



Santa Clara Valley Water District

File No.: 20-1021

Agenda Date: 11/10/2020

Item No.: 4.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Consider the October 21, 2020, Board Audit Committee Recommendation to Accept Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2019.

RECOMMENDATION:

- A. Consider the October 21, 2020, Board Audit Committee Recommendation to accept the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year ended June 30, 2019; and
- B. Accept the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year ended June 30, 2019.

SUMMARY:

In 2006, Valley Water began conducting an annual Water Utility Fund Audit to assess the reasonableness of the direct and indirect cost allocations between the North County (Zone W-2) and South County (Zone W-5) zones. The audit was initiated to respond to water retailers' and constituents' inquiries on groundwater production charges.

As part of Valley Water's core water supply function, two major water utility zones form the basis for establishing Valley Water's water charges. Water charges are set separately for each zone, reflecting Valley Water activities carried out in each.

Zone W-2 encompassed the Santa Clara Valley groundwater basin north of Metcalf Road. It included those groundwater producing facilities that benefit from recharge with local and imported water. Zone W-5 encompassed the entire Llagas groundwater basin from Metcalf Road south to the Pajaro River.

The report entitled "Water Utility Enterprise Funds of the Santa Clara Valley Water District - Annual Financial Report for the Fiscal Year Ended June 30, 2019," which encompasses the Water Utility Fund financial statements and independent auditor's opinion, is provided as Attachment 1. The report is presented in the format prescribed under Generally Accepted Accounting Principles. The report and accompanying audit opinion indicate that the Water Utility fund financial statements are fairly stated in all material respects and that there were no findings. In addition, Attachment 1 includes a Schedule of Revenues and Expenses by Zone, which is also fairly stated, in all material respects, in relation to the basic financial statements as a whole according to the report. The report may be viewed by the public on Valley Water's website at: <https://www.valleywater.org/how-we-operate/financebudget/water-utility-enterprise-fund>

FINANCIAL IMPACT:

The cost of this audit was budgeted in FY 2019-20. There is no cost impact associated with presenting this audit report.

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 change in the environment.

ATTACHMENTS:

Attachment 1: FY Ending 2019 WUE Funds Audit Report

UNCLASSIFIED MANAGER:

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