



# Santa Clara Valley Water District

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**File No.:** 22-0828

**Agenda Date:** 9/13/2022

**Item No.:** 4.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Receive the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2021.

### **RECOMMENDATION:**

Receive the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year ended June 30, 2021.

### **SUMMARY:**

In 2006, Santa Clara Valley Water District (Valley Water) began conducting an annual Water Utility fund(s) audit to assess the reasonableness of the direct and indirect cost allocations between its North County and South County groundwater benefit 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, four groundwater benefit 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.

On April 28, 2020 the Board adopted adjustments to the boundaries of the existing groundwater benefit zones that took effect on July 1, 2020; this included partitioning the South County zone into three. The 2021 WUE audit reflects these revised and new groundwater benefit zones.

In the North County, the revised Zone W-2 encompasses the Santa Clara Valley groundwater basin north of Metcalf Road. It includes those groundwater producing facilities that benefit from recharge with local and imported water. In the South County, the revised Zone W-5 overlays most of the Llagas Subbasin, the new Zone W-7 encompasses the Coyote Valley, and the new Zone W-8 encompasses areas in the foothills southeast of Uvas and Chesbro Reservoirs.

The report entitled "Water Utility Enterprise Funds of the Santa Clara Valley Water District - Annual Financial Report for the Fiscal Year Ended June 30, 2021," 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 there were no findings. In addition,

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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.

**ENVIRONMENTAL JUSTICE IMPACT:**

There are no Environmental Justice impacts associated with this item.

**FINANCIAL IMPACT:**

The cost of this audit was budgeted in FY 2021-22. 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: Audit Report, FY Ending 2021 WUE Funds

**UNCLASSIFIED MANAGER:**

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