

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

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

For the Year Ended June 30, 2023



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SCOPE OF WORK

SCOPE OF WORK

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

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

Required Communications (AU-C 260)

Required Communications (AU-C 260)

- **Ethics and Independence**
 - Complied with ALL relevant ethical requirements regarding independence
- **Significant Accounting Policies**
 - Zone 7 disclosed the summary of significant accounting policies in Note 1 to the financial statements.
 - Zone 7 implemented the following:
 - *GASB 91, Conduit Debt Obligations*
 - *GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*
 - *GASB 96, Subscription-Based Information Technology Arrangements*
 - *GASB 99, Omnibus 2022*

Required Communications (AU-C 260)

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

Required Communications (AU-C 260)

- **Sensitive Disclosures**

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Cash and Investments
- Note 4 – Lease Receivable (*New Standard and Disclosure*)
- Note 6 – Long-Term Debt
- Note 8 – Alameda County Employees' Retirement Association Pension Plan
- Note 9 – Post Employment Benefits Other Than Retirement
- Note 11 – Commitment and Contingencies Liabilities

- **Misstatements**

- There were no corrected or uncorrected misstatement reported.

Required Communications (AU-C 260)

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Net Position @ June 30

	Governmental Activities	Business-type Activities	Total	
			2023	2022
Assets	\$ 137,081,171	\$ 542,123,674	\$ 679,204,845	\$ 667,380,110
Deferred Outflows of Resources	783,166	9,508,104	10,291,270	5,311,827
Liabilities	5,232,143	90,401,547	95,633,690	90,052,399
Deferred Inflows of Resources	952,192	6,873,626	7,825,818	15,633,153
Net Position:				
Net investment in capital asset	33,188,061	276,759,129	309,947,190	306,630,925
Restricted	76,008,569	119,149,689	195,158,258	188,510,632
Unrestricted	22,483,372	58,447,787	80,931,159	71,864,828
Total net position	<u>\$ 131,680,002</u>	<u>\$ 454,356,605</u>	<u>\$ 586,036,607</u>	<u>\$ 567,006,385</u>

Changes in Net Position

	Governmental Activities	Business-type Activities	Total	
			2023	2022
Expenses	\$ 9,217,635	\$ 97,580,602	\$ 106,798,237	\$ 107,655,670
Program Revenues	1,961,550	109,142,407	111,103,957	111,042,510
Net (Expenses) Revenue and Changes in Net Position	(7,256,085)	11,561,805	4,305,720	3,386,840
General Revenues	13,112,203	1,612,299	14,724,502	9,083,342
Transfers In (Out), Net	(11,890)	11,890	-	-
Changes in Net Position	<u>\$ 5,844,228</u>	<u>\$ 13,185,994</u>	<u>\$ 19,030,222</u>	<u>\$ 12,470,182</u>

Cash and Investments

	Governmental Activities	Business-type Activities	Total	
			2023	2022
Cash in County Treasury	\$ 83,542,008	\$ 67,725,372	\$ 151,267,380	\$ 138,705,984
Cash and Investments - Agency Treasury	17,378,523	122,504,679	139,883,202	139,711,952
Restricted Cash	1,641,639	4,413,332	6,054,971	8,585,658
Total Cash and Investments	<u>\$ 102,562,170</u>	<u>\$ 194,643,383</u>	<u>\$ 297,205,553</u>	<u>\$ 287,003,594</u>

Net Pension Liability

Plan's Aggregate Net Pension Liability/(Asset)

Discount Rate	Current Rate	Discount Rate
-1% (6.00%)	(7.00%)	+1% (8.00%)
\$ 31,210,040	\$ 18,337,949	\$ 7,745,667

Net OPEB Liability

Net OPEB Liability/(Asset)

Discount Rate -1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1% (8.00%)
\$ 3,133,286	\$ 1,685,246	\$ 488,429

1% Decrease (5.75% to 3.50%)	Healthcare Cost Trend Rate (6.75% to 4.5%)	1% Increase (7.75% to 5.50%)
\$ 260,724	\$ 1,685,246	\$ 3,449,846

AUDIT RESULT

Audit Results

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



THE
PUN GROUP
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Thank You



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