

M E M O

TO: District Manager

FROM: Finance Manager

SUBJECT: REVISION OF DESIGNATED UNRESTRICTED NET ASSETS
FOR FISCAL YEAR 2006/2007

DATE: December 20, 2007

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and approve the attached resolution revising the Designated Unrestricted Net Assets for Fiscal Year 2006/2007. Further, it is recommended that District Staff along with the Finance Committee review the Designated Unrestricted Net Assets on an annual basis at the end of each Fiscal Year.

BACKGROUND:

The accounting firm of Charles Z. Fedak & Company is currently conducting an independent audit of the District's Financial Statement for Fiscal Year 2006/2007. On November 15, 2007, the San Lorenzo Valley Water District held a meeting of the Finance Committee to discuss the draft Fiscal Year 2006/2007 Financial Statement. It was discussed that the Designated Unrestricted Net Assets in the Financial Statement should be changed to reflect actual year end amounts. Said revisions will be reflected in the notes to the Financial Statements being completed by the auditor, Charles Z. Fedak & Company for Fiscal Year 2006/2007.

As part of the closing of the accounting records for fiscal year 2006/2007, the Finance Manager will prepare closing journal entries which cause a change to certain Designated Unrestricted Net Assets. Journal entries will be made to reflect the amounts in the accounting records under Designated Unrestricted Net Assets and said amounts will be reflected accordingly in the notes to the Financial Statements prepared by the District's auditor.

DESIGNATED UNRESTRICTED NET ASSETS
For Fiscal Year ended June 30, 2007

Designated for:	Prior to change	Revised
Emergency Reserve (Water Surcharge)	\$880,000	\$937,940
Vacation and Sick Leave	270,000	0
Capital Project Reserve (COP projects)	815,200	435,497
Equipment Replacement Reserve	135,000	208,621
Capital Improvement Project	2,500,000	2,500,000
Total	\$4,600,200	\$4,082,058

RECOMMENDATION:

It is recommended that the Board of Directors accept the revisions to the Designated Unrestricted Net Assets for Fiscal Year 2006/2007. A resolution is attached.

Karen Alvarez
Finance Manager

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. (07/08)

**SUBJECT: REVISION OF DESIGNATED UNRESTRICTED NET
ASSETS FOR FISCAL YEAR 2006/2007**

WHEREAS, Charles Z. Fedak & Company is currently conducting an independent audit of the District's Financial Statement for Fiscal Year 2006/2007; and

WHEREAS, the Board of Directors for the San Lorenzo Valley Water District desires to revise the Designated Unrestricted Net Assets for Fiscal Year 2006/2007 reflected in the "Financial Statement Notes" being prepared by Charles Z. Fedak & Company; and

WHEREAS, the Board of Directors desires to have District staff along with the Finance Committee review and re-evaluate the Designated Unrestricted Net Assets on an annual basis;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Lorenzo Valley Water District hereby approves the revised Designated Unrestricted Net Assets for Fiscal Year 2006/2007 and attached hereto. It is further resolved that the District staff along with the Finance Committee review the Financial Statement's Designated Unrestricted Net Assets on an annual basis.

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 20th day of December, 2007, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

Brandon Barchi, District Secretary
San Lorenzo Valley Water District

