

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

October 12, 2011

Approval of Audit for Fiscal Year 2010-2011

Synopsis

Clifton Gunderson LLP Certified Public Accountants & Consultants has completed the District's 2010-2011 audit. Enclosed is a final draft of the audit for review and approval. Upon Board approval a hard bound document will be printed and distributed.

The Management Discussion and Analysis (MD&A) found on pages 2-7 was composed by District staff, summarizing the District's financial activities for 2010-2011, as compared to the two prior fiscal years. Page 5 of the MD&A shows the District with net income before capital contributions of \$7,692,263 for 2010-2011. This record income figure was mainly due to the operating revenues hitting an all-time high of \$17,167,595, coupled with an accounting entry in the amount of \$3,042,509 to treat the water recharge activity of the District as a gain.

Clifton Gunderson will provide a Management Letter at a later date that will notify the Board of any suggestions or comments that the auditors observed to improve on the District's internal controls and accounting procedures.

Recommendation

Pending any minor changes, it is recommended the Board of Directors approve the audited Consolidated Financial Statements of the District for fiscal year 2010-2011 as presented in the enclosed final draft.

Suggested Motion

I move to approve the audited Financial Statements of the District for fiscal year 2010-2011 as presented, with the understanding that minor changes may be made before the statements are issued.

Respectfully submitted,

I concur with the above-noted recommendation.

Michael Land
Chief Financial Officer

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager