D)</u>
		<u>\$6,977,164</u>

(A) Transfer to fund vehicle replacement.

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

(C) Transfer to fund Site Reservoir Project, CA Water Fix Construction Authority Stand-Up Costs, and Lake Del Valle Storage Expansion Study.

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

NOTE 4 – CAPITAL ASSETS

A. Summary

The following is a summary of capital assets as of June 30, 2019:

	Balance at June 30, 2018	Additions	Balance at June 30, 2019
<i>Governmental Activities</i>			
Capital assets not being depreciated:			
Rights of way	\$20,330,340	\$872,711	\$21,203,051
Easements		\$36,960	36,960
Construction in progress	924,552	301,563	1,226,115
Total capital assets not being depreciated	<u>21,254,892</u>	<u>1,211,234</u>	<u>22,466,126</u>
Capital assets being depreciated:			
Flood control channels	12,393,619		12,393,619
Other infrastructure	1,048,885		1,048,885
Office building	1,459,756		1,459,756
Total capital assets being depreciated	<u>14,902,260</u>		<u>14,902,260</u>
Less accumulated depreciation for:			
Flood control channels	3,768,762	231,734	4,000,496
Other infrastructure	98,333	26,222	124,555
Office building	42,576	36,494	79,070
Total accumulated depreciation	<u>3,909,671</u>	<u>294,450</u>	<u>4,204,121</u>
Net capital assets being depreciated	<u>10,992,589</u>	<u>(294,450)</u>	<u>10,698,139</u>
Governmental activity capital assets, net	<u>\$32,247,481</u>	<u>\$916,784</u>	<u>\$33,164,265</u>

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NOTE 4 – CAPITAL ASSETS (Continued)

<i>Business-Type Activities</i>	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019
Capital assets not being depreciated:				
Rights of way	\$9,553,081			\$9,553,081
Water entitlements	36,655,364			36,655,364
Easements	1,350,090	\$485,758		1,835,848
Construction in progress	12,041,840	\$32,504,155		44,545,995
Total capital assets not being depreciated	59,600,375	32,989,913		92,590,288
Capital assets being depreciated:				
Equipment	4,159,437	350,192	\$288,227	4,221,402
Treatment plants	117,172,449			117,172,449
Office building	7,103,276			7,103,276
Reservoir	1,934,197			1,934,197
Pipelines	53,929,752			53,929,752
Wellfields	31,202,337			31,202,337
Supervisory Control and Data Acquisition project	9,704,664			9,704,664
Other infrastructure	1,536,435			1,536,435
Total capital assets being depreciated	226,742,547	350,192	288,227	226,804,512
Less accumulated depreciation for:				
Equipment	2,859,965	402,194	288,227	2,973,932
Treatment plants	50,304,353	3,279,115		53,583,468
Office building	1,145,074	177,582		1,322,656
Reservoir	1,199,415	48,355		1,247,770
Pipelines	17,699,929	1,241,533		18,941,462
Wellfields	8,016,352	780,058		8,796,410
Supervisory Control and Data Acquisition project	6,550,649	485,233		7,035,882
Other infrastructure	218,189	38,411		256,600
Total accumulated depreciation	87,993,926	6,452,481	288,227	94,158,180
Net capital assets being depreciated	138,748,621	(6,102,289)		132,646,332
Business-Type activity capital assets, net	\$198,348,996	\$26,887,624		\$225,236,620

B. Construction in Progress

Construction in Progress at June 30, 2019 comprises the following projects:

Governmental Activities:

<u>Projects</u>	
Arroyo Mocho Medieros	\$1,144,157
Arroyo Mocho Granada/Murrieta	81,958
Total	<u>\$1,226,115</u>

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NOTE 4 – CAPITAL ASSETS (Continued)

Business-Type Activities:

Projects	
Busch Valley Well #1	\$1,820,076
Arroyo Mocho/Lake H Diversion	402,746
Patterson Pass Water Treatment Plant Ozonation	5,276,467
Patterson Pass Water Treatment Plant Upgrades	7,745,258
Chain of Lakes Pipeline	16,056
DVWTP Ozonation	28,852,656
DVWTP Polymer Mixing System Replacement	33,253
COL 1 Facilities Stabilization	286,616
California Water Service Turnout 5 Replacements	62,753
Dougherty Reservoir Interior/Exterior Recoating & Rehabilitation	50,114
Total	\$44,545,995

C. Depreciation Allocation

Capital depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Flood Protection	\$294,450
Total depreciation governmental activities	\$294,450

Business-Type Activities:

Water Enterprise Operations	\$6,452,481
Total depreciation business-type activities	\$6,452,481

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NOTE 5 – LONG TERM DEBT

The Agency’s long-term debt is summarized below:

	Original Issue Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Amount due within one year	Amount more than one year
2018 Water Revenue Bonds, 3% - 5%, due 7/1/2048	\$64,010,000	\$64,010,000		\$64,010,000	\$1,305,000	\$62,705,000
Plus: Unamortized Bond Premium	\$7,506,832	7,366,744	\$640,900	6,725,844		6,725,844
Total long-term debt		<u>\$71,376,744</u>	<u>\$640,900</u>	<u>\$70,735,844</u>	<u>\$1,305,000</u>	<u>\$69,430,844</u>

A. 2018 Water Revenue Bonds

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

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

B. Debt Service Requirements

At June 30, 2019, the debt service payments to maturity, including interest payments, were as follows:

For The Year Ending June 30	Principal	Interest	Total
2020	\$1,305,000	\$2,908,913	\$4,213,913
2021	1,370,000	2,842,038	4,212,038
2022	1,445,000	2,771,663	4,216,663
2023	1,520,000	2,697,538	4,217,538
2024	1,595,000	2,619,663	4,214,663
2025-2029	9,315,000	11,781,315	21,096,315
2030-2034	11,995,000	9,134,015	21,129,015
2035-2039	10,255,000	6,473,270	16,728,270
2040-2044	11,195,000	4,428,400	15,623,400
2045-2049	14,015,000	1,612,150	15,627,150
Total payments due	<u>\$64,010,000</u>	<u>\$47,268,965</u>	<u>\$111,278,965</u>
Unamortized premium	<u>6,725,844</u>		
	<u>\$70,735,844</u>		

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NOTE 5 – LONG TERM DEBT (Continued)

C. 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, 2019 and 2018.

NOTE 6 – NET POSITION AND FUND BALANCES

A. Net Position

Net Position is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Position are divided into three captions under GASB Statement 34. These captions apply only to Net Position and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position, if any, which is restricted as to 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 describes the portion of Net Position which is not restricted to use.

B. Fund Balance

Governmental fund balances represent the net current position of each fund. Net current positions generally represent a fund's cash and receivables, less its liabilities.

The Agency's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Agency to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Agency prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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NOTE 6 – NET POSITION AND FUND BALANCES

Restricted fund balances, if any, have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal resolution of the Board of Directors. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

NOTE 7 – RETIREMENT PLAN

A. 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, 2018. ACERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Alameda County Employees’ Retirement Association, 475 14th Street #1000, Oakland, California 94612.

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

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

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Tier I	Tier 2	Tier 4
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	4% - 100%	2% - 100%	4% - 100%
Required employee contribution rates	7.90% - 16.36%	5.42% - 11.43%	8.76%
Required employer contribution rates	18.61% and 27.92%	18.01% and 27.01%	26.04%

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NOTE 7 – RETIREMENT 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 5.42 and 16.36 percent of their annual covered salary effective September 2018. Member contributions are refundable upon termination from the retirement system.

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

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

In 2006 the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above. For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were \$2,128,546.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2019, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share <u>of Net Pension Liability</u>
Miscellaneous	\$26,320,948

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NOTE 7 – RETIREMENT PLAN (Continued)

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, 2018, 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, 2017 rolled forward to December 31, 2018 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
2017	1.46%	\$25,488,068	\$12,351,170	206.36%
2018	1.26%	19,859,054	11,997,579	165.53%
2019	1.24%	26,320,948	11,839,254	222.32%

For the year ended June 30, 2019, the Agency recognized pension expense of \$2,005,360. Changes in the Net Pension Liability are recorded in the fund that recorded the liability. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$2,294,121	
Differences between expected and actual experience	31,992	\$694,782
Changes of assumptions	3,642,237	373,147
Change in proportion and differences between employer contributions and proportionate share of contributions	54,599	2,660,730
Net difference between projected and actual earnings on pension plan investments	3,279,872	
Total	<u>\$9,302,821</u>	<u>\$3,728,659</u>

The \$2,294,121 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.

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NOTE 7 – RETIREMENT PLAN (Continued)

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
2020	\$1,563,189
2021	190,864
2022	224,155
2023	1,452,401
2024	(150,568)

Actuarial Assumptions – The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation Rate	3.00%
Payroll Growth	3.00%
Projected Salary Increase	4.80% - 7.80% (1)
Cost of Living Adjustments	Tier 1: 3.00% Tiers 2 and 4: 2.00%
Investment Rate of Return	7.25% (2)
Mortality	RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables

(1) Vary by service, including inflation

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

Discount Rate – The discount rate used to measure the total pension liability was 7.25% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as December 31, 2018.

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NOTE 7 – RETIREMENT PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined in 2017 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	22.40%	5.75%
Domestic Small Cap Equity	5.60%	6.37%
Developed International Equity	19.50%	6.89%
Emerging Markets Equity	6.50%	9.54%
U.S. Core Fixed Income	11.25%	1.03%
High Yield Bonds	1.50%	3.99%
International Bonds	2.25%	0.19%
TIPS	2.00%	0.98%
Real Estate	8.00%	4.47%
Commodities	3.00%	3.78%
Hedge Funds	9.00%	4.30%
Private Equity	9.00%	7.60%
Total	100.00%	

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change in the discount rate. The following presents the Agency’s proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plan, as well as what the Agency’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.25%
Net Pension Liability	\$37,795,784
Current Discount Rate	7.25%
Net Pension Liability	\$26,320,948
1% Increase	8.25%
Net Pension Liability	\$16,946,536

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NOTE 8 – POST EMPLOYMENT 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 post employment 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.

Benefits Provided – The following is a summary of Plan benefits as of June 30, 2019:

Membership Eligibility	<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>								
Benefit Eligibility	<p>1 <u>Monthly Medical Allowance</u></p> <p><i>Service Retirees:</i> For retirees, a Maximum Monthly Medical Allowance of \$540.44 per month is provided, effective January 1, 2018 and through December 31, 2018. For the period January 1, 2019 through December 31, 2019, the maximum allowance is \$558.00 per month. For those purchasing insurance through the Individual Medicare Exchange, the Monthly Medical Allowance was \$414.00 per month for 2018 and is \$427.46 for 2019. These Allowances are subject to the following subsidy schedule:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Completed Years of Service</u></th> <th style="text-align: center;"><u>Percentage Subsidized</u></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 Medical Benefit Reimbursement Plan: The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must</p> <ul style="list-style-type: none"> - Have at least 10 years of ACERA service, - Be eligible for Monthly Medical Allowance, - Provide proof of enrollment in Medical Part B <p>3 Dental and Vision Plans: The SRBR provides dental and vision benefits for retirees only. The maximum combined dental and vision premiums will be \$47.91 in 2018 and \$48.39 in 2019. The eligibility for these premiums is as follows:</p> <p><i>Service Retirees:</i> Retired with at least 10 years of service.</p> <p><i>Disabled Retirees:</i> For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.</p>	<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>	10-14	50%	15-19	75%	20+	100%
<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>								
10-14	50%								
15-19	75%								
20+	100%								
Deferred Benefit	Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.								
Death Benefit	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.								

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019

Active employees	94
Inactive employees or beneficiaries currently receiving benefit payments	Not available
Inactive employees entitled to but not yet receiving benefit payments	<u>Not available</u>
Total	<u><u>94</u></u>

B. Net OPEB Liability

Actuarial Methods and Assumptions – The Agency’s net OPEB liability was measured as of December 31, 2018 and the net OPEB liability was determined by an actuarial valuation dated December 31, 2017 that was rolled forward using standard update procedures to determine the Agency’s net OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Payroll Growth	3.50%
Investment Rate of Return	7.25%
Mortality Rate	RP-2014 Healthy Annuitant Mortality Table
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 7.00% to ultimate 4.50% over 10 years Medicare medical plan - Graded from 6.50% to ultimate 4.50% over 8 years Dental/Vision and Medicare Part B - 4.00%

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8 – POST EMPLOYMENT 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 (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1% (6.25%)	Discount Rate (7.25%)	Discount Rate +1% (8.25%)
\$4,690,145	\$2,295,442	\$1,595,827

Total OPEB Liability/(Asset)		
1% Decrease (6.00% - 3.50%)	Healthcare Cost Trend Rates (7.00% - 4.50%)	1% Increase (8.00% - 5.50%)
\$1,425,834	\$2,295,442	\$4,939,738

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

For the year ended June 30, 2019, the Agency recognized OPEB expense of \$353,304. Changes in the Net OPEB Liability are recorded in the fund that recorded the liability. At June 30, 2019, 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		\$381,530
Net Difference Between Projected and Actual Investment		
Earnings on OPEB plan Investments	\$563,066	
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		209,586
Changes of assumptions	407,219	95,764
Total	\$970,285	\$686,880

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)

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
2020	\$7,174
2021	7,174
2022	7,168
2023	369,958
2024	(54,673)
Thereafter	(53,396)

NOTE 9 – INSURANCE

The Agency is self-insured for claims under the County of Alameda self-insurance/excess insurance program. The County is a member of the California State Association-Excess Insurance Authority (CSAC-EIA), a California Counties Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties.

Type of Coverage	Coverage Limit	Self-Insured/Deductible
General Liability, including Auto Liability	\$25,000,000	\$1,000,000
Workers' Compensation	Statutory Limit	3,000,000
Property	600,000,000	50,000
Crime	15,000,000	2,500
Pollution	10,000,000	250,000
Cyber Liability	2,000,000	100,000

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10 – COMMITMENT AND CONTINGENT LIABILITIES

A. Litigation

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

B. Water Supply Commitments

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

California Department of Water Resources: The Agency has a cost-sharing water supply contract with the Department of Water Resources (DWR) which provides for the annual allocation of 80,619-acre feet (AF) of water through 2035. DWR as project manager and administrator, developed, constructed, operates and maintains the State Water Project (SWP) to provide water to the Agency and the other water wholesalers. The Agency costs under the contract consists of a variable operating cost component and a semi-fixed capital cost component, including debt service on bonds issued by DWR to construct the project and it determines the cost annually. In fiscal years 2019 and 2018, the costs under the contract were \$22.1 million and \$21.4 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 2019 and 2018, the costs under Amendment No. 24 were \$18.5 million and \$19.4 million, respectively with a remaining obligation of \$192.1 million as of June 30, 2019 to be paid by 2035.

Byron-Bethany Irrigation District: The Agency has a water supply agreement through December 31, 2030 with the District which provides for the annual delivery of water supplies from 2,000 acre-feet up to a maximum of 5,000 AF when BBID has surplus supplies available. The Agency is required to pay a flat rate cost per AF set forth in the agreement for water delivered but has an annual take-or-pay minimum of \$90,000 regardless of whether water is delivered. In fiscal years 2019 and 2018, the costs under the agreement were \$90,000 each year.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10 – COMMITMENT AND CONTINGENT LIABILITIES (Continued)

Groundwater Banking and Exchange Program (The "Program"): In June, 2006, the Agency entered into a Water Banking and Exchange Program Agreement whereby Cawelo stores up to 120,000 AF of water deposited by the Agency in facilities Cawelo developed, constructed, owns and operates. The Agency may request the return of up to 10,000 AF of stored water per year. In addition, the Agreement provides for an exchange of water acquired under the Agency's DWR agreement and Cawelo's own contract providing DWR water rights. The Program contemplated by this Agreement will provide additional groundwater storage for the Agency resulting in better use of its SWP supplies and will provide improved reliability of supplies and overall higher groundwater levels for Cawelo, by transferring to Cawelo, for Cawelo's sole use, up to one half of Agency's delivered water. In exchange for these water rights, the Agency reimburses Cawelo certain operating and maintenance costs, pays certain fees which vary based on water stored, returned or exchanged, and makes fixed capital payments. In fiscal year 2018, the costs under the agreement were \$1.9 million and in fiscal year 2019, the costs under the agreement was zero and pursuant to an assignment agreement with Cawelo Water District the Agency paid \$15.4 million of all outstanding principal amount of the 2006 fixed capital payment.

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 2018, the Agency's share of the operating, maintenance and capital costs and certain fees under the agreement were \$1.9 million and in fiscal year 2019, were \$0.7 million.

Delta Conveyance Design and Construction Joint Powers Authority – On May 14, 2018, the Agency along with participating State Water Contractors formed the Delta Conveyance Design and Construction Joint Powers Authority ("DCA"). The DCA was formed with the proposes to enter into an agreement with DWR establishing that the DCA will undertake those activities required to complete the design and construction of the Delta Conveyance Project. The Delta Conveyance Project will make physical and operational improvements to the State Water Project ("SWP") and the Central Valley Project ("CVP") necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements. To-date no debt has been issued by the DCA and it is unknown when debt will be issued.

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10 – COMMITMENT AND CONTINGENT LIABILITIES (Continued)

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

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REQUIRED SUPPLEMENTARY INFORMATION

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**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIO AS OF
THE MEASUREMENT DATE**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Plan's proportion of the Net Pension Liability (Asset)	1.24%	1.26%	1.46%	1.18%	1.60%
Plan's proportion share of the Net Pension Liability (Asset)	\$26,320,948	\$19,859,054	\$25,488,068	\$24,951,866	\$22,241,545
Plan's Covered Payroll	11,719,529	12,229,930	12,536,863	13,014,942	12,318,588
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	224.59%	162.38%	203.30%	191.72%	180.55%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	1.24%	1.26%	1.46%	1.18%	1.60%
Plan's Proportionate Share of Aggregate Employer Contributions	3,531,563	3,619,612	3,770,297	3,808,259	3,415,865

*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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

SCHEDULE OF CONTRIBUTIONS

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$4,468,041	\$4,272,678	\$4,616,119	\$4,568,731	\$4,324,438
Contributions in relation to the actuarially determined contributions	<u>(4,468,041)</u>	<u>(4,272,678)</u>	<u>(4,616,119)</u>	<u>(4,568,731)</u>	<u>(4,324,438)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$11,839,254	\$11,997,578	\$12,351,170	\$12,840,271	\$12,505,557
Contributions as a percentage of covered payroll	37.74%	35.61%	37.37%	35.58%	34.58%
Notes to Schedule					
Valuation date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	(1)
Inflation	3.00%
Salary increases	(2)
Investment rate of return	7.25% (3)
Mortality	RP-2014 (REH-2014) Healthy Annuitant Mortality Tables projected generationally with the two-dimensional MP-2016 projection scale.
Post Retirement Benefit Increase	Contract COLA 2.00% - 3.00% of retirement income

(1) The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.

(2) Depending on age, service and type of employment

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

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

COST-SHARING EMPLOYER DEFINED OPEB PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

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

SCHEDULE OF CONTRIBUTIONS

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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 DATE**

Measurement Date	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Plan's proportion of the Net OPEB Liability	1.29%	1.43%
Plan's proportion share of the Net OPEB Liability	\$2,295,442	\$298,850
Plan's Covered Payroll	\$11,719,530	\$12,229,930
Plan's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	19.59%	2.44%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	1.29%	1.43%
Plan's Proportionate Share of Aggregate Employer Contributions	NA	NA

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

**ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT – ZONE 7 WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan

Last 10 Years*

Schedule of Contributions

	June 30, 2019	June 30, 2018
Actuarially determined contribution	N/A	N/A
Contributions in relation to the actuarially determined contribution	N/A	N/A
Contribution deficiency (excess)	N/A	N/A
Covered payroll	\$9,400,208	\$9,957,944
Contributions as a percentage of covered-employee payroll	N/A	N/A

* Fiscal year 2018 was the first year of implementation and therefore, only two years are shown.

	Actuarial Assumptions
Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Payroll Growth	3.50%
Investment Rate of Return	7.25%
Mortality Rate	RP-2014 Healthy Annuitant Mortality Table
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 7.00% to ultimate 4.50% over 10 years Medicare medical plan - Graded from 6.50% to ultimate 4.50% over 8 years Dental/Vision and Medicare Part B - 4.00%

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR GOVERNMENTAL FUND
 BALANCE SHEET
 AS OF JUNE 30, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Environmental Protection Agency (EPA) Grant - Federal	<u>Totals</u>	
		<u>2019</u>	<u>2018</u>
ASSETS			
Current assets			
Accounts receivable, net	\$26,177	\$26,177	\$193,006
Total assets	<u>\$26,177</u>	<u>\$26,177</u>	<u>\$193,006</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$24,703	\$24,703	\$3,256
Due to other funds	1,474	1,474	\$189,750
Total liabilities	<u>26,177</u>	<u>26,177</u>	<u>193,006</u>
FUND BALANCES			
Unrestricted			
Total fund balances			
Total liabilities and fund balances	<u>\$26,177</u>	<u>\$26,177</u>	<u>\$193,006</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR GOVERNMENTAL FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Environmental Protection Agency (EPA) Grant - Federal	Total Non-major Governmental Funds	
		2019	2018
REVENUES			
Intergovernmental revenues	\$125,352	\$125,352	\$1,230,924
Total revenues	125,352	125,352	1,230,924
EXPENDITURES			
Current:			
Salaries and employee benefits transferred from district-wide	6,284	6,284	6,900
Services and supplies	119,068	119,068	94,274
Capital outlay:			
Equipment and capital infrastructure			1,129,750
	125,352	125,352	1,230,924
NET CHANGE IN FUND BALANCES			
FUND BALANCES, BEGINNING OF YEAR			
FUND BALANCES, END OF YEAR			

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Water Facilities	Water Supply and Reliability	Totals	
			2019	2018
ASSETS				
Current assets:				
Cash in County treasury	\$3,885,062	\$3,251,211	\$7,136,273	\$7,570,235
Total current assets	<u>3,885,062</u>	<u>3,251,211</u>	<u>7,136,273</u>	<u>7,570,235</u>
Total assets	<u>3,885,062</u>	<u>3,251,211</u>	<u>7,136,273</u>	<u>7,570,235</u>
LIABILITIES				
Current liabilities:				
Deposits	319,115		319,115	381,271
Total current liabilities	<u>319,115</u>		<u>319,115</u>	<u>381,271</u>
Total liabilities	<u>319,115</u>		<u>319,115</u>	<u>381,271</u>
NET POSITION				
Unrestricted	3,565,947	3,251,211	6,817,158	7,188,964
Total net position	<u>3,565,947</u>	<u>3,251,211</u>	<u>6,817,158</u>	<u>7,188,964</u>
Total liabilities and net position	<u>\$3,885,062</u>	<u>\$3,251,211</u>	<u>\$7,136,273</u>	<u>\$7,570,235</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Water Facilities	Water Supply and Reliability	Totals	
			2019	2018
NONOPERATING REVENUES				
Interest income and rental fees	\$66,549	\$61,710	\$128,259	83,554
Income (loss) before transfers	66,549	61,710	128,259	83,554
Transfers (out)		(500,065)	(500,065)	(570,191)
Change in net position	66,549	(438,355)	(371,806)	(486,637)
Net position, beginning of year	3,499,398	3,689,566	7,188,964	7,675,601
Net position, end of year	<u>\$3,565,947</u>	<u>\$3,251,211</u>	<u>\$6,817,158</u>	<u>\$7,188,964</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 ZONE 7 WATER AGENCY
 NON-MAJOR WATER ENTERPRISE FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2018

	Water Facilities	Water Supply and Reliability	Total	
			2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from (payments to) customers	(\$62,156)		(\$62,156)	\$38,331
Net cash provided (used) by operating activities	(62,156)		(62,156)	38,331
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (out)		(\$500,065)	(500,065)	(570,191)
Cash flows from noncapital financing activities		(500,065)	(500,065)	(570,191)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	66,549	61,710	128,259	83,554
Cash flows from investing activities	66,549	61,710	128,259	83,554
Net increase (decrease) in cash and cash equivalents	4,393	(438,355)	(433,962)	(448,306)
Cash and investments at beginning of period	3,880,669	3,689,566	7,570,235	8,018,541
Cash and investments at end of period	\$3,885,062	\$3,251,211	\$7,136,273	\$7,570,235
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)				
Adjustments to reconcile operating income (loss) to cash flows				
Changes in assets and liabilities				
Deposits	(62,156)		(62,156)	38,331
Net cash provided (used) by operating activities	(\$62,156)		(\$62,156)	\$38,331

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 Water Agency (Agency), as of and for the year ended June 30, 2019, and have issued our report thereon dated December 10, 2019. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated December 10, 2019 which is an integral part of our audit and should be read in conjunction with this report.

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
December 10, 2019

STATISTICAL SECTION

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Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have change over time. (Tables 1-4)

Revenue Capacity

These schedules contain information to help the reader assess the Agency's revenue sources and rate structure. (Pages Tables 4-13)

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. (Tables 14-15)

Demographic and Economic Information

This schedule offers demographic, economic, and Agency indicators to help the reader understand the environment within which the Agency's financial activities take place. (Tables 16-18)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs. (Tables 18-20)

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

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Table 1)

	Fiscal Year									
	2010	2011	2012	2013 (a)	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$14,661,865	\$14,479,216	\$14,301,567	\$16,232,189	\$30,403,950	\$30,385,318	\$30,334,638	\$31,990,546	\$32,247,481	\$33,164,265
Restricted	57,518,054	58,914,899	36,696,155	60,596,601	41,506,430	49,177,969	56,059,067	58,149,272	62,760,525	66,872,665
Unrestricted	477,102	3,928,002	23,559,397	4,406,909	15,260,267	16,739,156	19,133,427	20,484,357	16,662,343	15,346,434
Total governmental activities net position	\$72,657,021	\$77,322,117	\$23,559,397	\$81,235,699	\$87,170,647	\$96,302,443	\$105,527,132	\$110,624,175	\$111,670,349	\$115,383,364
Business-type activities										
Net investment in capital assets	\$214,245,244	\$208,841,658	\$205,651,283	\$202,295,691	\$211,603,471	\$212,562,797	\$188,968,433	\$194,732,197	\$198,348,996	\$210,675,110
Restricted	43,769,762	40,041,672	37,928,558	65,125,317	42,196,142	50,917,217	82,151,910	97,494,721	107,414,628	127,521,329
Unrestricted	39,299,226	39,394,747	41,291,980	40,127,373	57,821,385	36,428,063	30,717,428	37,712,019	47,669,365	48,823,266
Total business-type activities net position	\$297,314,232	\$288,278,077	\$284,871,821	\$307,548,381	\$311,620,998	\$299,908,077	\$301,837,771	\$329,938,937	\$353,432,989	\$387,019,705
Primary government										
Net investment in capital assets	\$228,907,109	\$223,320,874	\$219,952,850	\$218,527,880	\$242,007,421	\$242,948,115	\$219,303,071	\$226,722,743	\$230,596,477	\$243,839,375
Restricted	101,287,816	98,956,571	74,624,713	125,721,918	83,702,572	100,095,186	138,210,977	155,643,993	170,175,153	194,393,994
Unrestricted	39,776,328	43,322,749	64,851,377	44,534,282	73,081,652	53,167,219	49,850,855	58,196,376	64,331,708	64,169,700
Total primary governmental activities net position	\$369,971,253	\$365,600,194	\$359,428,940	\$388,784,080	\$398,791,645	\$396,210,520	\$407,364,903	\$440,563,112	\$465,103,338	\$502,403,069

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

ALAMEDA COUNTY FLOOD AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Table 2)

	2010	2011	2012	2013 (a)	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Flood Protection Operations	\$3,547,907	\$4,063,566	\$8,499,485	\$3,947,332	\$1,488,735	\$4,705,166	\$5,328,998	\$5,341,751	\$12,859,064	\$10,308,973
Flood Protection Drainage DIF	561,339	615,758	5,903,778	705,688	4,029,268	499,169	794,922	1,841,555	542,139	367,976
Flood Protection Grants									1,230,924	125,352
Total governmental activities expenses	4,109,246	4,679,324	14,403,263	4,653,020	5,518,003	5,204,335	6,123,920	7,183,306	14,632,127	10,802,301
Business-type activities										
State Water Project	8,787,104	10,670,494	13,858,280	14,002,380	13,681,891	16,359,406	20,621,344	20,985,604	19,794,128	21,420,192
Water Enterprise Funds	49,257,457	50,869,431	51,267,019	54,868,275	57,386,822	59,122,995	81,257,514	60,641,826	75,273,928	63,564,015
Total business-type activities	58,044,561	61,539,925	65,125,299	68,870,655	71,068,713	75,482,401	101,878,858	81,627,430	95,068,056	84,984,207
Total primary government expenses	\$62,153,807	\$66,219,249	\$79,528,562	\$73,523,675	\$76,586,716	\$80,686,736	\$108,002,778	\$88,810,736	\$109,700,183	\$95,786,508
Program Revenues										
Governmental activities										
Charges for Services	\$11,078	\$12,771	\$40,851	\$35,661	\$57,142	\$450,658	\$7,432,934	\$3,554,796	\$4,566,846	\$3,412,359
Operating grants and contributions	54,264	53,229	61,249	61,578	64,318	112,334	71,562	181,418	182,315	70,969
Other program revenues	1,191,832	3,187,574	5,505,787	5,095,420	4,953,372	8,032,445	40,202	13,263	1,230,924	125,352
Total governmental activities program revenues	1,257,174	3,253,574	5,607,887	5,192,659	5,074,832	8,595,437	7,544,698	3,749,477	5,980,085	3,608,680
Business-type activities										
Charges for Services:										
State Water Project	9,686,655	12,206,165	15,489,732	11,942,972	12,269,322	13,708,844	19,419,226	20,795,420	22,927,398	23,420,521
Water Enterprise Funds	30,857,470	31,855,389	35,528,292	38,200,851	58,073,146	56,318,578	68,521,032	77,751,701	84,306,162	83,160,107
Operating grants and contributions	808,207	444,139	106,194	68,416	4,347,897	5,012,899	15,285,044	10,179,114	7,235,940	6,723,525
Capital grants and contributions	20,787,373	11,810,379	13,700,090	30,824,513						
Total business-type activities program revenues	62,139,705	56,316,072	64,824,308	81,036,752	74,690,365	75,040,321	103,225,302	108,726,235	114,469,500	113,304,153
Total primary government program revenues	\$63,396,879	\$59,569,646	\$70,432,195	\$86,229,411	\$79,765,197	\$83,635,758	\$110,770,000	\$112,475,712	\$120,449,585	\$116,912,833
Net (Expense)/Revenue										
Governmental activities										
	(\$2,852,072)	(\$1,425,750)	(\$8,795,376)	\$539,639	(\$443,171)	\$3,391,102	\$1,420,778	(\$3,433,829)	(\$8,652,042)	(\$7,193,621)
Business-type activities										
	4,095,144	(5,223,853)	(300,991)	12,166,097	3,621,652	(442,080)	1,346,444	27,098,805	19,401,444	28,319,946
Total primary government net revenues	\$1,243,072	(\$6,649,603)	(\$9,096,367)	\$12,705,736	\$3,178,481	\$2,949,022	\$2,767,222	\$23,664,976	\$10,749,402	\$21,126,325
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property	\$5,918,281	\$5,745,003	\$5,773,050	\$5,959,083	\$6,201,653	\$6,759,202	\$7,329,117	\$7,895,448	\$8,518,064	\$9,144,785
Investment earnings and rental charges	428,861	345,843	257,328	179,858	189,800	260,490	465,771	647,869	982,802	1,595,226
Transfers					(13,334)	(13,333)	(13,333)	(12,445)	(12,444)	(12,444)
Other							22,356		34,267	179,069
Total governmental activities	6,347,142	6,090,846	6,030,378	6,138,941	6,378,119	7,006,359	7,803,911	8,530,872	9,522,689	10,906,636
Business-type activities										
Investment earnings	682,341	704,257	610,133	331,588	390,865	314,297	496,700	915,090	2,021,455	5,187,260
Rental charges	31,000	31,000	31,000	31,000	46,796	50,815	73,217	74,826	56,497	67,066
Transfers					13,334	13,333	13,333	12,445	12,444	12,444
Total business-type activities	713,341	735,257	641,133	362,588	450,995	378,445	583,250	1,002,361	2,090,396	5,266,770
Total primary government	\$7,060,483	\$6,826,103	\$6,671,511	\$6,501,529	\$6,829,114	\$7,384,804	\$8,387,161	\$9,533,233	\$11,613,085	\$16,173,406
Change in Net Position										
Governmental activities										
	3,495,070	4,665,096	(2,764,998)	6,678,580	5,934,948	10,397,461	9,224,689	5,097,043	870,647	3,713,015
Business-type activities										
	4,808,485	(4,488,596)	340,142	12,528,685	4,072,647	(63,635)	1,929,694	28,101,166	21,491,840	33,586,716
Total primary government	\$8,303,555	\$176,500	(\$2,424,856)	\$19,207,265	\$10,007,595	\$10,333,826	\$11,154,383	\$33,198,209	\$22,362,487	\$37,299,731

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

ALAMEDA COUNTY FLOOD AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Table 3)

<u>Fiscal Year</u>	<u>Reserved</u>	<u>-----Unreserved-----</u>		<u>Unassigned</u>	<u>Restricted</u>	<u>Committed</u>	<u>Total</u>
		<u>Capital project</u>	<u>Specific projects</u> <u>and</u>				
2010	\$179,791	\$33,505,378	\$23,832,885	\$477,102			\$57,995,156
2011					\$26,027,983	\$36,814,918	62,842,901
2012					36,696,155	23,559,397	60,255,552
2013					40,648,531	24,354,979	65,003,510
2014					41,506,430	15,260,267	56,766,697
2015					49,177,969	18,009,177	67,187,146
2016					56,059,067	20,666,297	76,725,364
2017					58,149,272	21,898,222	80,047,494
2018					62,760,525	18,352,377	81,112,902
2019					66,872,665	17,602,713	84,475,378

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

Note: FY 2009/10 and prior fund balance amounts have not been restated for the implementation of GASB Statement 54, which the Agency implemented in FY 2010/11

ALAMEDA COUNTY FLOOD AND WATER CONSERVATION DISTRICT - ZONE 7 WATER AGENCY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Table 4)

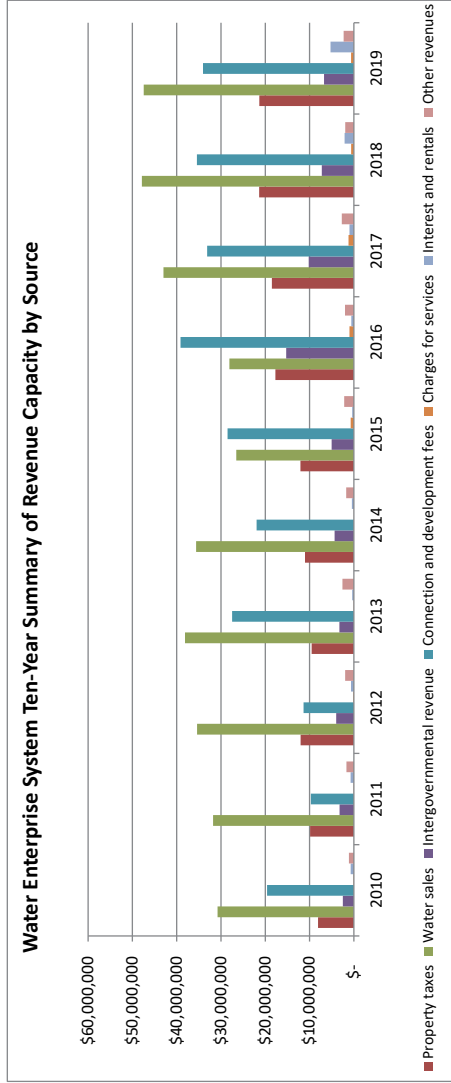
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$5,918,281	\$5,745,003	\$5,773,050	\$5,959,083	\$6,201,653	\$6,759,202	\$7,329,117	\$7,895,448	\$8,518,064	\$9,144,785
Intergovernmental revenues	54,264	53,229	61,249	61,578	64,318	144,691	71,562	181,418	1,413,239	196,321
Charges for services	1,178,982	3,178,719	5,505,177	5,117,561	4,823,378	8,450,033	7,432,934	3,554,796	4,566,846	3,412,359
Interest and rentals	428,861	345,843	257,328	179,858	189,800	260,490	465,771	647,869	982,802	1,595,226
Other revenues	23,928	21,626	41,461	13,520	187,136	713	62,558	13,263	34,267	179,069
Total revenues	7,604,316	9,344,420	11,638,265	11,331,600	11,466,285	15,615,129	15,361,942	12,292,794	15,515,218	14,527,760
Expenditures										
Salaries and employee benefits										
transferred from district-wide	1,703,900	1,937,436	2,243,556	2,631,352	2,535,779	2,252,655	2,455,453	1,961,724	2,292,919	2,332,437
Services and supplies	2,206,560	2,559,113	6,851,120	3,498,544	2,650,121	2,821,192	3,354,938	4,187,243	11,014,697	8,612,252
Equipment and capital structure		126	5,130,850	451,740	14,503,864	107,500		2,809,252	1,129,750	208,151
Other			88	2,006						
Total Expenditures	3,910,460	4,496,675	14,225,614	6,583,642	19,689,764	5,181,347	5,810,391	8,958,219	14,437,366	11,152,840
Excess of revenues over/(under) expenditures	3,693,856	4,847,745	(2,587,349)	4,747,958	(8,223,479)	10,433,782	9,551,551	3,334,575	1,077,852	3,374,920
Other Financing Sources (Uses)										
Tra (a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, Tra which replaced the term "net assets" with the term "net position".					(13,334)	(13,333)	(13,333)	(12,445)	(12,444)	(12,444)
Total other financing sources (uses)					(13,334)	(13,333)	(13,333)	(12,445)	(12,444)	(12,444)
Net change in fund balances	\$3,693,856	\$4,847,745	(\$2,587,349)	\$4,747,958	(\$8,236,813)	\$10,420,449	\$9,538,218	\$3,322,130	\$1,065,408	\$3,362,476

Source: Zone 7 Finance Department, Governmental Income Statement

Zone 7 Water Agency
Revenue Capacity
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30
(Table 5)

Water Enterprise System

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 8,085,099	\$ 9,860,412	\$ 12,017,106	\$ 9,517,243	\$ 11,016,532	\$ 12,060,478	\$ 17,716,841	\$ 18,524,750	\$ 21,385,641	\$ 21,353,809
Water sales	30,777,082	31,785,517	35,398,908	38,130,264	35,616,588	26,552,568	28,110,974	42,975,960	47,860,145	47,440,592
Intergovernmental revenue	2,479,844	3,223,559	3,972,942	3,263,820	4,347,890	5,012,899	15,285,044	10,179,114	7,235,940	6,723,525
Connection and development fees	19,601,871	9,697,595	11,345,942	27,483,527	21,973,245	28,521,399	39,135,444	33,128,280	35,434,462	34,068,092
Charges for services	80,388	69,872	129,384	70,587	2,938	720,670	976,853	1,201,296	609,191	620,503
Interest and rentals	713,341	735,257	641,133	362,588	437,661	365,112	569,917	989,916	2,077,952	5,254,326
Other revenues	1,115,421	1,679,117	1,960,026	2,571,311	1,733,172	2,172,307	2,000,146	2,716,835	1,944,121	2,310,887
Total Revenues	\$ 62,853,046	\$ 57,051,329	\$ 65,465,441	\$ 81,399,340	\$ 75,128,026	\$ 75,405,433	\$ 103,795,219	\$ 109,716,151	\$ 116,547,452	\$ 117,771,734



Source: Finance

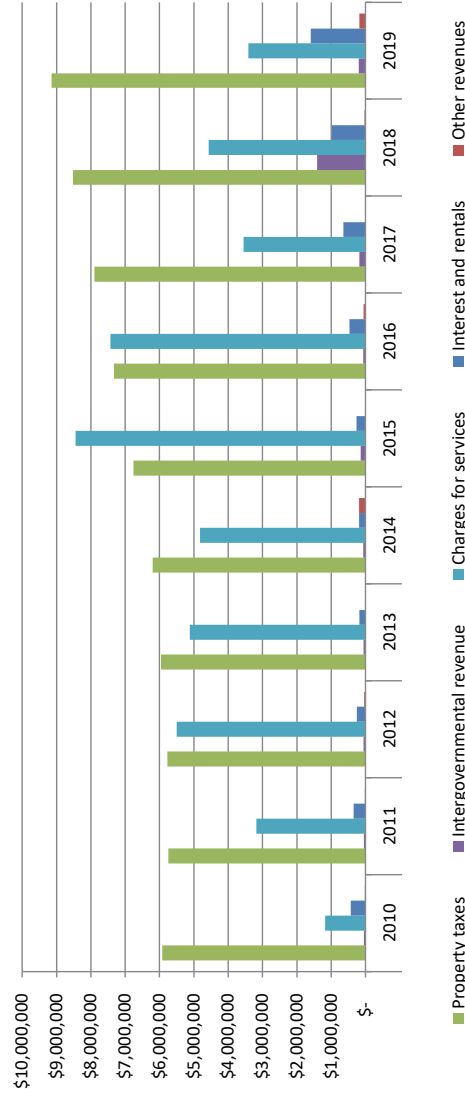
Zone 7 Water Agency
Revenue Capacity
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30
(Table 6)

Flood Protection System

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property taxes	\$ 5,918,281	\$ 5,745,003	\$ 5,773,050	\$ 5,959,083	\$ 6,201,653	\$ 6,759,202	\$ 7,329,117	\$ 7,895,448	\$ 8,518,064	\$ 9,144,785
Intergovernmental revenue	54,264	53,229	61,249	61,578	64,318	144,691	71,562	181,418	1,413,239	196,321
Charges for services	1,178,982	3,178,719	5,505,177	5,117,561	4,823,378	8,450,033	7,432,934	3,554,796	4,566,846	3,412,359
Interest and rentals	428,861	345,843	257,328	179,858	189,800	260,490	465,771	647,869	982,802	1,595,226
Other revenues	23,928	21,626	41,461	13,520	187,136	713	62,558	13,263	34,267	179,069
Total Revenues	\$ 7,604,316	\$ 9,344,420	\$ 11,638,265	\$ 11,331,600	\$ 11,466,285	\$ 15,615,129	\$ 15,361,942	\$ 12,292,794	\$ 15,515,218	\$ 14,527,760

Property taxes
Intergovernmental revenue
Charges for services
Interest and rentals
Other revenues
Total Revenues

Flood Protection System Ten-Year Summary of Revenue Capacity by Source

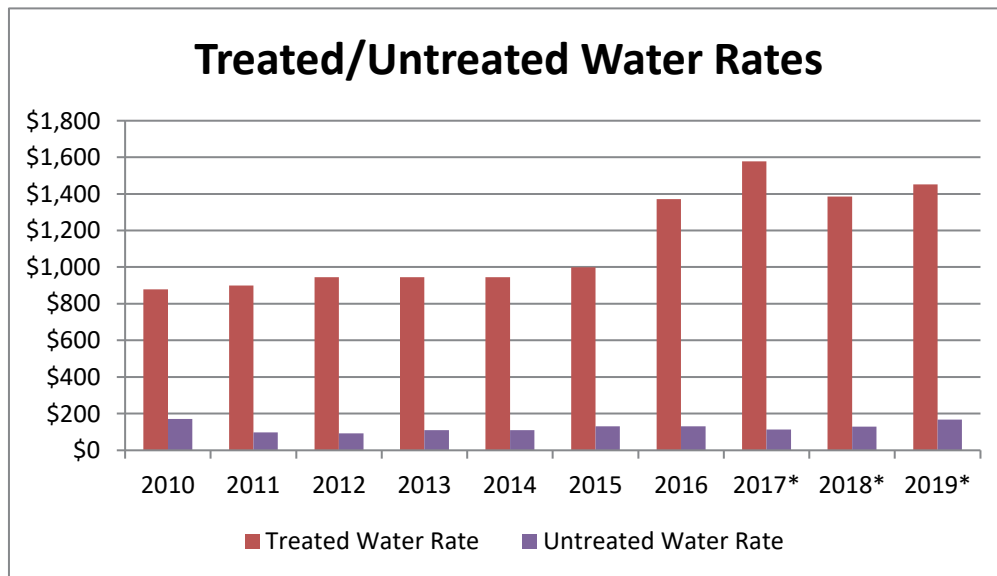


Source: Finance

Zone 7 Water Agency
Treated/Untreated Water Rates
Ten-Year History
(In Acre Feet)
(Table 7)

Calendar Year	Treated Water Rate		Untreated Water Rate	
	Rate/AF	% Change Year over Year	Rate/AF	% Change Year over Year
2010	\$878	9.2%	\$171	-5.5%
2011	\$900	2.5%	\$97	-43.3%
2012	\$945	5.0%	\$92	-5.2%
2013	\$945	0.0%	\$110	19.6%
2014	\$945	0.0%	\$110	0.0%
2015	\$999	5.7%	\$130	18.2%
2016	\$1,372	37.3%	\$130	0.0%
2017*	\$1,577	14.9%	\$113	-13.1%
2018*	\$1,385	-12.2%	\$129	14.2%
2019*	\$1,451	4.8%	\$167	29.5%

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

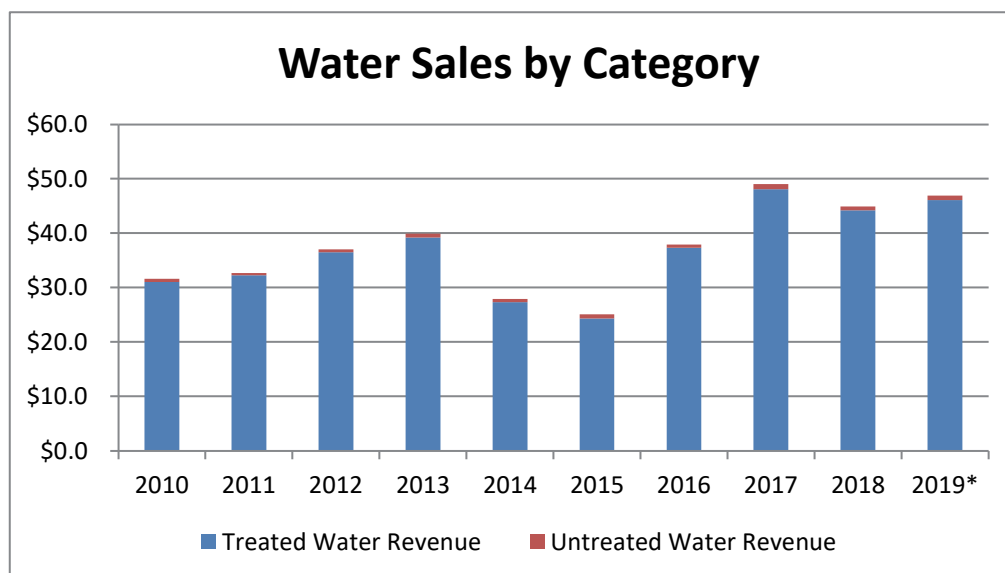


Source: Finance

Zone 7 Water Agency
Water Sales by Category
 Ten-Year History
 (In Millions)
 (Table 8)

Calendar Year	Municipal/Industrial (Treated) Water Revenue	Untreated Water Revenue	Total
2010	\$31.0	\$0.6	\$31.6
2011	\$32.3	\$0.4	\$32.7
2012	\$36.5	\$0.5	\$37.0
2013	\$39.2	\$0.7	\$39.9
2014	\$27.3	\$0.6	\$27.9
2015	\$24.3	\$0.8	\$25.1
2016	\$37.3	\$0.6	\$37.9
2017	\$48.1	\$0.9	\$49.0
2018	\$44.2	\$0.7	\$44.9
2019*	\$46.1	\$0.8	\$46.9

* 2019 Revenue figures are forecasted in order to calculate a full calendar year.



Source: Finance

Zone 7 Water Agency
Principal Treated Water Customers
Current Complete Year Comparison to Nine Years Ago
(Calendar Year)
(Table 9)

	2018	2009					
Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption	Customer	Annual Consumption (AF)	Rank	Percentage of Total Annual Consumption
City of Pleasanton	9,862	1	30.9%	City of Pleasanton	13,956	1	36.4%
Dublin San Ramon Services District	9,636	2	30.2%	Dublin San Ramon Services District	9,680	2	25.3%
California Water	6,001	3	18.8%	California Water	7,933	3	20.7%
City of Livermore	5,588	4	17.5%	City of Livermore	6,515	4	17.0%
All other treated water customers ¹	855	5	2.6%	All other treated water customers ²	233	5	0.6%
Total Annual Consumption (AF)	31,942		100%	Total Annual Consumption (AF)	38,317		100%

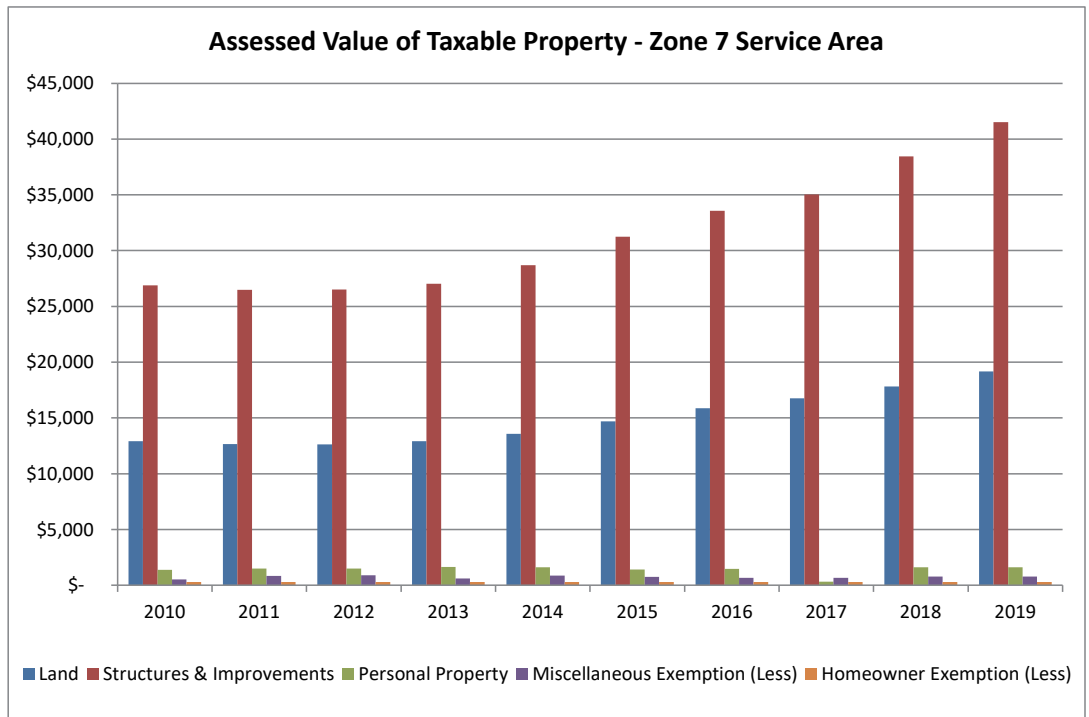
Source: Finance

¹ Other treated customers in 2018 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District.

² Other treated customers in 2009 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District, State of California, and Dublin Housing.

Zone 7 Water Agency
 Assessed Value of Taxable Property - Zone 7 Service Area
 Last Ten Fiscal Years
 Fiscal Year Ended June 30
 (\$ Millions)
 (Table 10)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Taxable Property										
Land	\$ 12,927	\$ 12,660	\$ 12,635	\$ 12,905	\$ 13,587	\$ 14,680	\$ 15,861	\$ 16,766	\$ 17,825	\$ 19,166
Structures & Improvements	26,874	26,492	26,507	27,029	28,695	31,246	33,555	35,024	38,434	41,506
Personal Property	1,372	1,491	1,508	1,652	1,611	1,419	1,473	326	1,625	1,622
Miscellaneous Exemption (Less)	512	831	891	599	867	755	661	664	769	769
Subtotal	40,661	39,812	39,759	40,987	43,026	46,590	50,228	51,452	57,115	61,525
Homeowner Exemption (Less)	298	297	298	297	299	300	303	304	306	307
Net Total	\$ 40,363	\$ 39,515	\$ 39,461	\$ 40,690	\$ 42,727	\$ 46,290	\$ 49,925	\$ 51,148	\$ 56,809	\$ 61,218



Source: Alameda County Assessors Office

Zone 7 Water Agency
Property Tax Rates (1)
Direct and Overlapping Governments
(Rates per \$1,000 of Assessed value)
Last Ten Fiscal Years
(Table 11)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Rates:										
City of Livermore Direct Rates	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Overlapping Rates (2):										
School District	0.0674%	0.0635%	0.0627%	0.0607%	0.0596%	0.0497%	0.0404%	0.0886%	0.0803%	0.0743%
Community College	0.0195%	0.0211%	0.0214%	0.0219%	0.0214%	0.0217%	0.0198%	0.0246%	0.0445%	0.0422%
Bay Area Rapid Transit	0.0057%	0.0031%	0.0041%	0.0043%	0.0075%	0.0045%	0.0026%	0.0080%	0.0084%	0.0120%
Zone 7 Flood Control	0.0203%	0.0250%	0.0307%	0.0228%	0.0257%	0.0250%	0.0343%	0.0333%	0.0359%	0.0309%
Total Direct and Overlapping Rate	1.1129%	1.1127%	1.1189%	1.1097%	1.1142%	1.1009%	1.0971%	1.1545%	1.1691%	1.1594%

Source: Alameda County Treasurer and Tax Collector

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.

Zone 7 Water Agency
Property Tax Levies and Collections
Last Ten Fiscal Years
(Table 12)

Fiscal Year Ended June 30,	Collected within the Fiscal Year of Levy			Delinquent Tax Collections
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	
2010	14,003,380	14,003,380	100%	0%
2011	15,605,415	15,605,415	100%	0%
2012	17,790,156	17,790,156	100%	0%
2013	15,476,326	15,476,326	100%	0%
2014	17,218,185	17,218,185	100%	0%
2015	18,819,680	18,819,680	100%	0%
2016	25,045,958	25,045,958	100%	0%
2017	26,420,199	26,420,199	100%	0%
2018	28,225,563	28,225,563	100%	0%
2019	28,991,052	28,991,052	100%	0%

Source: Finance

Zone 7 Water Agency
Principal Property Tax Payers
Current year and Ten Years Ago
(Fiscal Year)
(Table 13)

2009 ²

2019 ¹

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Agency Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Agency Assessed Value
Kaiser Foundation Health Plan & Hospitals	\$ 577,002,692	1	1.02%	Kaiser Foundation Health Plan	\$ 345,503,090	1	0.87%
Stoneridge Creek Pleasanton CCRC LLC	269,596,062	2	0.47%	Stoneridge Properties	222,006,753	2	0.56%
Stoneridge Properties	267,031,933	3	0.47%	Pleasanton Property LLC	205,277,573	3	0.52%
Rosewood Commons Property Owner LLC	263,525,000	4	0.46%	6200 Stoneridge Mall Road Inv	187,618,953	4	0.47%
Livermore Premium Outlets LLC	218,104,376	5	0.38%	C-T Stoneridge LLC	156,568,980	5	0.39%
6200 Stoneridge Mall Road Investors LLC	205,207,270	6	0.36%	Applera Corporation	142,586,338	6	0.36%
Essex Pleasanton Owner LP	201,837,415	7	0.36%	Safeway Inc.	138,571,411	7	0.35%
Avalon Dublin Station II LP	171,932,223	8	0.30%	Stoneridge Residential LLC	138,217,900	8	0.35%
Stoneridge Residential LLC	163,085,008	9	0.29%	Shops at Waterford LLC	125,653,003	9	0.32%
CP IV Vintage LLC	158,696,172	10	0.28%	Tishman Speyer Archstone Smith	114,986,547	10	0.29%
	\$ 2,496,018,151		4.39%		\$ 1,776,990,548		4.48%

Source:

¹ County of Alameda 2018-19 FY Top 10 Taxpayers by Primary Tax Code Area (secured)

² FY 2017-18 City of Livermore, City of Pleasanton, and City of Dublin's Comprehensive Annual Financial Reports

Zone 7 Water Agency
 Water Enterprise Outstanding Debt by Type
 (Table 14)

2010	2011	2012	2013	2014	2015	2016	2017	2018 ¹	2019
60,000,000	30,500,000	30,500,000	30,500,000	-	-	-	-	64,010,000	64,010,000

Source: Finance

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

Zone 7 Water Agency
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (millions)
 (Table 15)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 2,018	\$ 1,976	\$ 1,973	\$ 2,035	\$ 2,136	\$ 2,315	\$ 2,496	\$ 2,668	\$ 2,840	\$ 3,056
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 2,018	\$ 1,976	\$ 1,973	\$ 2,035	\$ 2,136	\$ 2,315	\$ 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%	0%	0%	0%	0%	0%	0%

Source: Alameda County Assessor's Office and Agency Finance

Zone 7 Water Agency
Demographic and Economic Statistics
For Alameda County and the Zone 7 Service Area
Ten Fiscal Years (2010-2019)
(Table 16)

Fiscal Year	Zone 7 Service Area (Acres)	Population Served within Zone 7's Service Area ¹	Total Population Alameda County ²	Total Personal Income (\$ billions) ³		Unemployment Rate Alameda County ⁴	Consumer Price Index Alameda County (% change in CPI) ⁵
				Alameda County	Alameda County ³		
2010	272,000	220,000	1,513,228	72.4	53,047	11.3	1.3
2011	272,000	224,000	1,526,226	78.2	55,295	10.8	2.7
2012	272,000	229,000	1,539,145	84.5	57,739	9.5	2.7
2013	272,000	233,000	1,563,495	87.4	57,473	7.4	2.2
2014	272,000	239,000	1,583,979	92.4	58,364	5.8	2.7
2015	272,000	245,000	1,611,318	101.4	64,466	5.2	3.2
2016	272,000	247,000	1,629,738	106.5	65,045	4.7	3.1
2017	272,000	255,023	1,646,405	114.5	69,350	4.0	3.0
2018	272,000	259,165	1,656,884	121.6*	70,487*	3.1	4.3
2019	272,000	260,000*	1,669,301*	128.7*	71,726*	2.6	2.7

Source:

¹ Population of Service Area include cities of; Livermore, Pleasanton, Dublin and Dougherty Valley (Dougherty Valley figures are estimated as 0.336% of City of San Ramon) . CA Department of Finance, Demographic Research Unit (E-1, 1/1/2018-19 City Population Ranking) Demographics/Estimates.

² CA Department of Finance, Demographic Research Unit (E-1, 1/1/2018-19 City Population Ranking), figures are rounded to nearest five hundred.

³ CA Department of Transportation (CADOT) County-level Economic Forecast, 2010-17 History and 2018-50 Forecast. CADOT postponed update of 2019 data until end of calendar year.

⁴ Local Area Unemployment reported by US Department of Labor Bureau of Labor Statistics, 2019, San Francisco-Oakland-Hayward Metropolitan Area (reflected as of October).

⁵ Consumer Price Index provided by US Department of Labor Bureau of Labor Statistics, 2019, San Francisco-Oakland-Hayward Metropolitan Area (reflected as of August). CPI includes all items.

* Figures are forecasted estimates.

Zone 7 Water Agency
Principal Employers in Alameda County
Current Complete Year and Nine Years Ago
(Table 17)

Company/Organization	Business Type	Number of Employees January 1, 2018 ¹	Rank	Percentage of Total County Employment ²	Number of Employees June 30, 2009 ¹	Rank	Percentage of Total County Employment ²
Kaiser Permanente Medical Group ³	Health Care	34,398	1	4.21%		20+	— %
Sutter Health ³	Health Care	10,184	2	1.25%		20+	—
Tesla ³	Electric Vehicle Manufacturer	10,000	3	1.22%	—	20+	—
County of Alameda	Local Government	9,545	4	1.17%	9,029	2	1.30%
Safeway Inc., ³	Supermarkets & Other Grocery	9,373	5	1.15%	—	20+	—
John Muir Health ³	Health Care	6,484	6	0.79%	—	20+	—
Chevron Corporation ³	Energy	5,252	7	0.64%	—	20+	—
PG&E Corporation ³	Energy	5,100	8	0.62%	—	20+	—
Wells Fargo Bank ³	Financial Services	5,089	9	0.62%	—	20+	—
UPS ³	Trucking/ Shipping/ Freight	4,500	10	0.54%	—	20+	—
Total Alameda County top 10 Employees		99,925		12.21%	9,029		1.30%

Source: Alameda County FY 2017-18 Comprehensive Annual Financial Report

¹ The number of employees, except for County of Alameda and City of Oakland include Alameda County and Contra Costa County employees
Total employment within County of Alameda is unavailable.

² Percentage calculated based on Alameda County's Employment of 817,500 for 2018 and 686,300 for 2009 (Source: Employment Development Department)

³ Information from SFBT research as of July 8, 2018. Information as of June 30, 2018 is not available, except for County of Alameda employer.

⁴ Information from County of Alameda's database as of June 30, 2018.

Zone 7 Water Agency
 Full-time Equivalent Agency Employees by Function/Program Budget
 Last Ten Fiscal Years
 (Table 18)

Division/Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Office of the General Manager	13	13	10	14	7	7	8	9	9	9
Integrated Planning					7.5	7.5	8.5	9.5	9.5	6.5
Finance:										
Finance and Accounting	11	11	10	11	9	9	10	10	10	10
Employee Services	6	6	6	6	7	7	7	4	4	3
Engineering:										
Facilities Engineering	16	16	16	15	13	14	12	13	13	10
Groundwater	9	9	9	8	7	7	8.5	7.5	7.5	7.5
Water Quality	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Flood Protection	7	7	7	6	5	5	6	7	7	8
Operations	25	25	24	24	24	24	24	27	27	28
Maintenance	18	18	19	19	19	19	20	20	20	19
Total FTE	112.5	112.5	108.5	110.5	106	107	111.5	114.5	114.5	108.5

Source: Finance

Zone 7 Water Agency
 Operating Indicators
 Fiscal Years 2010-2019
 (Table 19)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Enterprise System										
Total Groundwater pumped (AF) ¹	8,919	6,264	12,105	9,555	8,782	2,565	2,002	2,300	4,700	8,000
Total Artificial Stream Recharge (AF)	6,773	4,555	8,778	7,887	3,826	3,766	8,910	8,300	9,100	3000 ²
New water connections	544	412	489	1,187	928	1,196	1,600	1,338	1,301	1,214
Total drilling permits issued	130	140	149	159	176	171	133	155	165	154
Flood Protection System										
Flood Protection area managed (Square miles)	425	425	425	425	425	425	425	425	425	425
Flood Protection channels (miles)	37	37	37	37	37	37	37	37	37	37
Flood Protection encroachment permits issued	34	30	36	36	30	31	34	24	32	37
Flood Protection development referrals	27	31	15	18	13	13	15	20	15	11

Source: Flood Protection, Groundwater and Integrated Water Planning departments.

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

² Total Artificial Stream Recharge calculations are completed at calendar year end, therefore 2019 figure is an estimate.

Zone 7 Water Agency
 Operating Information
 Capital Asset Statistics
 Fiscal Years 2010-2019
 (Table 20)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of pipeline	41	41	41	41	41	41	41	41	41	41
Number of treated water pumping stations	2	2	2	2	2	2	2	2	2	2
Number of wells operated	9	9	9	9	10	10	10	10	10	10
Total Groundwater storage (AF) ^{1,2}	231,000	235,000	227,000	220,000	209,000	213,000	226,000	248,000	249,000	249,000
Total Groundwater operational storage-water year (AF) ²	103,000	107,000	99,000	92,000	81,000	85,000	98,000	120,000	121,000	121,000

Source: Groundwater and Operations

¹ 2019 Total and Operational Groundwater Storage are estimates based on mid-September water levels. Actual values get calculated at end of each year

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

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