



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

AU-C 260 Communication With Those Charged With Governance

For the Year Ended June 30, 2020



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SCOPE OF WORK

SCOPE OF WORK

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

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

- Form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America
- Our responsibility is to plan and perform the audit to obtain “reasonable” assurance (not “absolute” assurance) about whether the financial statements are free of material misstatements.
- We considered internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Required Communications (AU-C 260) (Report to the Board of Directors)

Required Communications (AU-C 260)

- **Ethics and Independence**

- Complied with ALL relevant ethical requirements regarding independence

- **Significant Accounting Policies**

- Zone 7 disclosed the summary of significant accounting policies in Note 1 to the financial statements.
- Zone 7 implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

- **Significant Estimates**

- Fair Value on Investments
- Depreciation on Capital Assets
- Net Pension Liability
- Net OPEB Liability

Required Communications (AU-C 260)

- **Sensitive Disclosures**

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Cash and Investments
- Note 5 – Long-Term Debt
- Note 7 – Alameda County Employees' Retirement Association Pension Plan
- Note 8 – Post Employment Benefits Other Than Retirement
- Note 10 – Commitment and Contingencies Liabilities

- **Misstatements**

- There were no corrected or uncorrected misstatement reported.

Required Communications (AU-C 260)

- **Consultation with Other Accountants**

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.

- **Significant Difficulties**

- We encountered no significant difficulties in dealing with management.

- **Disagreement with Management**

- We did not have any disagreement with management in terms of accounting treatments nor audit procedures performed.

OVERVIEW OF THE FINANCIAL STATEMENTS

Net Position @ June 30

	Governmental Activities	Business-type Activities	Total	
			2020	2019
Assets	\$ 124,526,106	\$ 516,787,069	\$ 641,313,175	\$ 610,112,170
Deferred Outflows of Resources	326,364	3,455,373	3,781,737	10,273,106
Liabilities	3,537,679	97,049,874	100,587,553	113,566,668
Deferred Inflows of Resources	734,618	7,777,777	8,512,395	4,415,539
Net Position:				
Net investment in capital asset	32,993,757	227,930,485	260,924,242	243,839,375
Restricted	69,648,891	131,461,963	201,110,854	194,393,994
Unrestricted	17,937,525	56,022,343	73,959,868	64,169,700
Total net position	<u>\$ 120,580,173</u>	<u>\$ 415,414,791</u>	<u>\$ 535,994,964</u>	<u>\$ 502,403,069</u>

Changes in Net Position

	Governmental Activities	Business-type Activities	Total	
			2020	2019
Expenses	\$ 10,214,192	\$ 85,968,019	\$ 96,182,211	\$ 95,786,508
Program Revenues	2,263,313	109,882,962	112,146,275	117,089,621
Net (Expenses) Revenue and Changes in Net Position	<u>(7,950,879)</u>	<u>23,914,943</u>	<u>15,964,064</u>	<u>21,303,113</u>
General Revenues	13,159,578	4,468,253	17,627,831	15,996,618
Transfers	<u>(11,890)</u>	<u>11,890</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ 5,196,809</u>	<u>\$ 28,395,086</u>	<u>\$ 33,591,895</u>	<u>\$ 37,299,731</u>

Cash and Investments

	2020	2019	Changes
Cash in County Treasury	\$ 155,168,477	\$ 178,119,949	\$ (22,951,472)
Cash and investments - Agency Treasury	149,297,733	115,895,886	33,401,847
Restricted cash	20,395,441	44,133,441	(23,738,000)
Total	\$ 324,861,651	\$ 338,149,276	\$ (13,287,625)

Net Pension Liability

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate	Current Discount	Discount Rate
- 1% (6.25%)	Rate (7.25%)	+ 1% (8.25%)
\$ 29,285,586	\$ 18,610,738	\$ 9,822,532

Net OPEB Liability

Net OPEB Liability/(Asset)		
Discount Rate - 1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate + 1% (8.25%)
\$ 1,515,932	\$ 678,897	\$ (15,986)

Net OPEB Liability/(Asset)		
Healthcare		
1% Decrease (5.75% to 3.50%)	Cost Trend Rate (6.75% to 4.50%)	1% Increase (7.75% to 5.50%)
\$ (93,065)	\$ 678,897	\$ 1,629,868

AUDIT RESULTS

Audit Results

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



Thank You



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