



Santa Clara Valley Water District

File No.: 17-0779

Agenda Date: 12/12/2017

Item No.: 8.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Fiscal Year 2018-19 Budget Process Overview and Financial Liability Discussion.

RECOMMENDATION:

Receive and discuss the Fiscal Year 2018-19 overview of the District's Budget Development Process and financial liability status.

SUMMARY:

The District develops the annual budget to allocate public funds necessary to provide Silicon Valley with safe, clean water for a healthy life, environment and economy. The development of the District's budget is accomplished in an open and transparent process, under the guidance of the Board, providing opportunity for public input. This report describes the financial planning and budget development process, and includes a discussion of the District's financial liabilities as of June 30, 2017, which total \$814M.

The liability discussion includes a status of the District's pension and Other Post-Employment Benefits (OPEB) unfunded liabilities, which total \$203M and \$78M respectively as of June 30, 2017. Rising unfunded pension liability has become a concern not only for the District, but for other CalPERS agencies across the state. However, the District's OPEB Trust Fund is performing well. The most recent actuarial study shows the District is on track to have the OPEB unfunded liability paid off in 2037, and that contributions to the OPEB Trust Fund are not required assuming a 7.28% average annual earnings rate.

The District's financial processes are governed by the District Act, Section 13 for taxation and Section 20 for adoption of the budget. In addition, state and federal laws require annual examinations of financial records. Board Governance Policies EL-4 guide financial management, planning, budgeting and ongoing financial activities. The District's financial processes comply with all applicable laws, regulations and policies.

FINANCIAL IMPACT:

There is no financial impact related to this agenda. It is presented for information only.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably, foreseeable indirect physical changes in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

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