



**Santa Clara Valley Water District
Independent Accountant's Report on Agreed-Upon Procedures
Applied to the Board Policy on Executive Limitations
Over Compensation and Benefits
*Year Ended June 30, 2023***

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**To the Board of Directors
Santa Clara Valley Water District
San Jose, California**

We have performed the procedures enumerated below related to the Chief Executive Officer (CEO) of the Santa Clara Valley Water District's (the District) compliance with the requirements of the Board Policy on Executive Limitations Over Compensation and Benefits (the Policy) in relation to the compensation and benefits of employees covered under the Policy, as described and interpreted in Attachment A, during the fiscal year ended June 30, 2023. The CEO as the Board Appointed Officer (BAO) of the District is responsible for compliance with those requirements.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the District's compliance with the requirements of the Policy. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the Policy and the related BAO's Interpretation of the Board Governance Policies for the year ended June 30, 2023. We performed the following:
 - a. Confirmed that the CEO has no capacity to change his or her own compensation and benefits by inspecting the approved Board Agenda Memorandum and Board Resolution providing for the compensation of the CEO.
 - b. Confirmed that there were no instances of retaliation against any employee by inquiring with the Human Resources Manager and inspecting board meeting minutes and legal confirmation replies.
 - c. Confirmed that the CEO has no capacity to promise or imply permanent or guaranteed employment by inspecting Memorandums of Understanding.
 - d. Confirmed that the CEO has no capacity to agree to bargaining unit agreements outside parameters set by the Board by inspecting bargaining unit agreements approved by the Board and Board Resolutions.



Result

No exceptions were noted as a result of performing these procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the requirements of the Policy as of June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Glendale, California
April 25, 2024

ATTACHMENT A – Board Policy of Executive Limitations Over
Compensation and Benefits and the BAO's Interpretation

The Board's existing Executive Limitation Policy on Compensation and Benefits (EL-3) states that: With respect to compensation and benefits, employment, and the treatment of employees and persons doing work for or on behalf of the District, a BAO shall not cause or allow jeopardy to fiscal integrity or public image. The CEO as the BAO of the District is responsible for compliance with those requirements. Further, without limiting the scope of the foregoing by this enumeration, he or she shall not:

1. Change his or her own compensation and benefits.
2. Retaliate against any employee.
3. Promise or imply permanent or guaranteed employment.
4. Agree to bargaining unit agreements outside parameters set by the Board.

In consideration of this policy as a whole, the CEO's interpretation is that the CEO shall not cause or allow jeopardy to fiscal integrity or public image resulting from not abiding by the prohibitions described in subsections 1-4 of this policy. In other words, if the CEO is in compliance with these prohibitions, it would be reasonable to conclude that the CEO is in compliance with this policy as a whole.

This interpretation is necessary to establish measurable criteria for determining the CEO's compliance with this policy, taken as a whole. The intent is not to limit the scope of the policy but rather to clarify the means by which compliance will be measured.

While subsections 1, 2, and 4 are very clear and require no further interpretation, subsection 3 is rather broad and require further interpretation by the CEO.

3. Promise or imply permanent or guaranteed employment.
Employment offer letters are clearly written and Memorandums of Understanding with employees do not promise or imply permanent or guaranteed employment.



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