

M E M O

TO: Board of Directors

FROM: District Manager

DATE: December 18, 2006

SUBJECT: ANNUAL FINANCIAL REPORT FOR JUNE 30, 2006  
(FISCAL YEAR 2005-2006)

**RECOMMENDATION:**

It is recommended that the Board of Directors review this memo and approve the Annual Financial Report for June 30, 2006 (Fiscal Year 2005-2006). A resolution is attached.

**BACKGROUND:**

The District is required by State law to annually examine its financial records. The firm of Charles Z. Fedak & Company has conducted an independent audit of the District's financial records for Fiscal Year 2005-2006. This examination of the District's financial records was conducted in accordance with generally accepted accounting standards and principles. A copy of the Annual Financial Report for June 30, 2006 (Fiscal Year 2005-2006) is transmitted under separate cover. A representative of Charles Z. Fedak & Company will be present to address your Board regarding this matter.

The Annual Financial Report furnishes information concerning the District's financial position and activities for the one (1) year period July 1, 2005-June 30, 2006. Total operating revenue from all funds for FY 2005-2006 was \$3,142,207.00. This represents a decrease in operating income from FY 2004-2005 in the sum of \$74,674.00. Total operating expenses for FY 2005-2006 was \$3,217,570.00. This represents an increase in operating expenses from FY 2004-2005 in the sum of \$480,047.00. The District's net assets at June 30, 2005 were \$25,466,105.00.

**SUMMARY:**

The District has received the Annual Financial Report for June 30, 2006 (Fiscal Year 2005-2006). This independent audit is required by State law and was conducted by the firm Charles Z. Fedak & Company, Cypress, California. It is recommended that the District receive and approve the Annual Financial Report for June 30, 2006 (Fiscal Year 2005-2006). A resolution is attached.

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James A. Mueller  
District Manager

JAM/bsb

Attachments

SAN LORENZO VALLEY WATER DISTRICT

**RESOLUTION NO. (06-07)**

SUBJECT: FINANCIAL STATEMENT FOR FISCAL YEAR 2005-2006

WHEREAS, by State law the District is required to annually examine its financial records; and

WHEREAS, each fiscal year the District has the District's financial records audited by an independent firm or agency; and

WHEREAS, the District utilized the services of Charles Z. Fedak & Company, Cypress, California to conduct an independent audit in accordance with generally accepted accounting principles; and

WHEREAS, Charles Z. Fedak & Company has completed the Annual Financial Report for Fiscal Year ending June 30, 2006;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Annual Financial Report prepared by Charles Z. Fedak & Company for the Fiscal Year ending June 30, 2006 is hereby accepted and approved.

\* \* \* \* \*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 21st day of December, 2006 by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

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District Secretary  
San Lorenzo Valley Water District