

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the assertion made by the Chief Executive Officer (CEO) of the Santa Clara Valley Water District (the District), included in the District's representation letter dated December 31, 2019, that the CEO complied with the requirements of the Board Policy on Executive Limitations Over Compensation and Benefits (the Policy), as described and interpreted in Attachment A, during the fiscal years ended June 30, 2019. As discussed in that representation letter, the CEO is responsible for compliance with those requirements. Our responsibility is to express an opinion on the CEO's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether CEO's compliance with the Policy is in accordance with District's Policy, is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the District's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the CEO's compliance with the Policy.

In our opinion, the CEO's assertion with the aforementioned requirements for the fiscal years ended June 30, 2019 is fairly stated, in all material respects.

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

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, stylized font.

Pleasant Hill, California
December 31, 2019

ATTACHMENT A — Board Policy of Executive Limitations Over Compensation and Benefits and the CEO's Interpretation

The Board's existing Executive Limitation Policy on Compensation and Benefits, (EL-8) states that: With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image. 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. Promise or imply permanent or guaranteed employment.
3. Agree to bargaining unit agreements outside parameters set by the Board.
4. Create obligations over a longer term than revenues can be safely projected.

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

2. Promise or imply permanent or guaranteed employment.

For employees in classifications represented by collective bargaining units and "At Will" or "Exempt" employees not covered by collective bargaining agreements, the CEO interprets this policy to mean that if the District's hiring practices and policies do not promise or imply permanent or guarantees employment, then the CEO is in compliance with this subsection.

4. Create obligations over a longer term than revenues can be safely projected.

The CEO interprets this policy to mean that if the actual amount expended on employee compensation and benefits are within the amounts appropriated for that purpose by the Board in the District's budget, then the CEO is in compliance with this subsection.