



**BEAUMONT CHERRY VALLEY WATER DISTRICT  
AGENDA  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Wednesday, August 12, 2009 at 7:00 PM  
560 Magnolia Avenue, Beaumont, CA 92223**

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**CALL TO ORDER, PRESIDENT BALL**

**PLEDGE OF ALLEGIANCE, DIRECTOR WOLL**

**INVOCATION, DIRECTOR ROSS**

**ROLL CALL, BLANCA MARIN**

**PUBLIC INPUT**

**PUBLIC COMMENT:** Anyone wishing to address the Board of Directors on any matter not on the agenda of this meeting may do so now. Anyone wishing to speak on an item on the agenda may do so at the time the Board considers that item. All persons wishing to speak must fill out a "Request to Speak" form and give it to the Secretary at the beginning of the meeting. The forms are available on the table at the back of the room. There is a three (3) minute limit on public comments. Sharing or passing time to another speaker is not permitted. Please do not repeat what was said by a previous speaker except to note agreement with that speaker. Thank you for your cooperation.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

**2. CLOSED SESSION-CONFERENCE WITH LEGAL COUNSEL-ONE MATTER**

**A Closed Session will be held to confer with legal counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9-ONE MATTER**

**3. OPEN SESSION –REPORT ON CLOSED SESSION**

**4. FINANCIAL REPORTS**

- a. Bills for Consideration\*\*

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

b. Invoices for Payment Approval\*\*

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

c. Month End Financial Statements\*\*  
July 2009

Board Action

The Board will take action to "accept and file" the Month End Financial Statements presented by staff.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

**5. APPROVAL OF THE MINUTES**

a. Minutes of the Regular Meeting of July 8, 2009\*\*

ROSS	M	S	A	N
PARKS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N
MAGEE	M	S	A	N

b. Minutes of the Special Meeting of July 23, 2009\*\*

ROSS	M	S	A	N
PARKS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N
MAGEE	M	S	A	N

**6. EMERGENCY WATER SUPPLY REQUEST, SUNNY-CAL EGG & POULTRY COMPANY\*\***

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

**7. REVIEW AND SELECTION OF FINANCIAL CONSULTANT SERVICES PROPOSAL\*\***

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

**8. APPROVE AND AWARD BID FOR THE 2800 ZONE RECYCLED WATER TANK TO PASO ROBLES TANK AND CONSTRUCTION INC AND PENDING REVIEW AND APPROVAL OF DBE COMPLIANCE AND SUBJECT TO RECEIPT OF APPROVAL OF AWARD FROM THE STATE WATER RESOURCES CONTROL BOARD\*\***

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

**9. REPORTS FOR DISCUSSION AND POSSIBLE ACTION**

**(a) Ad hoc Committees**

**(b) General Manager**

- Correspondence from Cherry Valley Water Company\*\*
- Noble Creek Artificial Recharge Facility-Ground Water Monitoring Report\*\*
- Consolidation of Water Districts-Correspondence from City of Calimesa\*\*
- Update on Recommendations from Auditors
- Purchase of New Backhoe/Loader\*\*

**(c) Directors**

- Dr. Blair Ball
- Stella Parks
- Ken Ross
- Ryan Woll
- Niki Magee

**(d) Legal Counsel**

**10. ANNOUNCEMENTS**

- **The District will be Closed on September 7, 2009 in Observance of Labor Day**
- **Regular Board Meeting, September 9, 2009 at 7:00 p.m.**

**ACTION LIST**

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**11. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL- (THREE MATTERS)**

- A. Closed Session will be held to confer with legal counsel on two matters of potential litigation pursuant to subdivision (c) of Government Code section 54956.9-TWO MATTERS-Potential Litigation**
- B. A Closed Session will be held to confer with legal counsel on one matter of potential litigation pursuant to subdivision (b) of Government Code Section 54956.9 –ONE MATTER – Potential Litigation**

**12. OPEN SESSION- REPORT ON CLOSED SESSION**

### 13. ADJOURNMENT

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

\*\* Information included in the agenda packet

**Assistance for the Disabled:** If you are disabled in any way and need accommodation to participate in the meeting, please call Blanca Marin Executive Assistant, at (951) 845-9581 Ext. 23 for assistance so the necessary arrangements can be made.

The agenda material for this meeting is available to the public at the District's Administrative Office which is located at 560 Magnolia Avenue, Beaumont, CA 92223. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate inspection at the same location.

**BEAUMONT-CHERRY VALLEY WATER DISTRICT**

**Check Register-Summary-Bank**



AP5090

Page : 1

Date : Aug 05, 2009

Time : 9:25 am

Vendor : A&A FENCE To ZETLMAIER

Cheque Dt. 01-Jul-2009 To 31-Jul-2009

Bank : 1 - GENERAL CHECKING

Seq : Cheque No. Status : All

Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
39079	01-Jul-2009	BCVWD	BEAUMONT CHERRY VALLEY WATER DISTF	Issued	286	C	154,000.00
39080	02-Jul-2009	A-1 SIGNS	A-1 SIGNS	Issued	290	C	43.50
39081	02-Jul-2009	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	290	C	162.06
39082	02-Jul-2009	AVAYA	AVAYA INC	Issued	290	C	120.38
39083	02-Jul-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	290	C	355.23
39084	02-Jul-2009	B76	BEAUMONT 76	Issued	290	C	44.29
39085	02-Jul-2009	BYRDINDELE	BYRD INC ELECTRONICS	Issued	290	C	1,355.48
39086	02-Jul-2009	CADETUNIFO	CADET UNIFORM SERVICE	Issued	290	C	67.92
39087	02-Jul-2009	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	290	C	807.00
39088	02-Jul-2009	CVNURSERY	CHERRY VALLEY NURSERY	Issued	290	C	16.31
39089	02-Jul-2009	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	290	C	463.55
39090	02-Jul-2009	ENMETCORP	ENMET CORPORATION	Issued	290	C	530.38
39091	02-Jul-2009	ESBABCOCK	ES BABCOCK	Issued	290	C	10,813.00
39092	02-Jul-2009	FEDEX	FEDEX	Issued	290	C	19.95
39093	02-Jul-2009	G&BFIBERGL	G AND B FIBERGLASS PRODUCTS INC	Issued	290	C	271.87
39094	02-Jul-2009	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	290	C	166.58
39095	02-Jul-2009	INLANDWATE	INLAND WATER WORKS	Issued	290	C	3,250.54
39096	02-Jul-2009	JOHNSONPOV	JOHNSON POWER SYSTEMS	Issued	290	C	2,096.68
39097	02-Jul-2009	KBHOMES	KB HOME INC	Issued	290	C	3,685.00
39098	02-Jul-2009	KVSPANTAN	KV'S PAINT AND DECORATING	Issued	290	C	120.87
39099	02-Jul-2009	MATICH	MATICH CORP	Issued	290	C	2,070.85
39100	02-Jul-2009	NAPAAUTOPA	NAPA AUTO PARTS	Issued	290	C	139.15
39101	02-Jul-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	290	C	336.00
39102	02-Jul-2009	REDWINE	REDWINE AND SHERRILL	Issued	290	C	34,141.98
39103	02-Jul-2009	SAFEGUARD	SAFEGUARD	Issued	290	C	1,537.31
39104	02-Jul-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	290	C	263.64
39105	02-Jul-2009	TRENCHSHOF	TRENCH SHORING	Issued	290	C	211.09
39106	02-Jul-2009	WASTEMANA	WASTE MANAGEMENT	Issued	290	C	35.13
39107	02-Jul-2009	POOLS000	A & J POOLS	Issued	291	C	458.00
39108	09-Jul-2009	ARAMARK	ARAMARK REFRESHMENT SERVICES	Issued	297	C	25.00
39109	09-Jul-2009	ARCO	ARCO GASPRO PLUS	Issued	297	C	4,403.71
39110	09-Jul-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	297	C	27.99
39111	09-Jul-2009	BIGTIMEDES	BIG TIME DESIGN	Issued	297	C	1,573.61
39112	09-Jul-2009	BLAIRBALL	BALL, BLAIR	Issued	297	C	1,000.00
39113	09-Jul-2009	BUNIQUEFLO	BEAUMONT UNIQUE FLOWERS	Issued	297	C	80.00
39114	09-Jul-2009	CITYOFCALI	CITY OF CALIMESA	Issued	297	C	126.00
39115	09-Jul-2009	CRWA0001	CALIFORNIA RURAL WATER ASSOCIATION	Issued	297	C	125.00
39116	09-Jul-2009	CUSTOMTROF	CUSTOM TROPHIES	Issued	297	C	26.86
39117	09-Jul-2009	DAUGHTERYE	DAUGHTERY'S PEST CONTROL	Issued	297	C	200.00
39118	09-Jul-2009	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	297	C	121,601.43
39119	09-Jul-2009	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	297	C	43.26
39120	09-Jul-2009	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	297	C	415.53
39121	09-Jul-2009	GEOSCIENCE	GEOSCIENCE	Issued	297	C	4,922.00
39122	09-Jul-2009	HOMEDEPOT	HOME DEPOT CREDIT SERVICES	Issued	297	C	1,584.92
39123	09-Jul-2009	OAKVALLEYP	OAK VALLEY PHOTOGRAPHY	Issued	297	C	296.76
39124	09-Jul-2009	PARSONS	PARSONS WATER & INFRASTRUCTURE INC	Issued	297	C	35,292.43
39125	09-Jul-2009	POUANTHON\	POU, ANTHONY	Issued	297	C	117.50
39126	09-Jul-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	297	C	96.00
39127	09-Jul-2009	REDWINE	REDWINE AND SHERRILL	Issued	297	C	14,816.70
39128	09-Jul-2009	REIDHELLYE	REID & HELLYER	Issued	297	C	27.50
39129	09-Jul-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	297	C	121.26
39130	09-Jul-2009	STELLAPARK	PARKS, STELLA	Issued	297	C	600.00
39131	09-Jul-2009	STMP000729	NUNEZ, JESUS	Issued	297	C	118.01
39132	09-Jul-2009	STMP000730	ZINELIS, ANDREAS	Issued	297	C	631.74

**BEAUMONT-CHERRY VALLEY WATER DISTRICT**

**Check Register-Summary-Bank**



AP5090

Page : 3

Date : Aug 05, 2009

Time : 9:25 am

Vendor : A&A FENCE To ZETLMAIER  
 Cheque Dt. 01-Jul-2009 To 31-Jul-2009  
 Bank : 1 - GENERAL CHECKING

Seq : Cheque No. Status : All  
 Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
39188	23-Jul-2009	PACIFICALA	PACIFIC ALARM	Issued	304	C	138.50
39189	23-Jul-2009	PETTY CASH	PETTY CASH - MARY MARTIN	Issued	304	C	397.82
39190	23-Jul-2009	PITNEYGLOB	PITNEY BOWES GLOBAL FINANCIAL SERV	Issued	304	C	4,707.79
39191	23-Jul-2009	PRESSETER	PRESS ENTERPRISE	Issued	304	C	1,958.40
39192	23-Jul-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	304	C	96.00
39193	23-Jul-2009	SGPWA	SAN GORGONIO PASS WATER AGENCY	Issued	304	C	81,161.00
39194	23-Jul-2009	SOCALPUMP	SOCAL PUMP & WELL	Issued	304	C	25,951.39
39195	23-Jul-2009	SOCALWEST	SO CAL WEST COST ELECTRIC	Issued	304	C	27.68
39196	23-Jul-2009	STMP000732	DEBONIS, ROSA	Issued	304	C	428.09
39197	23-Jul-2009	VERIZON	VERIZON	Issued	304	C	191.37
39198	23-Jul-2009	VERIZONWIR	VERIZON WIRELESS	Issued	304	C	744.05
39199	23-Jul-2009	XEROX	XEROX CORPORATION	Issued	304	C	1,242.21
39200	23-Jul-2009	AMERICANOF	AMERICAN OFFICE SOLUTION	Issued	305	C	97.88
39201	30-Jul-2009	AIR&HOSESO	AIR & HOSE SOURCE INC.	Issued	311	C	6.46
39202	30-Jul-2009	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	311	C	544.50
39203	30-Jul-2009	AVAYA	AVAYA INC	Issued	311	C	120.38
39204	30-Jul-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	311	C	427.54
39205	30-Jul-2009	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	311	C	4,966.75
39206	30-Jul-2009	BGLASS	BEAUMONT GLASS	Issued	311	C	291.58
39207	30-Jul-2009	BSAFE&LOCK	BEAUMONT SAFE & LOCK	Issued	311	C	153.76
39208	30-Jul-2009	CADETUNIFO	CADET UNIFORM SERVICE	Issued	311	C	67.92
39209	30-Jul-2009	CDPH-OCP	CA DEPT OF PUBLIC HEALTH	Issued	311	C	180.00
39210	30-Jul-2009	DAUGHTERYE	DAUGHTERY'S PEST CONTROL	Issued	311	C	425.00
39211	30-Jul-2009	ESBABCOCK	ES BABCOCK	Issued	311	C	420.00
39212	30-Jul-2009	JASONSTOWI	JASON'S TOWING	Issued	311	C	75.00
39213	30-Jul-2009	JOEHAGGIN	HAGGIN, JOE	Issued	311	C	86.99
39214	30-Jul-2009	KVSPAINANT	KV'S PAINT AND DECORATING	Issued	311	C	1,382.61
39215	30-Jul-2009	METROCALL	USA MOBILITY WIRELESS INC.	Issued	311	C	24.61
39216	30-Jul-2009	MSTBACKFLO	MST BACKFLOW	Issued	311	C	180.00
39217	30-Jul-2009	PACIFICALA	PACIFIC ALARM	Issued	311	C	1,385.00
39218	30-Jul-2009	PATRICKSEP	PATRICK SEPTIC TANK SERVICE INC.	Issued	311	C	225.00
39219	30-Jul-2009	PATSPOTS	PAT'S POTS	Issued	311	C	310.00
39220	30-Jul-2009	POWERPLAN	POWERPLAN OIB	Issued	311	C	2,985.15
39221	30-Jul-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	311	C	320.00
39222	30-Jul-2009	PULTEHOMES	PULTE HOMES	Issued	311	C	53,298.72
39223	30-Jul-2009	RCFCD	COUNTY OF RIVERSIDE FLOOD CONTROL C	Issued	311	C	2,000.00
39224	30-Jul-2009	ROSSK000	ROSS, KEN	Issued	311	C	600.00
39225	30-Jul-2009	SAFEGUARD	SAFEGUARD	Issued	311	C	1,690.04
39226	30-Jul-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	311	C	644.16
39227	30-Jul-2009	STELLAPARK	PARKS, STELLA	Issued	311	C	600.00
39228	30-Jul-2009	STMP000733	PETRILA, MR & MRS IGNAZ	Issued	311	C	36.87
39229	30-Jul-2009	STMP000734	PETE TRIPP (AGENT)	Issued	311	C	55.89
39230	30-Jul-2009	VERIZON	VERIZON	Issued	311	C	621.82
39231	30-Jul-2009	WASTEMANA	WASTE MANAGEMENT	Issued	311	C	31.79
39232	30-Jul-2009	WOLLR000	WOLL, RYAN	Issued	311	C	200.00

**Total Computer Paid : 694,376.63      Total EFT PAP : 0.00      Total Paid : 694,376.63**  
**Total Manually Paid : 0.00      Total EFT File : 0.00**

153 Total No. Of Cheque(s) ...

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## *Memorandum*

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**Date:** August 12, 2009  
**From:** Anthony Lara, Interim General Manager  
**To:** Finance and Audit Committee  
**Subject:** Invoices Pending Payment

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Below please find a list of the professional services invoices which are pending approval for payment. Total amount pending approval is \$67,431.40

<b>Vendor Name</b>	<b>Inv No</b>	<b>Amount</b>
Reid & Helleyer	164921	\$330.00
Reid & Helleyer	164237	\$220.00
Meyer Hoffman McCann	27469	\$3,666.00
Meyer Hoffman McCann	27464	\$2,816.00
Meyer Hoffman McCann	27468	\$4,640.00
Parsons Engineering	9070157	\$46,841.75
Redwine & Sherrill	709001	\$8,917.65
<b>Total</b>		<b>\$67,431.40</b>

**Recommendation:** That the Finance and Audit Committee recommend approval of the invoices totaling \$67,431.40

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**MEMORANDUM**

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**TO:** FINANCE & AUDIT COMMITTEE  
**FROM:** JULIE J. SALINAS, BUSINESS MANAGER *JJS*  
**SUBJECT:** MONTH END FINANCIAL REPORTS  
**DATE:** 8/5/2009  
**CC:** ANTHONY L. LARA, ASST. G.M.

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Summary (as requested by Director Ross on 07/09/09):

**Revenue**

**Operating Revenue**

Water Sales	536,293.60
Penalties	17,870.00
Pass Thru Charges	227,412.08
Other	35,181.28
District Housing	400.00
	<u>817,156.96</u>

**Expenses**

**Labor & Benefits**

501 - Labor	116,205.54
502 - Bereavement/Seminar/Jury Duty	518.10
503 - Sick Leave	4,019.26
504 - Vacation	3,692.09
505 - Holidays	6,716.15
243 - Retirement/CalPERS	32,608.96
237 - Health Insurance	26,995.61
507 - Life Insurance	814.52
508 - Uniforms, Employee Benefits	1,818.78
	<u>193,389.01</u>

**Utilities**

515 - Electric	121,364.12
580 - Telephone	3,284.62
581 - Sanitation	660.79
	<u>125,309.53</u>



**BEAUMONT CHERRY VALLEY WATER DISTRICT  
MONTH END FINANCIAL REPORT**



**GL5410  
Date: Jul 31, 2009**

**For Period Ending 31-Jul-2009**

<b>General Funds</b>	<b>Current Month</b>	<b>Year to Date</b>	<b>Adopted Budget</b>	<b>Budget Remaining</b>	<b>Percent to Budget</b>
<b>Revenue</b>					
<b>OPERATING REVENUE</b>					
1-4-4010-401 Domestic Water Sales	522,246	3,188,685	6,325,918	3,137,233	50%
1-4-4010-402 Irrigation Water Sales	5,907	16,048	30,000	13,952	53%
1-4-4010-403 Construction Water Sales	8,141	80,943	109,000	28,057	74%
1-4-4010-404 Installation Charges	4,690	206,679	280,251	73,572	74%
1-4-4010-407 Reimb. Cust. Damages/Upgrades	5,809	22,699	34,752	12,053	65%
1-4-4010-408 Backflow Devices	1,133	11,813	17,522	5,709	67%
1-4-4010-410 Returned Check Fees	320	2,220	6,000	3,780	37%
1-4-4010-411 Miscellaneous Income	5,365	28,252	10,000	(18,252)	283%
1-4-4010-412 Rental Income	100	700	1,200	500	58%
1-4-4010-414 Recharge Income (City of Banning)	17,914	50,086	85,000	34,914	59%
1-4-4010-441 Turn Ons	3,400	18,920	47,500	28,580	40%
1-4-4010-442 Third Notice Charge	6,720	44,835	81,000	36,165	55%
1-4-4010-443 Penalties	7,750	49,810	85,000	35,190	59%
1-4-4010-444 SGPWA Importation Charge	111,616	605,894	749,029	143,135	81%
1-4-4010-445 SCE Power Charge	115,797	618,145	1,101,514	483,369	56%
1-4-4010-446 Bonita Vista Repayment - Interest	(150)	7,884	34,000	26,116	23%
<b>Total OPERATING REVENUE</b>	<b>816,757</b>	<b>4,953,612</b>	<b>8,997,686</b>	<b>4,044,074</b>	<b>55%</b>

**DISTRICT HOUSING REVENUE**

1-4-4011-412 Rent - 12303 Oak Glen Road	200	600	-	(600)	
1-4-4012-412 Rent - 13695 Oak Glen Road	-	-	-	-	
1-4-4013-412 Rent - 13697 Oak Glen Road	-	-	-	-	
1-4-4014-412 Rent - 9781 Avenida Miravilla	200	200	-	(200)	
1-4-4015-515 Electric/Propane - 12303 Oak Glen Road	-	-	-	-	
1-4-4016-515 Electric/Propane - 13695 Oak Glen Road	-	-	-	-	
1-4-4017-515 Electric/Propane - 13697 Oak Glen Road	-	-	-	-	
1-4-4018-515 Electric/Propane - 9781 Avenida Miravilla	-	-	-	-	
<b>Total DISTRICT HOUSING REVENUE</b>	<b>400</b>	<b>800</b>	<b>-</b>	<b>(800)</b>	

**Total Revenue**

<b>817,157</b>	<b>4,954,412</b>	<b>8,997,686</b>	<b>4,043,274</b>	<b>55%</b>
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For Period Ending 31-Jul-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
<b>Expense</b>					
<b>SOURCE OF SUPPLY &amp; WATER TREATMENT</b>					
1-5-5200-237 Health Insurance	3,992	27,472	40,000	12,528	69%
1-5-5200-243 Retirement/CalPERS	4,773	35,958	65,000	29,042	55%
1-5-5200-501 Labor	23,814	147,312	230,000	82,688	64%
1-5-5200-502 Bereavement/Seminar/Jury Duty	518	796	1,000	204	80%
1-5-5200-503 Sick Leave	50	17,610	24,000	6,390	73%
1-5-5200-504 Vacation	179	1,431	12,750	11,319	11%
1-5-5200-505 Holidays	833	4,832	8,500	3,668	57%
1-5-5200-507 Life Insurance	114	946	1,600	654	59%
1-5-5200-508 Uniforms, Employee Benefits	258	567	1,270	703	45%
1-5-5200-511 Treatment & Chemicals	8,244	71,367	135,000	63,633	53%
1-5-5200-512 Lab Testing	1,469	22,484	95,000	72,516	24%
1-5-5200-513 Maintenance Equipment (pumping)	30,907	76,390	125,000	48,610	61%
1-5-5200-514 Utilities - Gas	10	60	50	(10)	120%
1-5-5200-515 Utilities - Electric	119,333	606,839	1,530,000	923,161	40%
1-5-5200-517 Telemetry Maintenance	-	4,080	6,000	1,920	68%
1-5-5200-518 Seminar & Travel Expenses	-	110	500	390	22%
1-5-5200-519 Education Expenses	365	600	1,000	400	60%
1-5-5200-520 Worker's Comp Insurance	1,839	4,340	22,000	17,661	20%
1-5-5200-620 State Project Water Purchased	81,161	274,068	480,000	205,932	57%
1-5-5200-621 Groundwater Purchase (SMWC)	50,000	342,000	550,000	208,000	62%
<b>Total SOURCE OF SUPPLY &amp; WATE</b>	<b>327,858</b>	<b>1,639,263</b>	<b>3,328,670</b>	<b>1,689,407</b>	<b>49%</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>					
1-5-5200-237 Health Insurance	9,260	60,173	130,000	69,827	46%
1-5-5300-243 Retirement/CalPERS	9,304	59,405	140,000	80,595	42%
1-5-5300-501 Labor	27,674	172,488	435,000	262,512	40%
1-5-5300-502 Bereavement/Seminar/Jury Duty	-	351	6,500	6,149	5%
1-5-5300-503 Sick Leave	2,347	13,554	18,000	4,446	75%
1-5-5300-504 Vacation	1,782	9,864	24,000	14,136	41%
1-5-5300-505 Holidays	1,786	11,892	20,000	8,108	59%
1-5-5300-507 Life Insurance	244	1,670	3,400	1,730	49%
1-5-5300-508 Uniforms, Employee Benefits	1,284	2,679	4,430	1,751	60%
1-5-5300-518 Seminar & Travel Expenses	-	-	1,000	1,000	0%

**For Period Ending 31-Jul-2009**

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5300-519 Education Expenses	118	383	2,000	1,618	19%
1-5-5300-520 Worker's Comp Insurance	2,987	6,825	38,000	31,175	18%
1-5-5300-530 Maint Pipeline/Fire Hydrant	172	27,834	82,500	54,666	34%
1-5-5300-531 Line Locates	126	1,718	2,000	282	86%
1-5-5300-534 Maint Meters & Services	546	25,189	95,000	69,811	27%
1-5-5300-535 Backflow Devices	-	-	750	750	0%
1-5-5300-536 Maintenance Reservoirs/Tanks	-	605	10,000	9,395	6%
1-5-5300-537 Maintenance Pressure Regulators	-	10,794	18,000	7,206	60%
1-5-5300-538 Inspections	2,562	22,835	40,000	17,165	57%
<b>Total TRANSMISSION &amp; DISTRIBUT</b>	<b>60,192</b>	<b>428,257</b>	<b>1,070,580</b>	<b>642,323</b>	<b>40%</b>

**CUSTOMER SERVICE & METER READING**

1-5-5400-237 Health Insurance	2,273	18,925	42,000	23,075	45%
1-5-5400-243 Retirement/CalPERS	2,264	17,034	40,000	22,966	43%
1-5-5400-501 Labor	7,716	54,881	95,000	40,119	58%
1-5-5400-502 Bereavement/Seminar/Jury Duty	-	45	500	455	9%
1-5-5400-503 Sick Leave	-	2,716	2,000	(716)	136%
1-5-5400-504 Vacation	215	2,962	5,850	2,888	51%
1-5-5400-505 Holidays	533	3,544	5,500	1,956	64%
1-5-5400-507 Life Insurance	56	470	900	430	52%
1-5-5400-508 Uniforms, Employee Benefits	277	668	890	222	75%
1-5-5400-519 Education Expenses	-	-	1,000	1,000	0%
1-5-5400-520 Worker's Comp Insurance	707	1,842	8,000	6,158	23%
<b>Total CUSTOMER SERVICE &amp; METE</b>	<b>14,041</b>	<b>103,088</b>	<b>201,640</b>	<b>98,552</b>	<b>51%</b>

**ADMINISTRATION**

1-5-5500-237 Health Insurance	11,260	89,150	148,500	59,350	60%
1-5-5500-243 Retirement/CalPERS	15,679	146,229	275,000	128,771	53%
1-5-5500-501 Labor	52,593	489,399	830,000	340,601	59%
1-5-5500-502 Bereavement/Seminar/Jury Duty	-	-	2,500	2,500	0%
1-5-5500-503 Sick Leave	1,623	87,191	100,000	12,809	87%
1-5-5500-504 Vacation	1,517	36,219	38,000	1,781	95%
1-5-5500-505 Holidays	3,091	22,538	40,000	17,462	56%
1-5-5500-507 Life Insurance	384	3,498	4,800	1,302	73%
1-5-5500-518 Seminar & Travel Expenses	-	577	6,000	5,423	10%
1-5-5500-519 Education Expenses	-	-	1,000	1,000	0%

**For Period Ending 31-Jul-2009**

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5500-520 Worker's Comp Insurance	1,731	4,779	25,000	20,221	19%
1-5-5500-522 Unemployment Insurance	-	4,989	-	(4,989)	
1-5-5500-547 Employer Share for Retired (CalPERS)	711	1,896	-	(1,896)	
1-5-5500-548 Administrative Costs (CalPERS)	132	985	-	(985)	
1-5-5500-549 Bank Charges/Transaction Fees	154,000	165,919	14,600	(151,319)	1136%
1-5-5500-553 Temporary Labor	-	3,638	17,500	13,862	21%
1-5-5500-555 Office Supplies	6,687	29,400	55,000	25,600	53%
1-5-5500-556 Office Equipment/Service Agreement	7,605	40,736	60,000	19,264	68%
1-5-5500-557 Office Maintenance	1,014	8,294	20,000	11,706	41%
1-5-5500-558 Membership Dues	-	1,300	15,000	13,700	9%
1-5-5500-559 Armored Car	394	2,750	5,000	2,250	55%
1-5-5500-560 Office Equip Maint & Repairs	1,735	1,799	3,200	1,401	56%
1-5-5500-561 Postage	94	24,775	40,000	15,225	62%
1-5-5500-562 Subscriptions	99	365	2,850	2,485	13%
1-5-5500-563 Miscellaneous Operating Supplies	1,872	7,079	15,000	7,921	47%
1-5-5500-564 Miscellaneous Tools/Equipment	1,233	2,728	15,000	12,272	18%
1-5-5500-567 Employee Medical/First Aid	-	129	600	471	22%
1-5-5500-568 Random Drug Testing	-	-	500	500	0%
1-5-5500-570 Property/Auto/Liability Insurance	-	(4,437)	80,090	84,527	-6%
1-5-5500-572 State Mandates & Tarriffs	6,627	14,726	30,000	15,274	49%
1-5-5500-573 Miscellaneous Expenses	422	937	1,000	63	94%
1-5-5500-574 Public Education	-	8,265	10,000	1,735	83%
1-5-5500-577 Property Taxes (out of district parcels)	-	6,410	6,410	0	100%
1-5-5500-578 IT Support/Software Support	-	36,957	65,000	28,043	57%
1-5-5500-630 Accounts Receivable	-	1,435	1,000	(435)	143%
<b>Total ADMINISTRATION</b>	<b>270,504</b>	<b>1,240,655</b>	<b>1,928,550</b>	<b>687,895</b>	<b>64%</b>
<b>BOARD OF DIRECTORS</b>					
1-5-5510-550 Board of Director Fees	3,200	22,400	60,000	37,600	37%
1-5-5510-551 Seminar & Travel Expenses	-	812	3,500	2,688	23%
1-5-5510-552 Election Expenses	-	202	22,575	22,373	1%
<b>Total BOARD OF DIRECTORS</b>	<b>3,200</b>	<b>23,414</b>	<b>86,075</b>	<b>62,661</b>	<b>27%</b>
<b>MAINTENANCE &amp; GENERAL PLANT</b>					
1-5-5610-514 560 Magnolia Ave - Gas	-	-	150	150	0%
1-5-5610-515 560 Magnolia Ave - Electric	2,400	10,870	22,000	11,130	49%

**For Period Ending 31-Jul-2009**

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5610-580 560 Magnolia Ave - Telephone	3,231	21,264	55,000	33,736	39%
1-5-5610-581 560 Magnolia Ave - Sanitation	198	1,518	2,400	882	63%
1-5-5610-582 560 Magnolia Ave - Maintenance	246	1,607	3,500	1,893	46%
1-5-5615-501 12303 Oak Glen Rd - Labor	-	342	1,000	658	34%
1-5-5615-515 12303 Oak Glen Rd - Electric	(413)	731	1,500	769	49%
1-5-5615-582 12303 Oak Glen Rd - Maintenance	-	511	3,000	2,489	17%
1-5-5615-583 12303 Oak Glen Rd - Propane	-	123	1,500	1,377	8%
1-5-5620-501 13695 Oak Glen Rd - Labor	-	-	1,000	1,000	0%
1-5-5620-515 13695 Oak Glen Rd - Electric	-	-	1,000	1,000	0%
1-5-5620-582 13695 Oak Glen Rd - Maintenance	1,537	2,116	3,000	884	71%
1-5-5620-583 13695 Oak Glen Rd - Propane	-	27	1,500	1,473	2%
1-5-5625-501 13697 Oak Glen Rd - Labor	-	-	1,000	1,000	0%
1-5-5625-515 13697 Oak Glen Rd - Electric	-	874	1,500	626	58%
1-5-5625-582 13697 Oak Glen Rd - Maintenance	-	1,291	3,000	1,709	43%
1-5-5625-583 13697 Oak Glen Rd - Propane	-	1,262	1,500	238	84%
1-5-5630-501 9781 Avenida Miravilla - Labor	-	-	1,000	1,000	0%
1-5-5630-515 9781 Avenida Miravilla - Electric	44	320	300	(20)	107%
1-5-5630-582 9781 Avenida Miravilla - Maintenance	1,958	3,794	8,000	4,206	47%
1-5-5630-583 9781 Avenida Miravilla - Propane	-	176	-	(176)	
1-5-5635-515 815 E. 12th Street - Electric	-	2,254	9,000	6,746	25%
1-5-5635-580 815 E. 12th Street - Telephone	54	301	480	179	63%
1-5-5635-581 815 E. 12th Street - Maintenance	237	1,459	3,000	1,541	49%
1-5-5635-582 815 E. 12th Street - Sanitation	319	2,062	4,000	1,938	52%
1-5-5640-581 11083 Cherry Ave - Sanitation	225	1,575	3,000	1,425	52%
1-5-5700-589 Auto/Fuel	4,775	30,684	120,000	89,316	26%
1-5-5700-590 Safety Equipment	-	22	3,000	2,978	1%
1-5-5700-591 Communication Maintenance	-	-	1,000	1,000	0%
1-5-5700-592 Repair/Maint of General Equip	130	130	3,000	2,870	4%
1-5-5700-593 Repair Vehicles and Tools	83	5,198	30,000	24,802	17%
1-5-5700-594 Large Equip Maintenance	8,713	19,525	35,000	15,475	56%
1-5-5700-595 Equip Preventative Maintenance	-	-	1,000	1,000	0%
1-5-5700-596 Auto/Equipment Operation	3,547	18,717	20,000	1,283	94%
1-5-5700-597 Maint General Plant (Buildings)	264	4,031	10,000	5,969	40%
1-5-5700-598 Landscape Maintenance	3,950	24,037	72,000	47,963	33%
1-5-5700-601 Recharge Fac, Canyon & Pond Maint	616	13,584	18,000	4,416	75%
<b>Total MAINTENANCE &amp; GENERAL PL</b>	<b>32,113</b>	<b>170,404</b>	<b>445,330</b>	<b>274,926</b>	<b>38%</b>

For Period Ending 31-Jul-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
<b>ENGINEERING (IN-HOUSE)</b>					
1-5-5800-237 Health Insurance	211	2,758	5,200	2,442	53%
1-5-5800-243 Retirement/CalPERS	588	7,291	17,000	9,709	43%
1-5-5800-501 Labor	4,408	50,041	120,000	69,959	42%
1-5-5800-502 Bereavement/Seminar/Jury Duty	-	-	500	500	0%
1-5-5800-503 Sick Leave	-	-	2,000	2,000	0%
1-5-5800-504 Vacation	-	-	3,200	3,200	0%
1-5-5800-505 Holidays	473	1,600	2,600	1,000	62%
1-5-5800-507 Life Insurance	16	218	312	94	70%
1-5-5800-518 Seminar & Travel Expenses	-	-	500	500	0%
1-5-5800-519 Education Expenses	-	421	5,000	4,579	8%
1-5-5800-520 Worker's Comp Insurance	194	722	4,000	3,278	18%
<b>Total ENGINEERING (IN-HOUSE)</b>	<b>5,890</b>	<b>63,052</b>	<b>160,312</b>	<b>97,260</b>	<b>39%</b>
<b>PROFESSIONAL SERVICES</b>					
1-5-5810-611 General - Legal	14,844	121,449	125,000	3,551	97%
1-5-5810-612 Dev Reimb - Legal	-	-	1,000	1,000	0%
1-5-5810-614 Audit	-	15,153	19,000	3,847	80%
1-5-5810-616 Accounting (non audit)	-	-	1,000	1,000	0%
1-5-5820-611 General - Engineering	9,194	91,958	120,000	28,042	77%
1-5-5820-612 Dev Reimb - Engineering	-	3,813	40,000	36,187	10%
1-5-5820-614 STWMA Project Committee #1	-	185,264	-	(185,264)	
1-5-5820-615 Engineering - Permitting (Rec Water)	-	855	50,000	49,145	2%
<b>Total PROFESSIONAL SERVICES</b>	<b>24,038</b>	<b>418,492</b>	<b>356,000</b>	<b>(62,492)</b>	<b>118%</b>
<b>Total Expenses</b>	<b>737,836</b>	<b>4,086,626</b>	<b>7,577,157</b>	<b>3,490,531</b>	<b>54%</b>
<b>Total Revenue</b>	<b>817,157</b>	<b>4,954,412</b>	<b>8,997,686</b>	<b>4,043,274</b>	<b>55%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>79,321</b>	<b>867,786</b>	<b>1,420,529</b>	<b>552,743</b>	<b>61%</b>

**BEAUMONT CHERRY VALLEY WATER DISTRICT**  
**MONTH END FINANCIAL REPORT**



GL5410  
 Date: Jul 31, 2009

For Period Ending 31-Jul-2009

Restricted Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
<b>Revenue</b>					
<b>NON-OPERATING REVENUE</b>					
1-4-4020-421 Front Footage Fees	-	31,640	-	(48,610)	21%
1-4-4020-422 FF- Wells	-	26,210	35,000	27,751	
1-4-4020-423 FF- Water Rights	-	208,679	-	(1,893)	
1-4-4020-424 FF- Water Treatment Plant	-	12,498	-	(10,032)	
1-4-4020-425 FF- Local Water Resources	-	87,012	-	(852)	
1-4-4020-426 FF- Recycled Water Facilities	-	18,882	-	100,000	0%
1-4-4020-427 FF- Transmission	-	21,240	-	2,195,212	0%
1-4-4020-428 FF- Storage	-	27,177	100,000	732,361	2%
1-4-4020-429 FF- Booster	-	1,888	2,200,000	1,292,956	1%
1-4-4020-430 FF- Pressure Reducing Station	-	964	750,000	4,989,226	0%
1-4-4020-431 FF- Miscellaneous Projects	-	841	1,300,000	1,666,870	2%
1-4-4020-432 Ff- Financing Costs	-	4,133	5,000,000	14,749	90%
1-4-4020-435 Interest Income	12,232	27,942	1,700,000	399,904	0%
<b>Total NON-OPERATING REVENUE</b>	<b>12,232</b>	<b>469,105</b>	<b>-</b>	<b>11,518,345</b>	<b>3%</b>
<b>Expense</b>					
<b>CONSTRUCTION IN PROGRESS</b>					
2-1-0001 New Service Installation	849	48,610	-	(48,610)	21%
2-1-0006 Water Master Plan Update	-	7,249	35,000	27,751	
2-1-0304 Recycled Water System	-	1,893	-	(1,893)	
2-1-0605 Sunny Cal Egg Ranch Well Rehab	-	10,032	-	(10,032)	
2-1-0700 SRF Loan - Recycled Water System	207	852	-	(852)	
2-1-0710 CV Pollution Control Project	-	-	100,000	100,000	0%
2-1-0809 2800 Zone Recycled Water Tank (PH 1)	3,959	4,788	2,200,000	2,195,212	0%
2-1-0810 24" Recycled Main - Brookside (PH 2)	5,766	17,639	750,000	732,361	2%
2-1-0811 1MG Reservoir/Booster Station (PH 3)	4,577	7,044	1,300,000	1,292,956	1%
2-1-0812 24" Recycled Main - Westerly Loop (PH 4)	8,464	10,774	5,000,000	4,989,226	0%
2-1-0813 Rec Main Ring Ranch/OVP (PH 5)	20,140	33,130	1,700,000	1,666,870	2%
2-1-0815 Edgar 8" Replacement Pipeline	-	135,251	150,000	14,749	90%
2-1-0816 SWP - Permanent Connection	-	96	400,000	399,904	0%
2-1-0901 1 Ton Truck w/Utility Bed/Lumber	-	35,154	50,000	50,000	0%
2-1-0902 1 Ton Truck w/ 3/4 Ton Dump Bed	-	-	50,000	14,846	70%
2-1-0904 Loan Amortization Software	-	-	3,500	3,500	0%
2-1-0905 UWMP Update (2010)	-	-	30,000	30,000	0%
2-1-0906 GIS/GPS Software Purchase	1,531	1,766	65,000	63,234	3%
2-1-0907 OVP 24" & 10" Main Relocation	-	878	-	(878)	
<b>Total CONSTRUCTION IN PROGRESS</b>	<b>45,494</b>	<b>315,155</b>	<b>11,833,500</b>	<b>11,518,345</b>	<b>3%</b>

BEAUMONT CHERRY VALLEY WATER DISTRICT  
July 2009 - FUND BALANCE\*



	Beginning Balance Jun-09	Additions	Expenses	Transfers	Ending Balance Jul-09
<b>GENERAL</b>	5,038,769.63	818,920.16	740,216.00	(90,222.02)	5,027,251.77
DEPRECIATION	(3,005,565.23)			50,000.00	(2,955,565.23)
OPERATING RESERVE	1,770,977.97	619.71		26,814.68	1,798,412.36
EMERGENCY RESERVE	666,369.44	233.18		13,407.34	680,009.96
FRONT FOOTAGE	1,567,920.20	548.66			1,568,468.86
<b>FACILITIES FEES POTABLE</b>					
WELLS & WELL UPGRD	6,275,203.09	2,195.86			6,277,398.95
TRANSMISSIONS MAINS	(3,005,379.04)				(3,005,379.04)
STORAGE	(4,403,704.36)				(4,403,704.36)
BOOSTER STATIONS	1,407,144.18	492.40			1,407,636.58
TREATMENT PLANTS	9,901,584.57	3,464.83			9,905,049.40
MISC. ENGIN	525,138.47	183.76			525,322.23
PRESSURE REDUCING STA.	(267,461.96)				(267,461.96)
MISC. PROJECTS	(1,327,996.54)				(1,327,996.54)
FINANCING COSTS	1,419,187.24	496.61			1,419,683.85
<b>FACILITY FEES RECYCLED</b>					
REC STORAGE	(3,766,734.21)		34,571.69		(3,801,305.90)
	(13,636.59)		8,536.26		(22,172.85)
<b>WATER RIGHTS (SWP)</b>					
LOCAL WATER RESOURCE	6,382,787.48	2,233.51			6,385,020.99
	(8,303,784.91)				(8,303,784.91)
<b>DEVELOPER REIMBURSEMENT</b>					
City of Banning -	(243,304.54)				(243,304.54)
	9,290.22				9,290.22
<b>*Total</b>	<b>10,626,805.12</b>	<b>829,388.68</b>	<b>783,323.95</b>	<b>-</b>	<b>10,672,869.85</b>

*\*Completion of Construction in Progress including carry over from prior year*

*\*Actual Cash Balance does not reflect inventory purchased for capital improvement jobs in progress.*

*\*\*\*The difference in the deposit balance and the facility balance represents construction in progress\*\*\**

**Bank Balances (in memo only)**

<b>Payroll</b>	59,282.26
Accounts Payable	388,124.98
<b>Commercial Checking</b>	333,968.55
LAIF	3,083,717.68
	<hr/>
	<b>3,865,093.47</b>



**RECORD OF THE MINUTES OF THE  
REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
July 8, 2009**

**CALL TO ORDER, PRESIDENT BALL**

President Ball called the meeting to order at 7: 04 p.m., 560 Magnolia Avenue, Beaumont, California.

**PLEDGE OF ALLEGIANCE, DIRECTOR MAGEE**

Director Magee led the pledge.

**INVOCATION, DIRECTOR WOLL**

Director Woll recited an invocation.

**ROLL CALL, BLANCA MARIN**

Those responding to roll call were President Ball, Vice President Parks and Directors Ross, Woll and Magee. Also present at this meeting were Interim General Manager Anthony Lara, General Counsel Gil Granito and Executive Assistant Blanca Marin.

**PUBLIC INPUT**

President Ball invited Paul Angulo to address the Board on an item not on the agenda. Mr. Angulo spoke about his candidacy for the Riverside County Auditor-Controller office for the year 2010.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

Director Ross moved to adopt the agenda as presented. Vice President Parks seconded. The motion passed unanimously.

**2. FINANCIAL REPORTS**

a. Bills for Consideration\*\*

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

After recommendation of the Finance and Audit Committee, Director Woll moved to accept the invoices for June 2009. Vice President Parks seconded. The motion passed unanimously.

b. Invoices for Payment Approval\*\*

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

After recommendation of the Finance and Audit Committee, Director Ross moved to approve payment on pending invoices. Director Woll seconded. The motion passed unanimously.

- c. Month End Financial Statements\*\*  
June 2009

Board Action

The Board will take action to "accept and file" the Month End Financial Statements presented by staff.

After recommendation of the Finance and Audit Committee, Vice President Parks moved to accept and file the June 2009 Financial Statement. Director Ross seconded. The motion passed unanimously.

- d. Midyear Budget Report\*\*

Board Action

The Board will take action to "accept and file" the Midyear Budget Report presented by staff.

Director Ross requested that a report be provided showing total amount of sick time hours accumulated per employee.

After recommendation of the Finance and Audit Committee, Vice President Parks moved to accept and file the Midyear Budget Report. Director Woll seconded. The motion passed unanimously.

**3. APPROVAL OF THE MINUTES**

- a. Minutes of the Regular Meeting of June 10, 2009\*\*

Director Woll requested that on page 35, under Directors' comments be modified to read "Ryan Woll- He requested that an update on the parcels that did not get into the voters list with the Registrar of Voters be provided at the next meeting"

Director Ross requested that the adjournment of the meeting time be modified from 10:25 to 10:28p.m.

Vice President Parks moved to approve the minutes of June 10, 2009 as amended. Director Ross seconded. The motion passed unanimously.

**4. ACCEPT AND FILE 2008 AUDIT INCLUDING ITS ACCOMPANIED REPORTS\*\***

President Ball invited Luwana Ryan to address the Board on this item. Ms. Ryan referred to page 66 of the agenda which refers to the pass thru charges. She indicated that the audit report indicated that the money generated from this charges does not necessarily need to be put into a restricted account. She further read a section on the same page that read "However, adding a charge to the customer bill using a description that suggest a specific use may represent an implied public promise to use the funds for the purpose suggested by the description on the customer bill" She also referred to the 2006 rate increase and the rate study done by Mr. Pardiwala. She indicated that she asked Mr. Butcher at the meeting in 2007 if the cost of State Project Water was going to be for the water actually delivered to the basin and that Mr. Butcher's response was "yes".

Ms. Ryan indicated that the rate increase was and the public assumed that the actual cost was going to be covered. She also stated that the District currently has about 1.6 million dollars that has not been used to purchase water. She suggested

that changes be made so that customers understand that the pass thru charge on their bills is not actually for water purchase.

President Ball invited Ken Al-imam Auditor from Mayer Hoffman McCann who provided a verbal presentation of the 2008 Audit explaining that the audit was done in five phases. He read the recommendations made to the District. He further commented that he supports the hiring of a Financial Chief Officer.

Director Ross recommended that in a future audit a report be provided on completed projects.

Director Woll questioned as to what needs to be done as far as the pass thru charges.

President Ball recommended that Director Woll's concerns be handled by the Finance and Audit Committee and to be taken as an action item for a future agenda.

After questions were answered from the Board, Director Woll moved to accept the 2008 Audit. Vice President Parks seconded. The motion passed unanimously.

**5. CLOSED SESSION CONDERENCE WITH LEGAL COUNSEL- ONE MATTER**

President Ball adjourned to Closed Session at 7:37 p.m.

**A Closed Session will be held to confer with legal counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9 –ONE MATTER - Potential Litigation**

**6. OPEN SESSION – REPORT ON CLOSED SESSION**

President Ball reconvened to Open Session at 8:10 p.m.

General Counsel Gil Granito reported that the Board did go into Closed Session as agendized and during Closed Session legal counsel led the discussion on a matter of potential litigation and that no reportable action was taken.

**7. APPROVAL OF PROJECT FINANCE AGREEMENT STATE REVOLVING FUND PROJECT NO 08-853-550\*\***

Interim General Manager, Anthony Lara indicated that the agreement included in the agenda was the actual contract which required signature to receive the loan from the State. He indicated that the agreement when approved needs to be in Sacramento by July 18, 2009.

Vice President Parks moved to approve. Director Woll seconded. The motion passed unanimously.

**8. APPROVAL TO ADVERTISE FOR BIDS FOR RECYCLED WATER PROJECTS PHASE 1 AND 2\*\***

Interim General Manager, Anthony Lara indicated that the two projects going out to bid were Phase one; 2800 Zone Recycled Water Tank and Phase Two; 24 "Recycled Water Pipeline.

Director Woll moved to approve to advertise for bids for Phases one and two. Director Ross seconded. The motion passed unanimously.

## 9. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

### (a) Ad hoc Committees -None

### (b) General Manager

- Rate Study Proposals- Lara indicated that the District received three proposals to do a rate study. A workshop will be held on July 16, 2009 at 7 p.m.
- Training & Risk Assessment – Lara indicated that the attached letter was to keep the Board informed on what kind of safety trainings District employees have.
- Financial Consultant Request for Proposal- Lara indicated that a draft of the RFP will be modified and sent out with the Board's direction tonight.
- Water Use Efficiency Ordinance/Memorandum from Director Magee- Lara indicated that the attached memorandum was for the Board to start discussions on the Water Use Efficiency Ordinance which will be an ordinance countywide.
- Noble Creek Artificial Recharge Facility-Ground Water Monitoring Report-Lara indicated that the attached report is a quarterly report from Geoscience. On another item. Lara indicated that the list of properties that did not make it to the annexation will be approved by the LAFCO Board this month.
- BCVWD Water Supply Current and Projected After 2014- President Ball invited Luwana Ryan to address the Board on this item. She referred to page 4 of Reichenberger's memorandum which refers to what the District has done to offset the overdraft. She further referred to page 169 of the agenda which indicated that the District has to begin developing other local sources of water. She indicated that other sources of water are in the un-adjudicated areas which might damage the relationship the District has with other agencies.

### (c) Directors

- Dr. Blair Ball-Requested that an entry code be provided for the Board Members to enter the District offices in non-operating hours. He indicated that this would reduce the cost of having employees stay in the building to open or lock up the building after hours.
- Stella Parks-She indicated that the Personnel Committee met with the Employee Association regarding the MOU. No other meeting has been scheduled.
- Ken Ross-None
- Ryan Woll-None
- Niki Magee- On June 15, 2009 the Blue Ribbon Committee has completed the Water Quality Report. On July 21, 2009 the Blue Ribbon Committee will meet at the County of Supervisors office.

### (d) Legal Counsel- None

## 10. ANNOUNCEMENTS

- **Regular Board Meeting, August 12, 2009 at 7:00 p.m.**

### ACTION LIST

- July 16, 2009, workshop at 7:00 p.m.
- Request for proposal for the financial consultant
- Recommendation on special charges

## 11. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL- (TWO MATTERS)

**A Closed Session will be held to confer with legal counsel on two matters of potential litigation pursuant to subdivision (b) of Government Code section 54956.9-TWO MATTERS-Potential Litigation**

President Ball adjourned the meeting to Closed Session at 8:35 p.m.

**12. OPEN SESSION- REPORT ON CLOSED SESSION**

President Ball reconvened to open session at 9:52 p.m.

General Counsel Gil Granito reported that the Board adjourned to Closed Session as agendaized. During Closed Session General Counsel led the discussion on two matters of potential litigation. Interim General Manager, Anthony Lara assisted General Counsel in this review and no reportable action was taken.

**13. ADJOURNMENT**

Vice President Parks moved to adjourn. Director Ross seconded. The motion passed unanimously.

The meeting was adjourned at 9:54 p.m.

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Dr. Blair Ball, President to the  
Board of Directors of the  
Beaumont Cherry Valley Water District

Attest:

---

Ryan Woll, Secretary to the  
Board of Directors of the  
Beaumont Cherry Valley Water District

**RECORD OF THE MINUTES OF THE  
SPECIAL MEETING (WORKSHOP) OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
July 23, 2009**

**CALL TO ORDER, PRESIDENT BALL**

President Ball called the meeting to order at 5:30 p.m., 560 Magnolia Avenue, Beaumont, California.

**PLEDGE OF ALLEGIANCE, DIRECTOR ROSS**

Director Ross led the pledge.

**INVOCATION, DIRECTOR MAGEE**

President Ball recited the invocation.

**ROLL CALL, BLANCA MARIN**

Those responding to roll call were President Ball, Vice President Parks and Directors Magee, Ross and Woll. Also present at this meeting were Interim General Manager Anthony Lara, General Counsel Gil Granito and Executive Assistant Blanca Marin.

**PUBLIC INPUT**

President Ball invited Luwana Ryan to address the Board on an item not on the agenda. Ms. Ryan indicated that after reviewing water bill from Yucaipa Valley Water District's and comparing it to Beaumont Cherry Valley Water District's she noticed that YVWD also has importation charges. She indicated that after speaking with General Manager of YVWD she was told that YVWD only charges the importation charge actually spent so that no moneys are left over. She also recommended that the power charge be included with the rates as part of the commodity expense.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

Vice President Parks moved to adopt the agenda as presented. Director Woll seconded. The motion passed unanimously.

**2. SELECTION OF PROPOSAL FOR WATER RATE AND FEE STUDY\*\***

Interim General Manager, Anthony Lara recommended that based on his review of the three proposals included in the agenda, that the Board award the contract to Raftelis Financial Services.

President Ball invited Luwana Ryan to address the Board on this item. Ms. Ryan commented that Raftelis Financial Services did a rate study in 2005 and an update in 2007. She further indicated that the District did not follow through with the recommendations of the study.

After comments and review from the Board regarding the recommendation from Interim General Manager Anthony Lara, Director Woll moved to authorize Anthony Lara, Interim General Manager to negotiate a contract with Willdan Financial Services based on their proposal. Director Ross seconded. The motion passed with Vice President Parks opposing.

Ayes: Magee, Ross, Woll and Ball  
Nays: Parks  
Absent: None  
Abstain: None

**3. GENERAL MANAGER-REPORTS FOR DISCUSSION AND POSSIBLE ACTION**

- a. Water Use Efficiency Ordinance- Lara reported that in 2006 and by AB 1881. The latest model ordinance came into effect which requires that enforcement of the ordinance by January of 2010. The District is required to adopt an ordinance which will address several issues, as tiered rates and water wasters. Proposed ordinance will be brought to the Board in September for approval.
- b. CWSRF Contract Administrator- Lara indicated that after talking to the engineer from Parsons and after attending a seminar in Sacramento he determined that a contract administrator needs to be handling the loan from the State as soon as possible. He indicated that should the Board wait longer on this, it would delay the project. Lara indicated that an employee from Parson who has experience on this field will be the perfect candidate to work on this project. Vice President Parks moved to authorize General Manager to hire a contract administrator after talking to other companies for the contract administrator position. Director Woll seconded. Motion passed unanimously.
- c. Memorandum from Director Magee- Magee suggested that notifications be sent with the billing to alert customers on water waster.

**ACTION LIST**

- Director Woll requested that an update be provided at the next meeting on the latest recommendation from the auditors

Lara indicated that an update will be provided at the next board meeting as the RFPs for financial consulting services went out and are due back to the District on August 7, 2009.

Luwana Ryan requested clarification on the earlier motion.

President Ball indicated that the General Manager was authorized to hire a contract administrator after talking to other professionals on this field.

**4. ADJOURNMENT**

President Ball adjourned the meeting at 6:17 p.m.

---

Dr. Blair Ball, President of the  
Board of Directors of the  
Beaumont Cherry Valley Water District

Attest:

---

Ryan Woll, Secretary to the  
Board of Directors of the  
Beaumont Cherry Valley Water District

Sunny-Cal Egg & Poultry Company  
37251 Cherry Valley Blvd.  
Beaumont, CA 92223

July 8, 2009

Anthony Lara, General Manager  
Beaumont-Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, CA 92223

RECEIVED  
JUL 10 2009

BY:.....

Dear Tony:

As we recently discussed by phone, Sunny-Cal's groundwater well has some significant operational issues that will take a substantial amount of time to fix. Because this well is used to pump the water supply for several residences on Fabian Lane, in addition to those used by my brother Michael Manheim and our caretaker who live on the Sunny Cal property, it is critical that there not be an interruption in deliveries. We understand that the Beaumont-Cherry Valley Water District can make available emergency water supplies to us from its separate well located on the Sunny-Cal property. We also understand that we will need to install a pump on the line providing that water to ensure that the pressure requirements are met. By this letter, we hereby request that Beaumont-Cherry Valley Water District provide such emergency water service.

We thank you and the District for being so accommodating to our needs. We very much appreciate it. Please do not hesitate to contact me with any questions or concerns you may have about this matter.

Sincerely,  


Kathi Berman



**PROPOSAL TO PROVIDE  
FINANCIAL CONSULTING AND  
ACCOUNTING SERVICES TO**



**BEAUMONT CHERRY VALLEY  
WATER DISTRICT**

**SUBMITTED AUGUST 5, 2009**

**BY**

**EADIE AND PAYNE, LLP**  
300 EAST STATE STREET, SUITE 350  
REDLANDS, CALIFORNIA 92373  
(909) 793-2406

**DEBORAH L. CROWLEY, PARTNER**

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DEBORAH L. CROWLEY, C.P.A.  
TODD C. LANDRY, C.P.A.  
JOHN F. PRENTICE, C.P.A.



DAVID M. THAYER, C.P.A.  
FRANK M. ZABALETA, C.P.A.

*Certified Public Accountants  
and  
Business Advisors*

August 5, 2009

Anthony Lara, Interim General Manager  
Beaumont Cherry Valley Water District  
P.O. Box 2037  
560 Magnolia Avenue  
Beaumont, CA 92223

Dear Mr. Lara and Members of the Board:

Eadie and Payne, LLP is pleased to submit our proposal to provide financial consulting and accounting services to Beaumont Cherry Valley Water District.

Eadie and Payne, LLP has a long history of providing high-quality service to its clients. We believe that we are well suited to provide the consulting and accounting needs for Beaumont Cherry Valley Water District. We have substantial experience in working with governmental, for-profit entities and not-for-profit entities, providing accounting services such as audits, reviews, compilations, agreed-upon procedures, tax, and management advisory services. Our Firm is large enough to have substantial knowledge and experience to draw upon, and yet small enough to be responsive to your needs.

Eadie and Payne, LLP is a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants. This requires us to have regular and rigorous examinations by third parties of our auditing techniques, quality controls, and operations practices. We engage the firm of Postlethwaite & Netterville to perform our peer review. They are the largest accounting firm based in Louisiana. A peer review is required every three years. We are enclosing their letter from our last review.

Our proposal includes consulting services which will include a review of the District's internal control over financial reporting and preparation of financial statements. In addition, we will review the interim financial statements of Beaumont Cherry Valley Water District as of July 31, 2009 and for the seven months then ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. A review does not provide assurance that we will become aware of all significant matters that would be disclosed in an audit. We will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, we will not express such an opinion on them. Our fees for these services are outlined in the Scope of Engagement and Fees section of this proposal along with a more detailed description of the services to be performed.

-1-

REDLANDS OFFICE • 300 E. State Street, Suite 350 • Redlands, CA 92373 • (909) 793-2406 • FAX (909) 792-3516  
ONTARIO OFFICE • 4200 Concoors, Suite 360 • Ontario, CA 91764 • (909) 466-5252 • FAX (909) 466-5250

[www.eadielpaynellp.com](http://www.eadielpaynellp.com)

We understand that your objective is to have these services completed within 60 days. We will make every effort to complete our work and issue our report within 60 days of our selection as consultants for this engagement.

Thank you for inviting us to present our proposal. We look forward to the opportunity to be of service to Beaumont Cherry Valley Water District.

We have included some information about our Firm for your consideration.

Please contact me if you have any questions regarding our proposal.

Very truly yours,

**EADIE AND PAYNE, LLP**

  
Deborah L. Crowley

## ***SCOPE OF ENGAGEMENT AND FEES***

Our proposal includes consulting services which will include a review of the District's internal control over financial reporting and preparation of financial statements. In addition, we will review the interim financial statements of Beaumont Cherry Valley Water District as of July 31, 2009 and for the seven months then ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants.

Throughout this engagement we will work closely with Mr. Anthony Lara, interim general manager.

### **Review Internal Control Over Financial Accounting and Reporting**

This section addresses items 2, 3, 4, and 6 listed in the request for proposal.

Internal control is a process affected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations' objectives. Generally, controls that are relevant to the preparation of financial statements are those that pertain to the entity's objective of reliable financial reporting. The design and formality of an entity's internal control will vary depending on the entity's size, the industry in which it operates, its culture, and management's philosophy.

1. Our review of the District's internal control will focus on the controls that pertain to your objective of reliable financial reporting. We will obtain an understanding of internal control by performing inquiries and other procedures to understand the design of controls relevant to the preparation of your financial statements and whether they have been placed in operation.
2. We will review existing processes and organizational resources devoted to the preparation and generation of financial statements and financial reports
3. We will evaluate the adequacy of the District's existing processes and organizational resources
4. We will issue a report detailing our findings and recommendations relative to internal control over financial reporting.

## **Review of Interim Financial Statements**

This section addresses item 1 in the request for proposal as clarified by Mr. Lara in our telephone conversations.

We will review the interim financial statements of Beaumont Cherry Valley Water District as of July 31, 2009 and for the seven months then ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants.

Our review will consist primarily of inquiries of entity personnel and analytical procedures applied to financial data, and we will require a representation letter from management. A review does not contemplate tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be disclosed in an audit. We will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, we will not express such an opinion on them.

We will assist in drafting the statement of net assets as of July 31, 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the seven-month period then ended. We will also assist in preparing the related footnote disclosures required by generally accepted accounting principles. We will work closely with District employees in this process as part of our efforts to evaluate the processes and organizational resources devoted to the issuance of financial statements.

## **INTERNAL AUDIT OF THE DISTRICT**

The scope of internal auditing within an organization is broad and may involve topics such as the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations.

We will work closely with Mr. Lara to identify the scope of the internal audit, design audit procedures, and conduct an internal audit accordingly.

## **Fees**

Our fees for these services will be based on hourly rates for the people involved, plus direct out-of-pocket expenses. Our current hourly rates are as follows:

Partners	\$225 - 305
Managers	180
Supervisors	110 - 120
Seniors	85 - 90
Staff Accountants	65 - 80
Clerical	80

Eadie and Payne, LLP's engagement strategy is to provide quality performance with the minimum number of individuals needed to perform the work in the most cost-efficient manner. We strive to utilize an optimum mix of personnel to provide the necessary levels of expertise at the lowest possible cost. We anticipate that the majority of the proposed work will be performed by individuals at the supervisor level with assistance of staff-level accountants where appropriate.

Our rates are established by our management committee based on information obtained from our accounting association and information published by other accounting organizations. Rates vary with the size of the firm and with geographical areas. We feel that our rates are appropriate for our Firm and this area.

Accounting firms must charge a reasonable fee in order to be able to retain the quality personnel that are essential to providing quality service. However, we are aware that our clients must always strive to get maximum value for the money they spend.

## *THE FIRM*

Eadie and Payne, LLP is a Certified Public Accounting firm founded in San Bernardino, California in 1919. The Firm was originally organized as a partnership and became a Limited Liability Partnership in 1997. The Firm has offices in Redlands and Ontario.

As a regional CPA firm, we offer a wide range of services while retaining the quality of personal service more commonly associated with smaller firms. Although we have extensive experience with governmental and other not-for-profit entities, our practice includes clients of all sizes in numerous and varied industries.

We are an independent member firm of Moore Stephens International Limited, consisting of independent member firms in 93 countries. U.S. member firms are located in over 100 cities. This association, whose membership is equivalent in size to a national firm, serves our Firm as a valuable resource for continuing professional education, consultation on technical matters, and exchanges of information and ideas. The affiliation with this organization allows Eadie and Payne, LLP to provide many additional services which would otherwise not be possible.



## ***TEAM LEADERS***

### **Deborah L. Crowley - Engagement Partner**

#### *Education*

California State University, San Bernardino - Bachelor of Science, Business Administration

#### *Community Service*

President of Family Service Association of Redlands

Board member and past chairperson of Redlands Senior Housing

Past Chairperson of the California State University of San Bernardino

Business Partners Executive Committee

Member, past president, and past treasurer of the Kiwanis Club of San Bernardino

Treasurer of Friends of Prospect Park

#### *Professional Organizations*

Member of the American Institute of Certified Public Accountants

Member of the California Society of Certified Public Accountants

Deborah is the partner in charge of all of the Firm's mutual water company client engagements and she has been the partner in charge of the audit of the San Bernardino Community College District for the past ten years. She has also been the partner in charge of most of the Firm's not-for-profit client engagements and some smaller governmental clients.

Deborah will oversee all aspects of the engagement, including onsite workpaper review and meeting with management and the Board of Directors.

**Eden Casareno - Consulting Partner**

*Education*

University of California, Riverside - Bachelor of Science in Business Administration

*Community Service*

Volunteer, Redlands East Valley High School Marching Band Booster  
Member, University of California Riverside Alumni Association

*Professional Organizations*

Member of the American Institute of Certified Public Accountants  
Member of the California Society of Certified Public Accountants  
Member of the California Society of Municipal Finance Officers

Eden joined Eadie and Payne, LLP on May 21, 2002 and became a partner in July 2009. Eden has been in charge of the audit of the City of Industry and its related entities and many of the Firm's for profit and not-for-profit client engagements, including water companies.

**John M. Navarro - Engagement Supervisor**

*Education*

California Baptist University, Riverside, Bachelor of Business Administration

*Community Service*

Angel Tree Volunteer

John joined Eadie and Payne, LLP as an audit supervisor in July 2008. John has experience with governmental clients as the supervisor of the audits of Big Bear Municipal Water District and the City of Industry. John also has not-for-profit experience as supervisor on the audits of California Housing Foundation and El Encanto Healthcare.

**Dawn Marie Jorge, CPA, CFE - Engagement Supervisor**

*Education*

University of La Verne, California - Bachelor of Arts in Accounting

*Professional Organizations*

Member of the American Institute of Certified Public Accountants

Member of the California Society of Certified Public Accountants

Member of the California Society of Municipal Finance Officers

Member of the Association of Certified Fraud Examiners

Member of the Government Finance Officers Association

Dawn Marie joined Eadie and Payne, LLP as an engagement supervisor on April 20, 2009 after working for four years in mid-level management positions within city finance departments. Prior to this, Dawn Marie had two years experience auditing California governmental agencies, including cities and special districts. Dawn Marie has participated as a reviewer under the CSMFO CAFR award program and, as such, has reviewed several nonclient CAFRs submitted for award. In addition, she has prepared numerous CAFRs, OMB A-133 Single Audits, and State Controller's Reports.

## ***WHY EADIE AND PAYNE, LLP***

### **Strong Partner Involvement**

Personal attention is a philosophy that is evidenced throughout Eadie and Payne, LLP. Deborah Crowley, the engagement partner, will be the primary link to management and the Board of Directors. She will ensure that all members of the service team understand the requirements related to the audit and she will ensure that you receive the highest quality of service.

Our service teams work closely with the engagement partner who has ultimate responsibility for the services provided. Our teams normally consist of a supervisor- or manager-level accountant who supervises one or two staff accountants.

### **Review Responsibilities**

The engagement partner will accept responsibility for the engagement and will release our report on the financial statements and our report on internal control findings and recommendations only after she believes the assignment has been completed in full compliance with the code of professional ethics, relevant professional standards, and Firm policies. She will be significantly involved in the planning of the engagement, design of procedures to be performed, and supervision of the engagement.

After the engagement partner completes her review, a technical standards review will be performed by a partner unrelated to, and otherwise independent of, the engagement. The technical standards review is intended to further ensure that the entity's financial statements are in conformity with generally accepted accounting principles, including adequate and informative disclosure, and that Firm policies have been complied with. Our independent quality control program provides additional assurance that all reports meet the ever-increasing requirements of regulatory agencies and others.

### **Quality Control Reviews/Peer Reviews**

Our most recent peer review resulted in the issuance of an opinion that Eadie and Payne, LLP's system for quality control of its audit and accounting practice met the objectives established by the American Institute of Certified Public Accountants and was being complied with during the period under review.

The Firm has undergone a number of successful quality control reviews. We received favorable comments on our audit workpapers and reports. A copy of our most recent peer review letter is included for your information.

## *REFERENCES AND RELATED EXPERIENCE*

The following are some current clients for whom we have provided audit and accounting services:

Bear Valley Mutual Water Company  
Big Bear Municipal Water District  
California Housing Foundation, Inc.  
Fontana Union Water Company  
City of Industry  
Inland Counties Regional Center  
KVCR Educational Foundation  
Law Library for San Bernardino County  
Riverside Highland Water Company  
San Bernardino Community College District  
San Bernardino Public Safety Authority  
Santa Ana Watershed Association  
Western Heights Water Company

Names of individuals and telephone numbers will be provided upon request.



## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States

www.pncpa.com

To the Partners  
Eadie and Payne, LLP

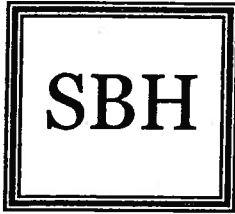
We have reviewed the system of quality control for the accounting and auditing practice of Eadie and Payne, LLP in effect for the year ended April 30, 2007. A system of quality control encompasses the Firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The Firm is responsible for designing a system of quality control and complying with it to provide the Firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the Firm, interviewed Firm personnel and obtained an understanding of the nature of the Firm's accounting and auditing practice, and the design of the Firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the Firm's system of quality control. The engagements selected represented a reasonable cross-section of the Firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, an audit of an Employee Benefit Plan and an engagement performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with Firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the Firm's accounting and auditing practice. In addition, we tested compliance with the Firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Eadie and Payne, LLP in effect for the year ended April 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the Firm with reasonable assurance of conforming with professional standards.

Baton Rouge, Louisiana  
August 7, 2007



**Siebert Botkin Hickey  
& Associates, LLP**

August 7, 2009

Anthony Lara, Interim General Manager  
Beaumont Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, CA 92223

Dear Mr. Lara:

We are pleased to provide our proposal to provide financial consulting services to the Beaumont Cherry Valley Water District (District). The partners and staff of Siebert Botkin Hickey & Associates, LLP (SBH) have extensive experience providing audit, review, compilation and other services to a variety of clients including governments, non-profits, and privately held companies. We hope that as you read our proposal you will see that SBH is the best choice to provide financial consulting services to the District.

**Firm History and Background**

Siebert Botkin Hickey & Associates, LLP has provided services to clients since 1959. Siebert Tax and Accounting Service enjoyed decades of client relationships in the Coachella Valley area of Southern California. Two generations of ownership provided tax and accounting services to thousands of clients. During 2006 and 2008 the firm added two CPA partners, Cynthia Botkin, CPA and Travis Hickey, CPA, bringing a new dimension of experience and services for our clients. In the most recent evolution of the firm, during 2008 SBH acquired the California based audit clients of Porter & Company. Mr. Gary Porter, who continues to assist SBH, has over two decades of experience providing quality audit services to clients in California, Nevada, and Colorado.

SBH currently has three partners, Cynthia Botkin, CPA, Travis Hickey, CPA and Robert Botkin, MBA. SBH's professional staff includes three degreed CPA-candidate accountants, one enrolled agent, four certified tax preparers, and one bookkeeper. The support staff includes four additional individuals. Company headquarters are in Palm Springs with additional offices in Beaumont and Ventura.

**Experience and Qualifications**

The firm's experience is as diverse as the partners and employees who serve our clients. The historical background of the firm is in providing tax and accounting services to individuals, small businesses, and non-profit organizations. **Ms. Botkin and Mr. Hickey bring a new dimension of experience with many years of providing audit and review services to a wide variety of clientele including government agencies, exempt organizations, and closely held private organizations.** With the addition of the Porter & Company clients, SBH has quickly become a major player in the market for providing audit services to homeowner and other common interest realty associations.

3501 E. Ramon Road, Palm Springs, CA 92264-1021  
1680 E. 6<sup>th</sup> Street Suite A, Beaumont, CA 92223  
3160 Telegraph Road, Suite 203, Ventura, CA 93003

Telephone: (760) 325-2353  
Telephone: (951) 845-2625  
Telephone: (888) 739-4829

Fax: (760) 325-8053  
Fax: (951) 922-6591

Mr. Hickey has over 11 years experience in public accounting. **For most of his 11-year career he has provided auditing services to governmental organizations.** Historically, his governmental clients have been primarily cities, water districts, and other special purpose districts. Mr. Hickey currently serves as the partner in charge of the audits of two water districts, two water district related organizations, and one full-service city which provides municipal water/wastewater services. In addition, Mr. Hickey serves as the audit committee advisor for the Inland Empire Utilities Agency working closely with the Audit Committee of the Board and the Internal Audit staff. Mr. Hickey's responsibilities include overseeing governmental and other audit engagements, recruiting and training staff, and educating clients on new accounting standards and assisting with their implementation.

Ms. Botkin has over 10 years experience in public accounting. Ms. Botkin's experience is well diversified and includes providing audit services to governmental and non-profit organizations and tax and accounting services to individuals, business, and exempt organizations. Ms. Botkin's responsibilities including overseeing the firm's tax and accounting practice, supporting the audit practice, as well as many administrative functions.

Although not a partner of the firm, Mr. Gary Porter's experience is important to mention. Entering the first phase of retirement, Mr. Porter has transferred the majority of his audit clients to SBH. Mr. Porter continues to be a resource for SBH and assists in the ongoing transition of his clients. Mr. Porter has built strong relationships with his clients over the 20 plus years that he has been providing audit services. Mr. Porter is a nationally recognized expert in the field of homeowners associations and is an author of the Practitioner Publishing Company's *Guide to Audits of Homeowners Associations*, used by virtually every CPA firm who provides audit services in this industry. Mr. Porter has also developed an impressive list of governmental and non-profit clients.

### Continuing Education

Staying current with developing trends and changes in our industries is of vital importance. The partners and staff of SBH meet all continuing education requirements of the California State Board of Accountancy and the American Institute of CPA's. **By staying current with both accounting and auditing changes and trends we are able to offer valuable perspectives and insights for our clients.**

### Insurance and Professional Memberships

SBH maintains quality professional liability insurance through CAMICO, the largest insurer of California based CPA firms. With the addition of the two CPA partners, the firm is currently in the process of obtaining membership in the American Institute of CPA's and the California Society of CPA's. Mr. Hickey has been a member of both organizations for the past 8 years.

### Scope of Services

In accordance with the specifications in your request for proposal the consulting services will include the following:

- Review the District's internal control over financial reporting and generation of financial statements
- Provide independent financial review services for the Beaumont Cherry Valley Water District
- Review the preparation and generation of financial statements and financial reports.



- Review existing processes and organizational resources devoted to the issuance of financial statements
- Determine the adequacy of the District's basic financial operations and generation of financial statements
- Conduct an internal audit of the District
- Issue a report detailing findings

To accomplish these services the following approach would be employed after discussion with and concurrence from the Interim General Manager:

Concerning Financial Reporting:

- Determine the existing resources and processes in place to generate financial statements.
- Understand any problems the District has had in the past which have prevented timely and accurate financial reporting.
- Evaluate weaknesses in the internal controls over financial reporting and propose recommendations to eliminate and/or improve the weaknesses based on a cost-benefit analysis.
- Assist the District in implementing and monitoring the improvements in the system to ensure the system will continue to work without the assistance of outside consultants.
- Prepare a report outlining the procedures performed, issues uncovered, and recommended solutions.

Concerning Internal Audit Procedures:

- Determine through consultation with the Interim General Manager and appropriate staff the scope of internal audit procedures to be performed.
- Perform testing in the areas identified and document the results. These areas would generally include the cash receipts, cash disbursements, and payroll cycles from inception of the transaction through the ultimate reporting in the financial statements. The testing should also include evaluation of the controls over inventory and fixed asset transactions as well as non-recurring transactions including nonstandard journal entries and issuance of long-term obligations.
- Discuss the results with the Interim General Manager and determine if additional procedures are warranted.
- Prepare a report outlining the procedures performed, issues uncovered, and recommended solutions.

Timing of Services

We understand that the District desires to have all services completed within 60 days. Due to the nature of the services requested and the timing of when the services are to be performed it is difficult to commit to a specific time frame. Our plan would be to have a kick-off meeting with the Interim General Manager and appropriate staff to determine a time line that works for the District and then communicate frequently throughout the process to identify any issues which may cause any changes to the proposed timeline.

Due to ongoing audits and other services to our clients, we are not able to commit to 40 hours per week during any given week. Due to the specialized nature of the work we anticipate having Mr. Hickey perform virtually 100% of the services for the District. The proposed timing of the services consists of approximately 8 hours per week from inception through the end of September 2009. During October and November (if necessary) 2009 we anticipate availability in the range of 16-24 hours per week.

We believe that this type of schedule will minimize disruption to District staff throughout the process while allowing SBH to continue to provide a high level of service to all of our clients. Based on this format we anticipate that all services would be concluded and final reports delivered to the District by November 30, 2009. While it is possible to complete the services prior to this date it is important not to build unrealistic expectations. As noted above we believe the best approach is to collaborate on a specific timeline and communicate frequently regarding any issues that come up.

**Fee Proposal**

Due to the nature of the services requested we propose a fee structure based on the hourly rates of the personnel performing the services. As noted, we anticipate that virtually all of the services will be performed by Mr. Hickey. Some tasks may potentially be delegated to senior or staff accountants after discussion with District staff. Hourly rates for all individuals who may work on this engagement are as follows:

<u>Staff Level</u>	
Partner	\$ 150
Senior Accountant	\$ 95
Staff Accountant	\$ 65

We anticipate the total number of hours for these services to range from 125 to 175 hours. This translates to a fee estimate of approximately \$18,750 to \$26,250. During the planning stage, with input from District staff, a detailed budget of hours by service segment will be developed. Regular communication is important in all areas of the services including the hours and fees incurred. We will communicate with the District and obtain written authorization well in advance of incurring charges in excess of this fee estimate.

**References**

**Inland Empire Utilities Agency**

*Ms. Teresa Velarde*  
Internal Audit Manger  
(909) 993-1521  
6075 Kimball Avenue  
Chino, CA 91708

**Yucaipa Valley Water District**

*Mr. Joseph Zoba*  
General Manger  
(909) 797-5119  
12770 Second Street  
Yucaipa, CA 92399

**Ventura River County Water District**

*Mr. Matthew Bryant*  
General Manager  
(805) 646-3403  
409 Old Baldwin Road  
Ojai, CA 93023

**Castroville Community Services District**

*Mr. Eric Tynan*  
General Manger  
(831) 633-2560  
11499 Geil Street  
Castroville, CA 95012

Additional references can be provided upon request.

It has been our pleasure to respond to your request for proposal. If you require additional information please feel free to contact Travis Hickey at (951) 845-2625 or via email at [tchickey@sbhaccountants.com](mailto:tchickey@sbhaccountants.com). This proposal will remain in effect for 60 days.

Sincerely,

A handwritten signature in black ink, appearing to read "Travis Hickey", written in a cursive style.

Travis C. Hickey, CPA  
Siebert Botkin Hickey & Associates, LLP

**Technical Proposal**  
**Financial Consulting Services**  
**For The**

**Beaumont – Cherry Valley Water District**



July 30, 2009

Mr. Anthony Lara, Interim General Manager  
**BEAUMONT-CHERRY VALLEY WATER DISTRICT**  
P.O. Box 2037  
Beaumont, CA 92223-0937

**Re: Request for Proposal for Financial Consulting Services**

Dear Mr. Lara:

I appreciate the opportunity to submit my proposal to provide financial consulting services for the Beaumont-Cherry Valley Water District. In response to your inquiry of my services, I have prepared a proposal that reflects my understanding of the District's financial review requirements and demonstrates my capability and commitment to serve.

I understand that you expect a thorough and timely review of the following services:

- 1) Provide independent financial review services for the Beaumont Cherry Valley Water District.
- 2) Review the preparation and generation of financial statements and reports.
- 3) Review existing processes and organizational resources devoted to the issuance of financial statements.
- 4) Determine the adequacy of the District's basic financial operations and generation of financial statements
- 5) Conduct a limited internal audit of the District's financial systems
- 6) Issue a report detailing findings.

These requirements are included in the basic review that I am prepared to conduct of the financial systems and organizational elements responsible for the integrity of information generated. I am committed to meet all the requirements you have indicated, will issue a management report, and meet the timing requirements you have specified.

I have almost thirty years of experience in finance and operational management with eight years of direct experience with water agencies. My experience includes the successful completion of water district CAFR and submission to the GFOA and CSMFO for Annual Awards programs. I am delighted to assist the District in the review of existing processes and organizational resources devoted to the issuance of financial statements. My experience and qualifications are further detailed in the attached Resume of Qualifications.

The purpose and scope of the financial review is to determine the adequacy of the District's basic financial operations and generation of financial statements. Following the review I will issue a report detailing my findings. I will conduct field work each Friday during normal business hours and will complete the review with a maximum of eighty (80) hours at a billable rate of one hundred dollars (\$100.00) per hour for a not to exceed amount of eight thousand dollars (\$8,000.00). Regular invoices will be submitted over the course of the review, payable upon receipt.

This proposal represents my irrevocable offer for a period of 60 days from the date of this letter to provide financial review services as described. If you have any questions or need additional information, please contact me at (909) 894-4094 or by email at [stevenhbo@yahoo.com](mailto:stevenhbo@yahoo.com). I look forward to hearing from you soon.

Cordially,

*Steven H Borraerman*

**STEVEN H. BORROWMAN****RESUME OF QUALIFICATIONS**

1421 Cambria Court  
Redlands, CA 92374

Telephone: (909) 794-4094  
E-mail: stevenhbo@yahoo.com

**SUMMARY** Thirty years of progressively responsible operational and financial management experience; a proven record of success in management systems including operations, finances, strategic planning, information systems, and technology applications.

**PROFESSIONAL EXPERIENCE**

2007 – **VICTORVILLE WATER DISTRICT** – Victorville, CA

Current **ASSISTANT DIRECTOR OF WATER DISTRICT/CHIEF FINANCIAL OFFICER**

A subsidiary district of the City of Victorville, providing retail water services to 36,000 customer connections and a population of 120,000 within a 85 square-mile area; 2009-2010 operating and capital budget of \$36 million with 85 employee positions.

Responsible for the management of District administrative and financial activities and providing timely, reliable, and complex support to the Director of Water District and the District's Board of Directors. Management responsibilities for administrative and financial services of the District including:

- Plan, organize and direct all enterprise fund accounting activities such as general ledger, accounts payable, accounts receivable, fixed assets, payroll and benefits, and financial statements; purchasing, central warehouse, and inventory control
- Preparation, presentation, justification, and administration of fiscal and capital budgets
- Establish and maintain internal controls necessary to safeguard District assets
- Oversee and direct treasury functions of cash flow, investment portfolio, credit lines, long-range financial planning, and debt management, ensuring that the fiduciary duty of the District is fulfilled
- Perform financial and operational reviews of the District
- Oversee the audit of District financial records and assist the independent auditors in evaluation of District's financial policies and procedures
- Prepare and present periodic financial statements and government reports
- Perform special analytical studies and reports as directed Board of Directors

Development, formation, and administration of policies and procedures regarding accounting, finance, customer service, utility billing, meter operations, purchasing, and contracts administration functions of the District.

Participate as a member of the Risk Management Committee in the administration of District insurance and safety programs.

Significant accomplishments include the installation and conversion to a new enterprise-wide information and financial system, implementation of a telephone IVR system, web based billing and payment systems, automated remittance systems, and initiation of a multi-year plan to convert to AMR (radio read) meter and billing systems.

2001 – **VICTOR VALLEY WATER DISTRICT** – Victorville, CA

2007 **CHIEF FINANCIAL OFFICER**

A county water district formed in 1931, providing retail water services to a population of over 80,000 within a 54 square-mile area; 2007-2008 operating and capital budget of \$45.1 million with 84 employee positions.

**PROFESSIONAL EXPERIENCE** (continued)**1996 – APPLE VALLEY UNIFIED SCHOOL DISTRICT – Apple Valley, CA****2001 DIRECTOR OF ACCOUNTING AND PURCHASING**

- Responsible for all facets of District finances including general and fund accounting, budgeting, fiscal services, purchasing, central warehouse, accounts payable, payroll and benefits, attendance accounting, Medi-Cal billing, and position control. Responsible for fiscal operations including analyzing financial reports, spreadsheets, and documents; establishing procedures and priorities; reviewing evaluating and implementing operational processes, researching, interpreting and applying laws, policies, and procedures; recommending processes, procedures, and policies affecting fiscal operations and program funding; Prepare facility-funding reports for State and County; administer construction contracts.
- Coordinate District's Risk Management and Mandated Cost Claims Programs.
- Prepare financial statements and reports for State and County; serve as liaison with San Bernardino County District Advisory Services. Analyze and interpret legislation and determine the impact on District finances and programs. Prepare and present administrative studies, funding models, analyses, findings, recommendations and reports; draft recommended policies and regulations. Consult with management and the Governing Board on issues related to fiscal solvency. Develop and conduct presentations and workshops covering specialized fiscal issues and program funding.

**1988 - RAIN BIRD CORPORATION - Glendora, CA****1996 CONTROLLER - AGRICULTURAL PRODUCTS BUSINESS UNIT****1986 - FOSTER MEDICAL - Rancho Cucamonga, CA****1988 ASSISTANT CONTROLLER****1984 - INSPIRON CORPORATION - Rancho Cucamonga, CA****1986 SENIOR FINANCIAL ANALYST****1981 - PERKIN-ELMER AEROSPACE DIVISION - Pomona, CA****1984 FINANCIAL PLANNING ACCOUNTANT****EDUCATION****BRIGHAM YOUNG UNIVERSITY Provo, Utah 1980**

- Bachelor of Science, Finance
- Associate of Arts, University Studies

**AWARDS**

- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the District's Comprehensive Annual Financial Reports (fiscal years 2003, 2004, 2005, and 2006)
- Government Finance Officers Association Distinguished Budget Presentation Award for fiscal year 2007
- California Society of Municipal Finance Officers Outstanding Financial Reporting Award (fiscal years 2004 and 2005).
- Special Districts Institute Certificate of Completion in Leadership and Management



**STEVEN H. BORROWMAN****PROFESSIONAL REFERENCES**

Reginald A. Lamson, PE-LS  
Director of Water District  
Victorville Water District  
17185 Yuma Street  
Victorville, CA 92395  
Work: 760/955-2557 Fax: 760/245-9219

PO Box 6635  
Big Bear City, CA 92315  
Home: 909/866-0845

Charles Fedak  
Paul Kaymark  
Charles Z. Fedak & Company  
Certified Public Accountants  
6081 Orange Avenue  
Cypress, CA 90630  
714/527-1818

Carol A. Fisher  
Assist. Superintendent, Business Services (retired)  
Apple Valley Unified School District  
22974 Bear Valley Road  
Apple Valley, CA 92308

140 Las Flores  
Aliso Viejo, CA 92656  
Home: 949/349-0214

Thomas F. Kerr  
Director of Internal Financial Services (retired)  
San Bernardino County Superintendent of Schools  
601 North E Street  
San Bernardino, CA 92410

485 Hickory Circle  
Idaho Falls, ID 84303  
Home: 208/523-5293

Kenneth Stewart  
Director of Finance  
Creftcon Industries  
City of Industry, CA  
Work: 626/964-6531

4245 Stone Circle  
LaVerne, CA 91750  
Home: 909/596-9046

Kenneth P. Garvey  
Chief Financial Officer  
Hunter Fan Company  
2500 Frisco Avenue  
Memphis, TN 38114  
Work: 901/745-9204 Fax: 901/745-9251

2176 Canterbury Cove  
Germantown, TN 38138  
Home: 901/757-9031

Pildare K. Leung  
Controller  
HCS-Cutler  
Rancho Cucamonga, CA 91790  
Work: 909/987-0094

1095 West 21<sup>st</sup> Street  
Upland, CA 91786  
Home: 909/981-0044

**BEAUMONT CHERRY VALLEY  
WATER DISTRICT**

**PROPOSAL TO PERFORM CONSULTING SERVICES**

*August 7, 2009*

Proposal to Perform Professional Services for the  
BEAUMONT CHERRY VALLEY WATER DISTRICT

Submitted by:

**TEAMAN, RAMIREZ & SMITH, INC.**

Certified Public Accountants

Contact – Greg Fankhanel, CPA  
Alternate Contact – Richard A. Teaman, CPA  
4201 Brockton Avenue, Suite 100  
Riverside, California 92501  
Telephone No. (951) 274-9500  
E-mail: [gfankhanel@trscpas.com](mailto:gfankhanel@trscpas.com)

August 7, 2009

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**LETTER OF TRANSMITTAL**

August 7, 2009

Anthony Lara, Interim General Manager  
Beaumont Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, California 92223-2258

Dear Mr. Lara:

Thank you for inviting Teaman, Ramirez & Smith, Inc. to submit our proposal to perform professional services for the Beaumont Cherry Valley Water District (the "District"). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements.

We understand this proposal is to provide consulting services regarding the District's internal control over financial reporting.

Teaman, Ramirez & Smith, Inc. is well qualified to provide these services for the following major reasons:

- 1) Commitment to deliver quality reports in a timely manner.
- 2) Ability to provide experienced personnel for this project. The project will be conducted at the Partner, Manager, and Senior levels. The Partner in charge of this project is a Certified Fraud Examiner.
- 3) Local CPA firm responsiveness and attentiveness.
- 4) Extensive experience with Districts similar to yours.
- 5) If desired, we have the capability of providing services to oversee your accounting function on a regular basis (e.g., monthly, quarterly). This will help to ensure accurate, timely, and consistent financial reporting.

Teaman, Ramirez & Smith, Inc. will take a proactive role in providing professional services to the Beaumont Cherry Valley Water District. Not only will we respond to specific requests and needs in a timely manner, we also will take the initiative to assist you in planning and seeking out opportunities to improve overall efficiency and control.

We will provide a consulting team a strong background in governmental accounting and auditing. Our proposed team will be committed to providing excellent service and quality reports in a timely manner.

Quality communication is an integral part of our approach to the services we provide. We will meet with the designated representatives of the District to assist in determining your specific needs and co-develop expectations in a measurable fashion. During the engagement we will remain in contact with the District's designated representatives to keep the District apprised of the status of the engagement. It will be our utmost priority to meet the Beaumont Cherry Valley Water District's needs and goals in the performance of this project.

In summary, we are committed to provide the Beaumont Cherry Valley Water District with the highest level of personal service and attention. With our broad experience, full dedication and large pool of resources, we feel that the services we can provide are unparalleled.

Should you have any questions regarding our proposal or desire additional information, please call Greg Fankhanel, Partner, or Rich Teaman, Partner, at (951) 274-9500. We sincerely look forward to working with you and the District staff.

Respectfully submitted,

**TEAMAN, RAMIREZ & SMITH, INC.**

A handwritten signature in cursive script that reads "Greg Fankhanel".

Greg W. Fankhanel  
Certified Public Accountant

## **FIRM PROFILE, EXPERIENCE AND APPROACH**



# **BEAUMONT CHERRY VALLEY WATER DISTRICT**

## **License and Independence**

Our firm, and all assigned key professional staff are licensed by the California State Board of Accountancy to practice in the State of California.

## **Firm Profile**

The firm has specialized in auditing governmental agencies in excess of sixty years. The firm is a local firm based in Riverside. The firm totals thirty people including four partners, six managers, four senior accountants, twelve other professionals and four non-professionals. The municipal audit and consulting staff consists of ten members who devote approximately 75% of their time to municipal audits and consulting work.

## **Staffing Level for the District**

This engagement for the Beaumont Cherry Valley Water District will be conducted by the following staff:

- 1 - Municipal Audit Partner
- 1 - Municipal Audit Manager
- 1 - Municipal Senior Accountant

## **Range of Activities**

The firm's range of activities, besides municipal audits, includes commercial audits, reviews, compilations, all types of tax returns and tax planning, accounting systems assistance, fraud examinations, and management advisory services.

Our firm is a member of the American Institute of Certified Public Accountants (AICPA) as are all of our CPAs who are also members of the California Society of CPAs (CSCPA). CPAs working on governmental engagements are also members of the Inland Empire Chapter of the CSCPA's Governmental Accounting and Auditing Committee, the Government Finance Officers Association (GFOA), the California Society of Municipal Finance Officers (CSMFO) and the Association of Government Accountants (AGA).

## **Participation in Peer Review Program**

Our firm underwent peer reviews by the American Institute of Certified Public Accountants in July 1990, August 1993, June 1996, July 1999, June 2002, June 2005, and August 2008, and by the State Controller's Office in August 1990 receiving unqualified opinions on each review. In each of these

## BEAUMONT CHERRY VALLEY WATER DISTRICT

reviews, governmental audit engagements were selected for review. There have been no disciplinary or regulatory actions taken against our firm. A copy of our most recent peer review report is included in Appendix A.

### Technical Qualifications and Experience

The audit partner assigned to this engagement is a working partner and therefore will be involved throughout engagement, including fieldwork. Resumes for key members of the consulting team can be found in **Appendix B**.

### Current and Prior Clients and References

The Beaumont Cherry Valley Water District understandably desires that the consultants for this project have proven experience, in-depth knowledge and technical expertise in dealing with the unique issues facing governmental entities, including water districts. Our practice has been active in providing audit and consulting services to California governmental entities for over 60 years. The following is a partial list of current and prior municipal clients:

City of Adelanto	Coachella Valley Joint Powers
Town of Apple Valley*#@	Insurance Authority
Apple Valley Redevelopment Agency#	Coachella Valley Mosquito and
City of Banning*	Vector Control District#
Banning Redevelopment Agency	Coachella Valley Public Cemetery District#
Banning Transit System	Coachella Valley Recreation and Park District
City of Big Bear Lake*	Coachella Valley Resource Conservation District
Big Bear Lake Fire Protection District	Coachella Water Authority#
Big Bear Lake Improvement Agency	City of Colton*
City of Blythe*##	Colton Redevelopment Agency
Blythe Financing Authority#	City of Corona*#@
Blythe Redevelopment Agency#	City of Corona Dial-A-Ride Fund
City of Capitola#@	Corona Parking Authority#
Capitola Redevelopment Agency#	Corona Redevelopment Agency#
Carpinteria Sanitary District#	Cove Communities Public Safety Commission
Channel Islands Beach Community Services District#	City of Dana Point*#@
City of Chino*	City of Desert Hot Springs#
Chino Redevelopment Agency	Desert Hot Springs Redevelopment Agency#
Citrus Pest Control District No. 2#	Desert Resorts Regional Airport Authority#
City of Coachella*##	City of Diamond Bar*
Coachella Fire Protection District#	East Valley Resource Conservation District#
Coachella Redevelopment Agency#	City of El Segundo*#@
Coachella Sanitary District#	Elsinore Valley Municipal Water District*#@
Coachella Valley Association of Governments	Encina Wastewater Authority@

## BEAUMONT CHERRY VALLEY WATER DISTRICT

City of Escondido\*  
Escondido Community Development Commission  
Fern Valley Water District#  
City of Galt@  
Galt Redevelopment Agency  
Goleta Sanitary District#  
City of Grand Terrace\*  
Grand Terrace Redevelopment Agency  
City of Hemet\*  
Hemet Redevelopment Agency  
City of Highland  
Home Gardens Sanitary District  
Idyllwild Water District  
City of Indian Wells  
Indian Wells Redevelopment Agency  
City of Indio\*  
Indio Civic Center Authority  
Indio Public Financing Authority  
Indio Redevelopment Agency  
Inland Empire West Resource Conservation District\*  
City of King City\*  
King City Redevelopment Agency#  
City of Lake Elsinore\*  
Lake Elsinore Public Financing Authority#  
Lake Elsinore Recreation Authority#  
Lake Elsinore Redevelopment Agency#  
Lake Elsinore Transit System  
Lake Elsinore and San Jacinto Watershed Authority#  
City of La Puente\*  
La Puente Redevelopment Agency#  
City of Loma Linda\*  
Loma Linda Redevelopment Agency  
Mammoth Community Water District  
March Inland Port Airport Authority#  
March Joint Powers Authority\*  
March Joint Powers – Caretaker  
March Joint Powers Redevelopment Agency#  
March Joint Powers Utility Authority#  
City of Moorpark\*  
Moorpark Redevelopment Agency#  
City of Needles\*  
Needles Public Financing Authority  
Needles Redevelopment Agency  
City of Norco  
OMNITRANS  
City of Ontario\*  
Ontario Industrial Development Authority

Ontario Redevelopment Agency  
Ontario Redevelopment Financing Authority  
Otay Water District#@  
City of Palm Desert\*  
Palm Desert Redevelopment Agency  
Palm Springs Civic Center Authority  
Palo Verde Cemetery District#  
Palos Verdes Peninsula Transit Authority  
Palos Verde Valley Transit Agency  
City of Perris\*  
Perris Redevelopment Agency#  
Pine Cove Water District#  
Pinyon Pines County Water District  
City of Rancho Mirage\*  
Rancho Mirage Redevelopment Agency  
Rancho Mirage Transit Fund  
City of Riverside\*  
Riverside Redevelopment Agency  
County of Riverside\*  
Riverside Civic Center Authority  
Riverside County A.D.s 159 & 161  
Riverside County Asset Forfeiture Accounts  
Riverside County C.F.D.s 88-8 & 87-1  
Riverside County Desert Judicial District  
Riverside County Economic Development Agency (RDA) #  
Riverside County Flood Control & Water Conservation District#@  
Riverside County Habitat Conservation Agency  
Riverside County Judicial District  
Riverside County Money Purchase Pension Plan  
Riverside County Regional Park & Open Spaces District#  
Riverside County Sheriff's Department Asset Forfeiture Accounts  
Riverside County Transportation Commission  
Riverside Parking Authority  
Riverside - San Bernardino Housing & Finance Agency#  
Riverside Transit Agency\*  
Riverside Transit Fund  
City of San Bernardino\*  
San Bernardino Associated Governments  
San Bernardino County-Chino Civic Center Authority  
San Bernardino County-Needles Public Facilities Authority  
City of San Jacinto\*

## BEAUMONT CHERRY VALLEY WATER DISTRICT

San Jacinto Redevelopment Agency  
San Jacinto Mountain Area Water Study Agency\*#  
Santa Ana Watershed Project Authority#  
City of Santa Paula\*#  
Santa Paula Redevelopment Agency#  
Saticoy Sanitary District  
City of Solvang@  
South Orange County Wastewater Authority#  
Southern Coachella Valley Community Services  
District#  
Sunline Transit Agency\*  
Thermal Sanitary District  
Triunfo Sanitation District@  
Twentynine Palms Water District#

Valley Sanitary District#  
Van Horn Regional Treatment Facility  
Ventura Regional Sanitation District@  
Victor Valley Wastewater Reclamation Authority\*  
Water Replenishment District of Southern  
California#  
West Valley Vector Control District#  
Western Municipal Water District#@  
City of Yucaipa#  
Town of Yucca Valley\*@  
Yucca Valley Community Center Authority  
Yucca Valley Financing Authority  
Yucca Valley Redevelopment Agency

\* - Single Audit Procedures Performed (in accordance  
with OMB Circular A-133)

# - Current Clients

@ - Participated in CSMFO and/or GFOA award programs

Following is a list of four client references, for agencies that provide **water and/or wastewater services**:

1) Twentynine Palms Water District

Wayne Jones, Contract Finance Director  
Post Office Box 1735  
Twentynine Palms, California 92277-1001  
(760) 367-7546

The Twentynine Palms Water District was formed in 1954 under the County Water District Law, Division 12 of the State Water Code for the purpose of supplying potable water and for other statutory purposes, including fire protection within the region. Our firm conducted the annual audit for the District for the years ended June 30, 1997 through June 30, 2008. Our services included assistance with the preparation of the State Controller's Report.

2) City of Corona

Client Contact: Judy Perry, Assistant Finance Director  
400 S. Vicentia Avenue  
Corona, CA 92882  
(951) 736-2327

## BEAUMONT CHERRY VALLEY WATER DISTRICT

The City of Corona is a large, full-service City located in the Inland Empire. Its services (and enterprise funds) include **water, wastewater**, solid waste and electric. The City's water utility serves approximately 43,000 customers, and includes a recycled water system. Our firm conducted the annual audit for the City, its Redevelopment agency, the Corona Utility Authority, and the Trip Reduction Fund for the fiscal years ended June 30, 2005 through 2008. Our services included a Single Audit, assistance in obtaining the CSMFO and GFOA financial statement awards, assistance with the implementation of new GASB standards, and additional agreed-upon procedures engagements relating to investment practices and waste franchise agreements. There were approximately four staff involved in these audits.

### 3) Otay Water District

James Cudlip, Accounting Manager  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978-2096  
(619) 670-2250

The Otay Water District was formed in 1956 under the Municipal Water District Act of 1911 for the purpose of providing water and sewer services to the southeastern portion of San Diego County, serving more than 47,000 customers. Our firm conducted the annual audit for the District for the years ended June 30, 2004 through June 30, 2008. Our services included assistance with the implementation of GASB 34 and conversion of the District's financial statements to a full award winning Comprehensive Annual Financial Report.

### 4) South Orange County Wastewater Authority

Client Contact: Michael Demaree, CFO  
34156 Del Obispo Street  
Dana Point, CA 92629  
(949) 234-5415

In 2001, the Aliso Water Management Agency, South East Regional Reclamation Authority, and South Orange County Reclamation Authority were consolidated to form South Orange County Wastewater Authority (SOCWA). SOCWA was formed under a joint exercise of powers agreement between ten member agencies for the operation and maintenance of facilities for the transmission, treatment and disposal of wastewater in the South Orange County region. Our firm conducted the annual audit for the Authority for the years ended June 30, 2003 through 2008, including preparation of the State Controller's Report and assistance with GASB Statement No. 34 implementation.

# BEAUMONT CHERRY VALLEY WATER DISTRICT

## **Scope of Services**

In general, the scope of this project will be to perform an in-depth evaluation of the District's financial reporting process. This will involve a review of the District's current policies and procedures regarding financial reporting, and gaining an understanding of the District's operations and environment, including its internal control over financial reporting and compliance with laws and regulations. Internal control includes the selection and application of accounting policies and procedures, while considering the size and complexity of the District, along with other components. This project will involve a preliminary assessment of the controls over the financial reporting process to determine which areas warrant a more focused and in-depth analysis.

Our overall objective will be to issue a report describing our findings and recommendations. Our recommendations will focus on improving and strengthening the financial reporting process, as applicable. This will include recommendations for improving internal control over financial reporting and safeguarding the District's assets, as well as the efficiency and effectiveness of accounting operations and procedures.

The engagement partner is a working partner and will be involved throughout the engagement. He will assume overall responsibility for services provided to the Beaumont Cherry Valley Water District. The engagement partner will be responsible for the primary portion of the fieldwork, including preparation of all reports. Staff will perform fieldwork under the supervision of the engagement partner.

Shortly after our appointment as consultants, we will schedule a planning meeting (can be done by telephone) during which we will discuss any special concerns, needs and the timing of the engagement with appropriate members of District staff. We will keep the District informed of the status of our engagement, along with any significant issues encountered during the project.

Assistance anticipated from District staff will include answering operational questions, providing copies and/or access to various policies and procedures.

## **Insurance**

We will provide the necessary certificates of insurance as listed in the RFP, if selected for this project.

## **Accounting Services**

In addition to government audit and consulting services, our firm provides various accounting services to governmental agencies similar to yours. Our experience has indicated that, for smaller organizations, our accounting services can prove to be beneficial and cost effective in the long run. For example, if desired,

## BEAUMONT CHERRY VALLEY WATER DISTRICT

our firm could be contracted to oversee your accounting function to help ensure accounting records are accurately maintained throughout the fiscal year. This could include reviewing the work performed by the District's accounting staff on a periodic basis and in preparation for the annual audit, to help ensure adherence to current accounting principles, laws and regulations. Our firm's significant level of experience in government accounting and auditing may add to the level of internal control over the Organization's finances, and provide for consistent, timely and accurate financial reporting. In addition, the Partner in charge of these services is a Certified Fraud Examiner, and has significant resources available in establishing effective fraud prevention and detection programs.

If you desire to contact our references regarding our accounting services, we provide similar services to the following organizations:

Elsinore Murrieta Anza Resource Conservation District

Contact Person: Vicki Long (951) 698-9366  
21535 Palomar Road  
Wildomar, California 92595

Inland Empire Resource Conservation District

Contact Person: Jennifer Ares (909) 799-7407, ext. 102  
25864-K Business Center Drive  
Redlands, California 92374

If the District is interested in contracting our firm for oversight of your accounting function, we will be happy to discuss it with you and provide our rates for these services.

### **Project Fees**

We estimate our fees for the services described in this proposal will range from \$8,000 to \$10,000. Our fees will be based on the following hourly rates:

Partner	\$190/hour
Manager	\$150/hour
Senior	\$100/hour

A final billing will be submitted upon delivery of all required reports. No billings will be made for out-of-pocket expenses or any other expenses such as typing, clerical, printing or travel costs.

**APPENDIX A**





CERTIFIED PUBLIC ACCOUNTANTS

August 1, 2008

To the Shareholders  
Teaman, Ramirez & Smith, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Teaman, Ramirez & Smith, Inc. (the firm) in effect for the year ended May 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements including audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

2856 Arden Way, Suite 200  
Sacramento, CA 95825-1379  
Tel (916) 481-2856  
Fax (916) 488-4428  
<http://www.dhscpa.com>

Teaman, Ramirez & Smith, Inc.

August 1, 2008

Page 2

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In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Teaman, Ramirez & Smith, Inc. in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

*Damore, Hamric & Schneider Inc*

DAMORE, HAMRIC & SCHNEIDER, INC.

Certified Public Accountants

**APPENDIX B**

## BEAUMONT CHERRY VALLEY WATER DISTRICT

Greg W. Fankhanel, CPA, CFE, Municipal Audit Partner

Mr. Fankhanel has twenty years' experience auditing California governmental agencies. He is a member of the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California Society of Municipal Finance Officers, the Association of Government Accountants, the California Society of Certified Public Accountants, the Association of Certified Fraud Examiners, and is currently the chairman of the Governmental Accounting and Auditing Committee of the Inland Empire Chapter of the California Society of Certified Public Accountants.

Mr. Fankhanel serves as an instructor for our in-house continuing education program. He is also a Certified Fraud Examiner, which involved passing a four-part exam covering various fraud issues, and demonstrating sufficient education and professional experience. Mr. Fankhanel received his Bachelor of Business Administration Degree from the University of Hawaii in 1986.

The following is a partial list of Mr. Fankhanel's governmental auditing experience:

<u>Client Name</u>	<u>Fiscal Year(s)</u>	<u>Client Name</u>	<u>Fiscal Year(s)</u>
Town of Apple Valley*	02-03 thru 07-08	Indio Redevelopment Agency	88-89 thru 91-92
Apple Valley Redevelopment Agency	02-03 thru 07-08	City of La Puente*	01-02 thru 05-06
City of Banning*	94-95 thru 96-97	La Puente Redevelopment Agency	01-02 thru 07-08
Banning Redevelopment Agency	94-95 thru 96-97	Lake Elsinore and San Jacinto	
City of Big Bear Lake*	88-89 thru 89-90	Watersheds Authority	05-06 thru 07-08
Big Bear Lake Improvement Agency	88-89 thru 89-90	City of Loma Linda*	88-89 thru 90-91
City of Capitola	05-06	City of Moorpark	06-07 thru 07-08
Citrus Pest Control District No. 2	95-96	Riverside County Assessment	
Coachella Valley Mosquito		Districts 159 & 161	94-95
Abatement District	89-90 thru 92-93	Riverside County Community	
Coachella Valley Mosquito and		Facilities District 87-1 & 88-8	94-95
Vector Control District	02-03 thru 06-07	Riverside County Economic	
Coachella Valley		Development Corporation	1990
Public Cemetery District	93-94 thru 95-96	Riverside County Regional Park &	
Coachella Valley Recreation		Open Space District	91-92 thru 93-94
and Park District	88-89 thru 90-91	City of San Jacinto*	88-89 thru 89-90
Coachella Valley Resource		San Jacinto Redevelopment Agency	88-89 thru 89-90
Conservation District	90-91 thru 93-94	Santa Ana Watershed Project	
City of Corona*	04-05 thru 07-08	Authority	05-06 thru 07-08
Corona Redevelopment Agency	04-05 thru 07-08	City of Santa Paula	05-06 thru 07-08
Cove Communities Public Safety		Saticoy Sanitary District*	95-96 thru 01-02
Commission	89-90	City of Solvang	97-98 thru 04-05
City of Dana Point*	96-97 thru 05-06	South Orange County Wastewater	
City of Desert Hot Springs	06-07 thru 07-08	Authority	02-03 thru 07-08
City of Diamond Bar*	89-90 thru 93-94	Southern Coachella Valley Community	
Encina Wastewater Authority	00-01 thru 02-03	Services District	90-91 thru 93-94
City of Escondido*	98-99 thru 99-00	Thermal Sanitary District	95-96

## BEAUMONT CHERRY VALLEY WATER DISTRICT

Escondido Community Development Commission	98-99 thru 99-00	Triunfo Sanitation District	99-00 thru 01-02
City of Galt	97-98 thru 99-00	Valley Sanitary District	91-92 thru 94-95
Galt Redevelopment Agency	97-98 thru 99-00	Ventura Regional Sanitation District	94-95 thru 01-02
City of Grand Terrace*	92-93 thru 95-96	Victor Valley Wastewater Reclamation Authority*	89-90 thru 95-96
Grand Terrace Redevelopment Agency	92-93 thru 95-96	Water Replenishment District of Southern California*	01-02 thru 02-03
City of Indian Wells	89-90	West Valley Mosquito & Vector Control District	02-03 thru 05-06
Indian Wells Redevelopment Agency	89-90	Western Municipal Water District	96-97 thru 05-06
City of Indio*	88-89 thru 91-92	City of Yucaipa	07-08
Indio Civic Center Authority	89-90		

\* Single Audit Procedures performed

For the licensing period ending January 2008, he had 105 hours of continuing professional education (CPE) including 56 hours of governmental training and 29 hours of fraud related courses. He had for the licensing period ending January 31, 2006, 85 total hours of CPE with 60 hours in governmental training. He had for the licensing period ending January 31, 2004, 98 total hours of CPE with 74 hours in governmental training. Included in this training is continuing education provided by the AICPA, GFOA, ACFE and CSMFO.

### Richard A. Teaman, CPA, CGFM, Consulting Audit Partner

Rich Teaman has twenty-five years' experience auditing governments in California. He is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, the California Society of Municipal Finance Officers, the California Society of Certified Public Accountants (CSCPA), California Special Districts Association, the Government Finance Officers Association, the Association of Local Government Auditors, the Association of Certified Fraud Examiners, the Professional and Technical Standards Committee of the California Society of Municipal Finance Officers and was the chairman of the Governmental Accounting and Auditing Committee of the Citrus Belt Chapter (now the Inland Empire Chapter) of the California Society of Certified Public Accountants from 1991 to April 1997. He was the chairman of the Governmental Accounting and Auditing committee of the California Society of Certified Public Accountants at the state level from 2004 to 2006. He currently is the Co-Chairman of the California Committee on Municipal Accounting (a joint committee of representatives of the League of California Cities and the California Society of Certified Public Accountants). He was part of a five-person final review board that evaluated financial statements under the California Award Program of the Professional and Technical Standards Committee of CSMFO and, as such, was responsible for the revision of the reviewer's checklist from 1993 to 1996. He was also the President for the Citrus Belt Chapter of the California Society of Certified Public Accountant for the 1999-00 fiscal year, Vice President during the 1997-98 and 1998-99 fiscal years, Treasurer during the 1996-97 fiscal year and Board Member during the 1995-96 fiscal year. Mr. Teaman is also an instructor

## BEAUMONT CHERRY VALLEY WATER DISTRICT

for our in-house continuing education program and has been an instructor for the California Society of Certified Public Accountants.

Mr. Teaman received his Bachelor of Science Degree in Business Administration with a concentration in Accounting from California State University, San Bernardino. He is currently licensed to practice as a CPA in California.

Mr. Teaman's governmental auditing experience includes the following cities, redevelopment agencies and special districts:

<u>Client Name</u>	<u>Fiscal Year(s)</u>	<u>Client Name</u>	<u>Fiscal Year(s)</u>
City of Banning*	94-95 thru 96-97	Mammoth Community Water District	04-05 thru 07-08
Banning Redevelopment Agency	94-95 thru 96-97	March Inland Port Airport Authority	97-98 thru 07-08
City of Big Bear Lake*	83-84 thru 89-90	March Joint Powers Authority	94-95 thru 07-08
Big Bear Lake Fire Protection District	83-84 thru 89-90	March Joint Powers – Caretaker	96-97 thru 04-05
Big Bear Lake Improvement Agency	83-84 thru 89-90	March Joint Powers – RDA	96-97 thru 07-08
City of Blythe	92-93 thru 07-08	March Joint Powers Utility Authority	03-04 thru 07-08
Blythe Public Finance Authority	97-98 thru 07-08	City of Needles*	88-89 thru 92-93
Blythe Redevelopment Agency	92-93 thru 07-08	Needles Public Financing Authority	91-92 thru 92-93
Carpinteria Sanitary District	05-06 thru 07-08	Needles Redevelopment Agency	88-89 thru 92-93
Channel Islands Beach Community Services District	00-01 thru 07-08	City of Ontario*	94-95 thru 96-97
Citrus Pest Control District	98-99 thru 07-08	Ontario Redevelopment Financing Authority	94-95 thru 96-97
City of Coachella*	06-07 thru 07-08	Otay Water District	03-04 thru 07-08
Coachella Fire Protection District	06-07 thru 07-08	City of Palm Desert*	84-85 thru 90-91
Coachella Redevelopment Agency	06-07 thru 07-08	Palm Desert Redevelopment Agency	84-85 thru 90-91
Coachella Sanitary District	06-07 thru 07-08	Palm Springs Civic Center Authority	84-85 thru 88-89
Coachella Water Authority	06-07 thru 07-08	Palo Verde Cemetery District	02-03 thru 06-07
Coachella Valley Association of Governments	83-84 thru 87-88	Palos Verdes Peninsula Transit Authority	92-93 thru 93-94
Coachella Valley Joint Powers Insurance Authority	85-86 thru 88-89	City of Perris*	97-98 thru 07-08
Coachella Valley Mosquito Abatement District	84-85 thru 92-93	Perris Public Financing Authority	97-98 thru 07-08
Coachella Valley Mosquito and Vector Control District	96-97 thru 97-98	Perris Redevelopment Agency	97-98 thru 07-08
Coachella Valley Public Cemetery District	93-94 thru 07-08	Pine Cove Water District	83-84 thru 07-08
Coachella Valley Recreation and Park District*	84-85 thru 90-91	City of Rancho Mirage*	88-89 thru 90-91
City of Colton*	84-85 thru 87-88	Rancho Mirage Parkview Villas	90-91 thru 94-95
Colton Redevelopment Agency	84-85 thru 87-88	Rancho Mirage Redevelopment Agency	88-89 thru 90-91
City of Corona*	83-84 thru 89-90	Retired Senior Volunteer Program	1985 thru 1991
Corona Redevelopment Agency	83-84 thru 89-90	City of Riverside*	83-84 thru 86-87
City of Dana Point	97-98 thru 99-00	Riverside Civic Center Authority	96-97 thru 01-02
Desert Resorts Regional Airport Authority	98-00 thru 05-06	Riverside County Desert Judicial District	87-88 thru 88-89
City of Diamond Bar	89-90 thru 93-94	Riverside County Flood Control & Water Conservation District	04-05 thru 07-08
		Riverside County Redevelopment Agency	91-92 thru 07-08
		Riverside County Judicial District	88-89 thru 89-90

## BEAUMONT CHERRY VALLEY WATER DISTRICT

East Valley Resource Conservation District	97-98 thru 99-00	Riverside County Regional Park & Open Space District	91-92 thru 07-08
City of El Segundo	96-97 thru 98-99	Riverside County Transportation Commission	84-85
Elsinore Valley Municipal Water District	95-96 thru 02-03	Riverside County Regional Park & Open Space District	91-92 thru 07-08
City of Escondido	98-99	Riverside Parking Authority	84-85 thru 85-86
Escondido Community Development Commission	98-99	Riverside-San Bernardino Housing & Finance Agency	02-03 thru 07-08
Fern Valley Water District	02-03 thru 07-08	Riverside Transit Agency*	84-85 thru 85-86
City of Galt	97-98	City of San Bernardino*	83-84 thru 84-85
Escondido Community Development Galt Redevelopment Agency	97-98	San Bernardino County Chino Civic Center Authority	84-85 thru 00-01
Goleta Sanitary District	97-98 thru 07-08	San Bernardino Associated Governments	83-84 thru 85-86
City of Grand Terrace	92-93 thru 94-95	City of San Jacinto*	83-84 thru 87-88
Grand Terrace Redevelopment Agency	92-93 thru 94-95	San Jacinto Redevelopment Agency	83-84 thru 87-88
City of Hemet*	84-85 thru 85-86	San Jacinto Mountain Area Water Study Agency *	83-84 thru 88-89
Hemet Redevelopment Agency	84-85 thru 85-86	City of Solvang	97-98
Home Gardens Sanitary District	84-85 thru 86-87	Southern Coachella Valley Community Services District	87-88 thru 07-08
Idyllwild Water District	84-85 thru 88-89	Sunline Transit Agency *	84-85 thru 87-88
City of Indian Wells	83-84 thru 86-87	Twentynine Palms Water District	96-97 thru 07-08
Indian Wells Redevelopment Agency	83-84 thru 86-87	Valley Sanitary District	91-92 thru 07-08
City of Indio	84-85 thru 90-91	Ventura Regional Sanitation District	94-95 thru 00-01
Indio Civic Center Authority	84-85 thru 88-89	Victor Valley Wastewater Reclamation Authority	89-90 thru 95-96
Indio Redevelopment Agency	84-85 thru 90-91	Western Municipal Water District	96-97 thru 98-99
Jacqueline Cochran Regional Airport Authority	03-04	Town of Yucca Valley	95-96 thru 00-01
City of Lake Elsinore*	93-94 thru 03-04	Yucca Valley Community Center Authority	95-96 thru 00-01
Lake Elsinore Redevelopment Agency	93-94 thru 03-04	Yucca Valley Financing Authority	95-96 thru 00-01
Lake Elsinore Public Financing Authority	93-94 thru 03-04	Yucca Valley Redevelopment Agency	95-96 thru 00-01
Lake Elsinore Recreation Authority	96-97 thru 03-04		
City of Loma Linda*	83-84 thru 89-90		
Loma Linda Redevelopment Agency	83-84 thru 89-90		

\*= Single Audit Procedures performed

Mr. Teaman has for the licensing period (licenses are renewed every two years) beginning September 1, 2006, 95 hours of continuing professional education (CPE) with 29 hours in government training. Included in this training were the CSMFO Annual Conference in Modesto, California and California Society of Certified Public Accountants classes, Auditing: Practical Application of Current Standards, Accounting and Auditing with Excel, Ethics, Taxes, Financial Reporting and Practical Update for Financial Accounting & Auditing, Audit Risk Assessment Standards – Key Concepts, Applying the Assertion Based Audit Risk Model, Applications of Common Issues for Compilation & Review and Audit Standards Update: The New Audit Risk Assessment Standards.

During the prior licensing period Mr. Teaman had 120 hours of continuing professional education (CPE) with 74 hours in governmental training. Included in this training was the CSMFO Annual conference in Burlingame, California, the CSMFO Annual conference in Palm Springs, California, GFOA'S 9<sup>th</sup> and

## **BEAUMONT CHERRY VALLEY WATER DISTRICT**

10<sup>th</sup> Annual Governmental GAAP Update and California Society of Certified Public Accountants classes, Compilation and Review - Current Issues, Governmental Audit Skills, Searching for Fraud: Assessing Risk and Addressing Red Flags, Auditing Standards: A Comprehensive Review With Overviews of Attestation and Other AICPA Standards.

More detailed information can be provided upon request.

### Laurie K. Marscher, CPA, Manager

Ms. Marscher has sixteen years of experience auditing governmental, not for profits, pension plans and small corporations. She is a member of the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CSCPA). She received her Bachelor of Science Degree in Business Administration with a concentration in accounting, from California State University, San Bernardino (CSUSB) and has been licensed as a CPA in California since 1993. Ms. Marscher has for the licensing period beginning December 1, 2006, 20 hours of continuing professional education with 20 hours in government training. She had for the licensing period ending November 30, 2006, 80 total hours of continuing professional education (CPE) with 30 hours in governmental training. Included in this training is continuing education provided by the AICPA, CSCPA Education Foundation, GFOA and CSUSB Department of Extended Education.

### Brett Van Lant, Senior Accountant

Mr. Brett Van Lant has two years of experience auditing California governmental agencies. Mr. Van Lant received his Bachelor of Science Degree from California State University, San Bernardino, California.

Mr. Van Lant's governmental auditing experience includes several cities, redevelopment agencies and special districts, including the South Orange County Wastewater Authority. Mr. Van Lant has for the two years ending December 31, 2008, 75 total hours of continuing education with 38 hours in governmental training.







**Vavrinek, Trine, Day & Co., LLP**  
certified public accountants and consultants

# **Proposal to Provide A Financial Overview For the Beaumont Cherry Valley Water District**

**Partner Contact – Joe Aguilar**

**Vavrinek, Trine, Day & Co., LLP**  
8270 Aspen Street  
Rancho Cucamonga, CA 91730  
(909) 466-4410 Fax (909) 466-4431  
Email: [jaguilar@vtdcpa.com](mailto:jaguilar@vtdcpa.com)

**August 5, 2009**



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## Letter of Transmittal

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August 5, 2009

Anthony Lara, District Manager  
Beaumont Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, CA 92223

Dear Mr. Lara:

We are pleased to respond to the Request for Proposal to provide services for the Beaumont Cherry Valley Water District. We have addressed each of the specifications, as included in your Request for Proposal. We feel that Vavrinek, Trine, Day & Co., LLP is the best selection for the Beaumont Cherry Valley Water District. This proposal demonstrates our capability and commitment to serve.

Vavrinek, Trine, Day & Co., LLP provides governmental reviewing services to over 300 governmental agencies. We currently provide services to numerous governmental agencies and throughout California, including, but not limited to the Water Facilities Authority, the County of San Bernardino, the Yucaipa Valley Water District and the Jurupa Community Services District. We understand the requirements, as described in the Request for Proposal, and understand that the District desires a timely analysis conducted in a professional manner. Vavrinek, Trine, Day & Co., LLP has devoted a substantial amount of time and resources developing our governmental practice. Our governmental clients are provided with efficient and timely engagements. Our expertise in this industry has positioned us to be one of the leading firms in governmental finance throughout California.

Vavrinek, Trine, Day & Co., LLP places within the top three California based CPA firms. We employ over 200 individuals, including approximately 150 professionals. We currently have five offices located throughout California. The offices are located in Rancho Cucamonga (company headquarters), Pleasanton, Palo Alto, Fresno, and Laguna Niguel. Our staff in the Rancho Cucamonga Office will have the primary responsibility in servicing the engagement at the Beaumont Cherry Valley Water District.

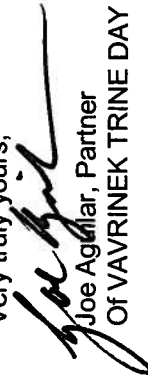


## Letter of Transmittal

Our staff, who will be assigned to the financial overview analysis, are experienced governmental professionals that have performed various operational studies similar to the one being sought by the Beaumont Cherry Valley Water District. Each of our staff bring experience that allows for a new outlook to the engagement with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the District. The choice of a firm should be primarily based upon staff. Vavrinek, Trine, Day & Co, LLP is an Equal Opportunity Employer. The day to day work of the engagement will be handled by Mr. Joe Aguilar. Partner involvement is the key to the engagement's success. Your partner in charge of the engagement will spend time on site to ensure communication lines remain open, to ensure that there is an ongoing consistency of staff, and to ensure that the District's expectations are met.

We hope that as you read through this proposal, you recognize the philosophy of our firm which is to provide each of our clients with exceptional service, experienced staff, and an engagement approach that will fit your needs. Our dedication to quality, professional standards and service are unmatched in the industry. Thank you for providing us the opportunity to present our proposal. Our proposal of cost for services expressed in the proposal is a firm, irrevocable offer for 60 days. Should you have any questions, please feel free to call me at (909) 466-4410.

Very truly yours,



Joe Aguilar, Partner  
Of VAVRINEK TRINE DAY & CO., LLP



## Firm Profile

**Vavrinek, Trine, Day & Co., LLP (VTD)** is a large regional firm with offices located in Rancho Cucamonga, Pleasanton, Palo Alto, Fresno, and Laguna Hills, and is organized in the form of a limited liability partnership. The firm, comprised of 32 partners is directed by a managing partner and separate managing partners for each office.

Firm Managing Partner: Mr. Ron White (Rancho Cucamonga Office)

### VTD

Office Managing Partners:

*Value the Difference*

Rancho Cucamonga :	Mr. James Balsano
Pleasanton:	Ms. Terry Montgomery
Palo Alto:	Mr. Richard Blake
Fresno:	Mr. Bill Williams
Laguna Niguel:	Mr. Ken Johnson



## Firm Profile

### *History and founding date of our firm*

Vavrinek, Trine, Day & Co., LLP was established in 1948. Our firm now offers a full range of services for several different lines of businesses throughout California. Proudly, our governmental practice is a key to our firm's success. VTD has experienced a solid 61 years of growth and commitment to client service. We now have 32 partners and rank in the top three California based CPA firms.

**VTD**

*A solid 61 years of growth*

### *Firm Size and Client Base*

Vavrinek, Trine, Day & Co., LLP is a leader in several different areas including but not limited to governmental reviewing and consulting, banking, commercial, and tax. Vavrinek, Trine, Day & Co., LLP is a large regional firm with our headquarters located in Rancho Cucamonga. We currently have a total staff of over 200 individuals, of which, approximately 75% are devoted to the firm's governmental review and consulting practice. As governmental accounting is one of our primary practice areas, we do not use governmental clients to fill our down time. Our governmental review and consulting practices provide a year-round client base for VTD.

**VTD**

*A large regional firm*



# Firm Profile

## Serving the Beaumont Cherry Valley Water District

Our Rancho Cucamonga Offices will have the responsibility of serving the Beaumont Cherry Valley Water District. Further, we have assembled a multi-faceted team of professionals to serve the District. This will enable us to meet all of the service requirements of the District within a timely and professional manner. Other practice groups within our firm offer the following services:

### VTD

*A multifaceted team of professionals*

- **Governmental Consulting** VTD currently provides services to more than 300 governmental agencies throughout California, including the Yucaipa Valley Water District, Jurupa Community Services District, County of San Bernardino, County of Orange, City of Palmdale, the City of Atwater and the City of Lincoln. Some of our services include: auditing services, operational audits, fraud investigations, internal control studies and financial advisory services.
- **Banking** VTD currently provides auditing services to more than 80 independent banks throughout California. Our banking clients have assets ranging from \$50 million to in excess of \$3 billion dollars.
- **Commercial** VTD is a leader in all areas including that of providing auditing and consulting services to commercial companies. Companies chose VTD for professional services from inception to maturity.
- **Tax** VTD has a commitment to serve all clients. Our commitment to our clients includes offering professional tax preparation and planning services. Each of our offices have tax partners with a complete tax practice to meet the needs of our clients.





## Firm Profile

### *Professional Associations*

We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and we have registered with the Public Companies Accounting Oversight Board. In addition, our firm is a member of the AICPA's Governmental review Quality Center

We are active members in the Governmental Finance Officers Association (GFOA) and attend training seminars provided by the GFOA, the California Redevelopment Association, California Society of Municipal Finance Officers (CSMFO), and the League of California Cities, and on a regular basis. We are able to provide the Beaumont Cherry Valley Water District with updates of new state and national issues affecting municipal finance standards and trends, including changes in federal/state accounting and reporting requirements.



## Firm Profile

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### *Professional Services*

Vavrinek, Trine, Day & Co., LLP provides several services to our clients. Some of our additional services consist of:

- ▣ Interim Director Services
- ▣ Internal Auditing
- ▣ Internal Control Reviews
- ▣ Fee and User Studies
- ▣ Indirect Cost Studies
- ▣ Budget Reviews
- ▣ Auditing Services
- ▣ Arbitrage and Tax Consulting



## Firm Profile

### *Our Commitment to Quality*

*VTD  
Committed to Quality*

**Vavrinek, Trine, Day & Co., LLP continues to meet the SEC Private Companies Practice Section requirements by having its accounting and reviewing practice be subject to the scrutiny of a peer review program.** The peer review program is very important to us because we feel that our aim is to provide our partners and professional staff with the knowledge and talent which is necessary to provide exceptional services to our clients. We also require that the peer review performed be in accordance with the American Institute of Certified Public Accountants (AICPA) standards to allow us to be a member of the Private Companies Practice Section of the AICPA.

**Vavrinek, Trine, Day & Co., LLP is licensed to practice public accounting in the State of California and has complied with all applicable California Board of Accountancy requirements.** In addition, we have had no regulatory or legal actions which have been taken against our firm.

**To assist us in our quality assurance program Vavrinek, Trine, Day & Co., LLP participates in a peer review program.** As a member of this program, our review procedures, working papers, and overall firm quality is examined on a regular basis by another CPA firm. As part of the quality control review, all aspects of the Firm are examined, including our commitment to extensive governmental training for all professional staff. All professional staff receive at least 24 hours per year of continuing professional education (CPE) relating to governmental reviewing and accounting.



# Engagement Team

Vavrinek, Trine, Day & Co.'s engagement team is comprised of key personnel who have first-hand knowledge and experience working with District operational reviews.

The staff for the proposed review services will include:

- Joe Aguilar                      Engagement Partner
- Roger Alfaro                    Engagement Partner
- Brent Miller                     Project Manager
- Brent Kuhn                      Project Leader
- Other Staff                      To be assigned

VTD

*Our staff sets us  
apart from our  
competition*

## Staff Continuity, Retention, and Training

The Consulting Group at our firm has experienced very little turnover within the past five years. All of the managing staff that have been selected for your engagement team have at least 12 years of governmental experience. We strive to maintain a workplace that encourages our staff to stay with Vavrinek, Trine, Day & Co.



## Engagement Team

The Vavrinek Trine Day & Co., LLP engagement team has been selected to meet all of your expectations. The team has worked together on numerous governmental assignments and will provide the level of service, which is deserved by the District. We feel the technical qualifications of the personnel selected for this engagement and the qualifications of the Firm allow us to provide the District with a comprehensive analysis of the highest quality. Resumes can be found in appendices for the key members of the review team. Each resume provides information on continuing professional education and membership in professional organizations.

**Engagement Partner:** Mr. Joe Aguilar has been with Vavrinek, Trine, & Day & Co., LLP for the past 14 years and has over 31 years of governmental finance experience. Mr. Aguilar oversees one of our consulting divisions that specializes services to special districts, cities and counties. Mr. Aguilar spent numerous years working for public agencies in operational administration including tenure as a finance director for two cities. During his career he obtained his securities licenses and worked as a vice-president for an investment banking firm packaging municipal bonds. Mr. Aguilar currently directs numerous engagements each year including internal control reviews, interim finance director work, accounting services and operational consulting. Mr. Aguilar holds a considerable amount of expertise in the areas of operations including redevelopment, airports, mobile-home parks, and utility systems.

**Engagement Partner:** Mr. Roger Alfaro has worked in the accounting industry for the past 12 years including positions with Vavrinek Trine Day & Co., LLP, KPMG Peat Marwick and the City of Corona. Most recently, he is an audit partner with VTD and serves as an engagement partner on the Yucaipa Valley Water District, County of Ventura and the County of Orange. Mr. Alfaro also worked in our consulting division for several years including assignments at the City of Modesto, San Mateo County Transit, City of Newport Beach and the City of Burbank Department of Water and Power. Mr. Alfaro has had primary responsibility in training and directing our general government audit division that performs annual audits at special districts, counties, cities and redevelopment agencies.

**Project Manager:** Mr. Brent Miller, has been with Vavrinek, Trine, Day & Co., LLP for eleven years. Mr. Miller has provided a wide variety of professional services to municipalities, not-for-profit organizations, higher education and other local municipalities, including the Water Facilities Authority, Yucaipa Valley Water District, Jurupa Community Services District and the City of Palmdale.

**Resumes:** Resumes for each team member can be found in the Appendix section.



## Similar Engagements and References

VTD is proud of our high percentage of retained clients. We encourage you to contact our clients and get their feedback regarding our service, staff, partner involvement, and our ability to meet strict timelines. (Additional references can be provided upon request.)

**City of Atwater**  
750 Bellevue Road  
Atwater, CA 95301  
**Contact Greg Wellman (209) 357-6300**

Scope of work: Financial Overview &  
Interim Finance Director  
Timeframe: April 2004 to April 2005  
Engagement Team Member: Joe Aguilar

**City of Elk Grove**  
8401 Laguna Palm Way  
Elk Grove, CA 95758  
**Contact Frank Oviedo (916) 683-7111**

Scope of work: Interim Finance Director  
Timeframe: April 2007 to November 2007  
Engagement Team Member: Joe Aguilar

**Water Facilities Authority**  
1775 N. Benson Avenue  
Upland, CA 91784  
**Contact Glen Duncan (909) 590-3423**

Scope of work: Financial Services  
Timeframe: 1998 to Present  
Engagement Team Member: Brent Miller & Joe Aguilar

**Yucaipa Valley Water District**  
P. O. Box 730  
Yucaipa, CA 92399  
**Contact Vicki Elisalda (909) 797-6416**

Scope of work: Annual Audit  
Length of contract: June 2006 to Present  
Engagement Team Member: Roger Alfaro



## Work Approach and Scope

- VTD shall perform an operational analysis consisting of a review of the historical financial performance, organizational setup, communication methods, and existing practices, policies and procedures. An analysis of the effort to produce quality financial statements and periodic financial reports will be prepared by VTD presenting findings and alternatives for consideration by District officials.
- VTD shall review the current processes and organizational resources devoted to financial reporting and proposed a reallocation of resources to the highest needs. As a part of the analysis, VTD shall identify potential opportunities to enhanced and streamline reporting processes.
- VTD shall conduct an analysis of adequacy of the District's basic financial operations and generation of financial reports and provide alternative ways for accomplishing user friendly reports for management staff. Typical sample reports will be identified and traced back to the District's ability to generate such reports from existing resources.
- The benefits and downsides of each alternative will be identified. Based on District objectives, we will develop an outline for policies, procedures, guidelines and minimum requirements that will optimize the District's opportunity for success.



## **Work Approach and Scope**

We understand the scope of services requested by the Beaumont Cherry Valley Water District. The Beaumont Cherry Valley Water District has requested that the following reports be issued by the VTD:

- Upon completion by VTD of the physical assessment and operational analysis, VTD shall identify a strategic plan consisting of recommended alternatives that will effect an enhanced/improved the financial operation of the District.
- Ten copies of an executive summary and a complete final report will be prepared and submitted. VTD will be available to present the final report at a public meeting and answer questions and/or respond to any elements of the report to the Beaumont Cherry Valley Water District.





## Work Approach and Scope

### ***Planning phase -***

Vavrinek, Trine, Day & Co., LLP will meet with the District's key staff to plan out the engagement. These meetings will discuss any existing issues and the proposed work plan. During this phase, we will accomplish:

- Identifying the key personnel and contacts at the District
- Identifying the District's responsibility for the financial processes
- Understanding the District's flow of transactions and operations
- Finalizing the timeframes for fieldwork



## Work Approach and Scope

### ***Partner Involvement***

Our work approach differs from that of other CPA firms. We believe that partner involvement is an extremely important aspect of each engagement. To provide you with the assurance that we will provide an outstanding product, the partner in charge of the engagement will spend time in the field working on the District's review. Thus, he will be available to answer client and staff questions in a timely manner. This will also ensure that the assignments are conducted in an efficient and effective manner with the least amount of interruptions for District staff. Meaningful partner involvement is important to allow the client to have the ability to discuss potential findings and recommendations and/or problem areas.

### ***Problems that may be encountered in the field***

As discussed above, the partner will spend time in the field during the engagement. This will assist with any issues that may be encountered. Most issues can be dealt with quickly by simply communicating with the appropriate person at the District. If we become aware of irregularities and/or illegal acts, these instances would be reported to the appropriate District official. We do not anticipate these types of issues to arise, but we are capable of addressing these situations in a professional manner.

### ***Our communication with the District will also include:***

- Significant operational policies
- Major issues discussed with management
- Difficulties encountered during the engagement



## Price for Services

We estimate not to exceed a fee of \$24,000 for the engagement. Our firm will make progress billings on a monthly basis based upon hourly billing rates as follows:

Partner	\$190
Manager	\$170
Supervisor	\$150
Senior Accountant	\$110
Accountant	\$80



## Appendices

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## Resumes



**Joe Aguilar**  
*Partner*

---

***Length of Service***                      1995 to Present

***Experience***                                      31 years of Financial Experience. 15 years in city government and two years in the investment banking industry.

Has extensively worked in the areas of year-end accounting services, fraud audits, bank reconciliations, cash flows, and arbitrage rebates. Worked as the Director of Finance for two cities with responsibilities over cash management, budgeting, accounting, data processing, debt-management, risk management, purchasing, and various other administrative functions. Also worked as an Assistant Finance Director and Accountant for other government agencies.

Mr. Aguilar has completed several management studies and financial feasibility studies. Provides on-going accounting services and arbitrage compliance assistance to public agencies. A frequent lecturer and speaker on cash management and bonded debt. Formulated first time GFOA award winning annual financial reports (CAFR's) for two different cities. Developed long-range capital improvement plans and financing strategy plans for various public agencies.

Served as a licensed investment banker and a financial advisor for an investment banking firm. Extensive knowledge and background in the areas of bonded debt, internal auditing, redevelopment, Developer fees, Mello-Roos districts, arbitrage rebate calculations, insurance joint powers agencies, and investment strategies.

***Education***                                      Bachelor of Arts - Business Administration  
University of LaVerne, LaVerne, CA

***Affiliations***                                      Government Finance Officers Association (GFOA)  
California Society of Municipal Finance Officers (CSMFO)



# Roger Alfaro, CPA

*Partner*

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***Length of Service***                      2002 to Present

***Experience***                                      More than nine years experience in public accounting.

Worked approximately 3.5 years in a “Big 4 Accounting Firm” providing auditing services to cities, counties, and state agencies. In addition, experience includes consulting and attest services to not-for-profit and manufacturing industries.

Experience includes financial statement audits, single audits of federal major programs, management audits, fee study, cost allocation plans, accounting assistance, internal audit support, attestation, and other special projects for regional and local governments.

Conducted single audits and the audits of basic financial statements for several local governments whose assets exceed \$1 billion.

Advised and assisted many clients with disclosure and financial reporting requirements pursuant to the GFOA certificate program. Mr. Alfaro is a member of the GFOA Certificate Program Special Review Committee.

Served as lead auditor for the San Mateo County Transit District, Santa Clara Valley Transportation Authority, County of Riverside and County of San Bernardino.

***Education***                                      Bachelor of Science - Business Administration  
California State University, San Bernardino, CA

***Affiliations***                                      American Institute of Certified Public Accountants (AICPA)

***Credentials/Awards***                      Certified Public Accountant



# **Brent Miller, CPA**

## *City Consultant*

---

***Length of Service***                      1998 to Present

***Experience***                                      Over 24 years' financial experience, including 15 years with public agencies.

Served as an Accounting Manager and a Senior Accountant for two different cities. Spent 11 years working in municipal government. Responsible for and supervised all accounting functions, including accounts payable, payroll, accounts receivable, collections, month-end and year-end closings. Prepared reports for various governmental agencies and produced monthly reports for City Department Heads and City Council. Responsible for recording all bank accounts. Supervised all the audits and provided data for the auditors. Also had an extensive roll in preparing the annual budget.

Supervised other accountants and technicians. Assisted in preparation of award winning CAFR's from both the CSMFO and the GFOA. Prepared reports for various governmental agencies and produced monthly reports for City Department Heads.

Extensive experience preparing City and Redevelopment Agency State Controller's report, Statements of Indebtedness, Annual Street Reports, and quarterly investment reports. Currently specialize in preparing these reports in addition to arbitrage calculations, year-end closing assistance, interim Finance Director work, bank reconciliations, and proofs of cash. Also, experience preparing Block Grant reports, State Mandated Cost Reimbursement reports, COPS Grant reporting, and State Fuel Excise Tax reports.

***Education***                                      Bachelor of Arts, Accounting  
Goshen College, Goshen, Indiana

***Affiliations***                                      Government Finance Officers Association (GFOA)



**Brent Kuhn**  
*Audit Supervisor*

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***Length of Service***                      1995 to Present

***Experience***                                      Supervised audits for 15 different cities, several county offices of education, school districts, banks, manufacturing, community college districts and nonprofit organizations. Specializes in redevelopment compliance audits, Federal Asset Forfeiture audits, Single Audit compliance, Federal grants, assessment districts, and reviews of internal controls.

Has provided consulting services to a variety of cities in the areas of year end closings, federal asset forfeiture compilations, OCJP grant reconciliations, fiscal agent statement reconciliations, and bank reconciliations. Has worked on several fraud examinations for various governmental clients.

Preparation of individual, partnership, corporate, and nonprofit agency tax returns with a specialty in 501.C.3 entities.

***Education***                                      Bachelor of Science, Accounting  
University of Redlands, CA

***Continuing Education***                      Attends 40 hours a year of governmental audit training plus Special City auditing sessions

***Teaching Opportunities***                      Served as an auditing training instructor in the areas of federal compliance, cash, and internal controls.





# WOLF CPA

Professional Accountancy Corp.

501 E. Citrus Avenue, Suite C  
Redlands, CA 92373  
Phone: 909-335-0040  
Fax: 909-335-2552

July 24, 2009

Beaumont Cherry Valley Water District  
Attn: Anthony Lara  
P.O. Box 2037  
Beaumont, CA 92223-0937



BY: .....

Dear Board of Directors:

We are pleased to present this proposal for services to Beaumont Cherry Valley Water District. This letter is to present the terms and objectives of our engagement and the nature and limitations of the services we will provide.

## Background

As founder and President of Wolf CPA, A Professional Accountancy Corporation, I have created a firm that was founded on the idea of providing a higher level service for a reasonable fee. In my career I have personally seen how a little extra effort and care can yield huge benefits, and the lack thereof can result in missed opportunities, efficiencies and savings. This passion for a "job done right" flows through in all aspects of the services that are provided by me and my staff.

I started my career with various accounting clerk and accounting manager positions. After college, I acquired an accounting position with a small but prestigious firm out of Riverside, Roorda, Piquet and Bessee, Inc. (RPB), where I acquired a wide variety of experience dealing with accounting services of every type in businesses of almost every industry. I started as the lowest paid employee and left as the highest paid non-partner 6 years later. I then served as the controller of an \$18 mil. per year manufacturing firm with 120+ employees, before I decided to start my own firm. That was almost 7 years ago. During this time I've become an expert in accounting processes and have audited several firms up to \$120 mil. per year. My specialties are in construction and manufacturing, but I also have experience in Non-profit and governmental accounting. I am a licensed CPA with the California State Board of Accountancy, a member of the American Institute of Certified Public Accountants (AICPA) a national organization, and carry Professional Liability and Errors and Omission insurance up to \$250,000.

On a personal note, my wife was raised in Cherry Valley and we lived in Beaumont and Cherry valley for several years before moving to Yucaipa, and still consider it a great place to raise a family. My extended family is in the water well drilling and pump business, so I have some exposure to the industry, as well as having clients in the water well drilling and water treatment facility sectors.

Services to be performed

I will personally provide on-site consulting services for Beaumont Cherry Valley Water District. As per your request for financial consulting services, the primary objectives of this engagement are to assist the Interim General Manager in his duties and perform various duties as follows:

1. Review the current financial statements system and access the internal control system in conjunction with the independent Auditors reports
2. Test and assist in reconciling the most current financial statements for material misstatements, if necessary and make adjustments as needed.
3. Make recommendations and help implement pre-approved changes to help develop a sound and stable financial reporting system, in a timely manner.
4. Be available for follow up consultation.

No Compiled, Reviewed or Audited financial statements or tax returns will be prepared except upon request for an additional fee, in accordance with standards established by the American Institute of Certified Public Accountants. All other accounting or tax services will be at our regular hourly or scheduled rates. This is an “at will” contract for services which can be terminated by either party without prejudice.

Our engagement cannot be relied upon to disclose errors, irregularities or illegal acts, including fraud or defalcations that may exist. However, we will inform management of any such matters that come to our attention.

Timing

I will be available to begin this project at your soonest convenience and am flexible on my schedule to be available at least two to three days per week as needed.

Fees

The fees for the above services are estimated to be the following:

Daily consulting fee	\$1,000
Initial deposit (refundable)	\$5,000
Total estimated contract fee based on workload over 60 days	\$25,000 - \$35,000

These estimates are based on our understanding of operations and in-house record keeping and we are pleased to limit our fees to these amounts to the extent that no unforeseen circumstances arise that would cause us to incur significantly more effort. If such a situation should arise, we

would consider it our responsibility to discuss such matters with you before unbudgeted work is performed so that we are in concurrence on how to proceed.

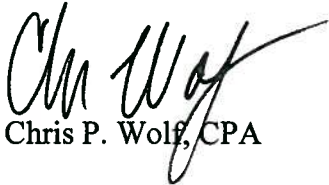
Disputes arising under this agreement (including the scope, nature and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third-party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process.

Fees for other CPA services are billed at our scheduled hourly rates which range from \$80 to \$230 per hour.

\* \* \* \*

Thank you for your consideration and I look forward to meeting you in person and working with you to provide the highest level of service possible. If the above is in accordance with your understanding, please sign a copy of this proposal and return it to my offices.

Yours truly,



Chris P. Wolf, CPA

Acknowledged:

Beaumont Cherry Valley Water District

\_\_\_\_\_  
Anthony Lara - Interim General Manager

\_\_\_\_\_  
Date



**BEAUMONT CHERRY VALLEY WATER DISTRICT**

560 Magnolia Avenue  
Beaumont, CA 92223  
(951)-845-9581

**MEMORANDUM**

August 6, 2009

TO: Tony Lara  
Interim General Manger

FROM: J. Reichenberger *J. Reichenberger*  
District Engineer

SUBJECT: Recycled Water Project Results of Bids for 2800 Zone Reservoirs, Phase I Project

On Wednesday August 5, 2009 bids were received for the 2 Million Gallon 2800 Zone Reservoir, Phase I of the Recycled Water Project. Parsons was the design engineer and was present at the bid opening. The project was advertised in the Riverside Press Enterprise and the "Green Sheet." The bid period was approximately 1 month. A total of 4 bids were received:

Name	Bid Amount
1. Pacific Tank & Construction Inc.	\$1,858,500.00
2. Paso Robles Tank, Inc.	\$2,029,500.00
3. CB&I Inc.	\$2,160,145.00
4. Crosno Construction Inc.	\$2,243,000.00
Engineer's Estimate incl. contingencies	<u>\$2,511,600.00</u>

All of the bids were below the Engineer's Estimate.

This project is being funded by the State of California, Water Resources Control Board under the American Recovery and Reinvestment Act (ARRA or "Stimulus Funding" Program) and as such has specific provisions relative to "Buy American" and the need to demonstrate compliance with Disadvantaged Business Enterprise (DBE) requirements.

Parsons reviewed the bids for conformance with the bidding requirements, checked the extensions and the summations, the bidders' licensing requirements and their experience statements.

Pacific Tank & Construction Inc. is the apparent low bidder. Due to irregularities in their bid proposal, their bid has been rejected. Pacific Tank & Construction failed to include the proper bid form as required by Addendum No.1.

Paso Robles Tank, Inc. is the apparent second low bidder. It is not possible to make a firm recommendation on the second low bidder at this time since the second low bidder has 10 working days after bid opening to submit proof of compliance with DBE “good faith efforts” as required by the federal funding requirements. Once the District has this information, the District, in consultation with the State of California, will make a determination of compliance with the DBE requirements. In the event the second low bidder is not able to comply, the District will request the third low bidder to supply the required the DBE information and, pending a review of that information, recommend award of the contract to the third lowest bidder. The second low bidder will be notified at that time.

Once the District has made a determination of the low bidder, the required bid information will be provided to the State as part of the “Approval of Award” request.

The president of Paso Robles Tank, Larry Wombles, has constructed several steel tanks for the District. He was involved with the construction of the Upper Edgar Tank, Taylor Tank, and Vineland III Tank. All work performed was done satisfactory.

### **Summary**

In summary the District is not able to determine low bidder at this time, but request the Board to grant the Interim General Manager the authority to award the contract to the second low bidder pending submission of required information, or award the contract to the third low bidder in the event the second low bidder is unable to provide required documentation.

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## Memorandum

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**To: Board of Directors**

**Date: August 12, 2009**

**From: Anthony Lara, Interim General Manager**

**Re: Cherry Valley Water Company**

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In 2006, the Stakeholders of the Cherry Valley Water Company (Company) approached Beaumont Cherry Valley Water District (the District) and requested that the District provide them with an emergency water service as the company's well had become inoperable due to Nitrate contamination. Since that time, there have been discussions related to annexing the properties into the District and financing the construction of a new water system in the Company's service area.

In March of this year, the Company again, approached the District and requested that an ad hoc committee be formed in order to restart negotiations related to the annexation and financing. Representatives from both agencies have had discussions related to the financing of the facilities to serve the properties and the issue of whether or not the District will require that each property owner pay facility fees when applying for service.

The District has made the recommendation that the Company contact The California Rural Water Association to get funding assistance to pay for the construction of the water system.

While the District continues to provide service during these negotiations, the service is being provided outside of the District's boundaries and without an Extra Territorial Service Agreement on file with Riverside County LAFCO. In order to complete this process, an application must be submitted by the District. The company must deposit \$10,000 with the District to cover the cost of the application.

**Recommendation**

Direct Staff to proceed with the Extra Territorial Service Agreement with Riverside County LAFCO and request a deposit in the sum of \$10,000.00 from Cherry Valley Water Company to cover the application fee and any other costs.

# Cherry Valley Water Company

A California Non-Profit Corporation

INCORPORATED APRIL 13, 1960  
P.O. BOX 3166  
BEAUMONT, CA 92223  
(714) 845-5655

July 14, 2009

Beaumont Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, California 92223

RECEIVED  
JUL 14 2009

BY: .....

Board of Directors:

Re: Annexation of CVWC into BCVWD

A meeting was held on May 11, 2009 with Director Ross and Director Parks. The Directors were very positive about the annexation, however, there were two new issues raised: the fact that BCVWD did not have the funds to finance our new system, and the issue of a facilities fee.

The issue of a facilities fee has never been mentioned to us when discussing annexation in the past. When Mr. Charles Butcher addressed our shareholders in January 2006 he talked about total costs and said no facilities fee would be charged. When he sent an estimate of the cost of the proposed system in April of 2007, he never mentioned an additional fee. When Bonita Vista was annexed by BCVWD there was no facilities fee charged to those homeowners. We would like to confirm that BCVWD will not be charging CVWC a facilities fee.

We have applied for funding with the California Department of Public Health through the Drinking Water State Revolving Fund (DWSRF/Prop 50/Prop84) in July 2007. We have applied for funding with the American Recovery and Reinvestment Act (ARRA) in February 2009. We have applied for State Water Resources Control Board's Division of Financial Assistance (DFA), a FAAST loan in June 2009. In every case our priority level is too low to qualify for grants or loans. The agencies involved feel we have, essentially, fixed our problem of high nitrates by buying our water from BCVWD. We have had a meeting with our Assemblyman, Mr. Paul Cook, who suggested we apply for the help for which we had already applied.

The most helpful suggestion is that of Mr. Wayne Spencer, our representative from the California Rural Water Association, a consultant with the Department of Environmental Health (DEH), who said BCVWD could apply for a loan to finance annexing our water district. Because BCVWD is larger than our company and since it is a goal of the DEH to consolidate smaller water districts into larger ones, your priority will be higher than ours. We would like to enlist your help on our behalf and ask you to apply for the necessary funding as Mr. Spencer suggests.



We would also like to continue negotiations and complete the process for annexation at the earliest possible time. We ask the board to determine whether a facilities fee is a requirement though no such fee was charged other annexed companies and in light of Mr. Butcher's representations that no fee would be necessary.

Sincerely yours,

A handwritten signature in black ink that reads "Doyle Murray". The signature is written in a cursive style with a large initial "D" and "M".

Doyle Murray  
Board President  
Cherry Valley Water Company

Cc: General Manager

---

*Noble Creek Artificial Recharge Facility*  
*Second Quarter 2009*  
*Ground Water Monitoring Report*  
*(April 14 to July 15, 2009)*



*Prepared for: Beaumont Cherry Valley Water District*

*July 27, 2009*

*GEOSCIENCE Support Services, Inc.*

*Tel: (909) 451-6650*

*Fax: (909) 451-6638*

*Mailing: P.O. Box 220, Claremont, CA 91711*

*620 W. Arrow Highway, Suite 2000, La Verne, CA 91750*

*www.gssiwater.com*

**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY  
SECOND QUARTER 2009  
GROUND WATER MONITORING REPORT  
(APRIL 14 TO JULY 15, 2009)**

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3	Spreading Basin Inflow
4	Deep Aquifer Ground Water Levels and BCVWD Well No. 23 Production Volume
5	Ground Water Elevations – Phase I Shallow Monitoring Wells
6	Ground Water Elevations – Phase I Deep Monitoring Wells
7	Ground Water Elevations – Phase II Monitoring Wells

## TABLES

<b>No.</b>	<b>Description</b>
1	Summary of Phase I Artificial Recharge Basins - Northwestern 40 Acres
2	Summary of Monitoring Well Construction Details

**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY  
SECOND QUARTER 2009  
GROUND WATER MONITORING REPORT  
(APRIL 14 TO JULY 15, 2009)**

## **1.0 INTRODUCTION**

### **1.1 Purpose and Scope**

This report summarizes geohydrologic data collected at Beaumont Cherry Valley Water District's (BCVWD) Noble Creek Artificial Recharge Facility (Recharge Facility) during the period between April 14 and July 15, 2009. The data collected include ground water levels, recharge basin inflow volumes, and daily well production volumes.

### **1.2 Location and Site Overview**

The Recharge Facility is located on an 80-acre parcel of land north of Beaumont, California located on the east side of Beaumont Avenue between Brookside Avenue and Cherry Valley Boulevard (see Figure 1). Noble Creek flows from the northeast corner of the parcel to the southwest corner, dividing the parcel in two. To date, artificial recharge basins have been constructed on the northwest 40 acres only (Phase I; see Figure 2). The source of artificial recharge has been imported water via the State Water Project, as supplied by the San Geronio Pass Water Agency.

The Phase I artificial recharge basins are configured with three chains of basins: the 1st chain includes two basins (1a and 1b), the 2nd chain has two additional basins (2a and 2b), and the 3rd chain has four basins (3a, 3b, 3c, and 3d; see Figure 2). The bottom areas of the individual basins range in size from 0.04 acres to 1.79 acres (see Table 1). Water can be conveyed to

individual basin chains or all three basin chains simultaneously. The introduction of water to the Phase I spreading basins began on September 5, 2006, although inflow data was not recorded by BCVWD until September 14, 2006.

### 1.3 Previous Studies

This report is one of a series of monitoring reports for the BCVWD recharge facility beginning May 10, 2007. Reports with data and information pertinent to the recharge facility include:

- GEOSCIENCE, 2002. DRAFT Geohydrologic Investigation Noble Creek Artificial Recharge Study. Prepared for Beaumont Cherry Valley Water District. July 1, 2002.
- GEOSCIENCE, 2005. Ground Water Recharge Implementation Plan - Noble Creek Artificial Recharge Facility. Prepared for Beaumont Cherry Valley Water District. May 27, 2005.
- GEOSCIENCE, 2006. Updated Progress of Artificial Recharge Activities at the Noble Creek Artificial Recharge Facility. December 22, 2006.
- GEOSCIENCE, 2007. Results of Drilling, Construction and Testing Clustered Monitoring Wells MW-3, MW-4 and MW-5 – Noble Creek Artificial Recharge Facility. January 26, 2007.
- GEOSCIENCE, 2007 - 2009. Ground Water Monitoring Reports for the Noble Creek Recharge Facility. First Quarter 2007 to First Quarter 2009.

## **2.0 MONITORING FEATURES AND ACTIVITIES**

Artificial recharge operations at the Recharge Facility are monitored via multiple monitoring features including totalizing flow meters, staff gages, pressure transducers, three monitoring well clusters installed adjacent to the Phase I basins, and three monitoring wells installed in the area of the test phase basin located in the southern 40 acres of the parcel (i.e., Phase II area). Production volumes from nearby BCVWD Well No. 23 are also monitored to evaluate the effect of pumping on ground water levels beneath the basins.

### **2.1 Spreading Basin Inflow Meters**

The inflow of water to the primary spreading basin (1a, 2a, and 3a) within each chain of basins is monitored via inline totalizing flow meters connected to the water supply conveyance pipelines. The instantaneous flow rate and total volume of water supplied to each of the primary basins are currently being monitored on a daily basis by BCVWD personnel.

### **2.2 Staff Gages**

Graduated staff gages were installed within the bottom of Basins 2b, 3a, 3b, 3c, and 3d in order to monitor the depth of surface water within each basin. If possible, surface water levels at the staff gages are recorded by GEOSCIENCE personnel on an approximate monthly basis. During the course of field monitoring events, it has been observed that several staff gages are in need of replacement, repair, or readjustment to changing basin bottom elevations. It is recommended that these gages be maintained regularly such that basin surface water depth can be accurately measured.

### **2.3 Pumping Well Data**

The volume of water extracted by BCVWD Well No. 23 is monitored using an inline flow meter and totalizer and recorded by BCVWD personnel on a daily basis. Ground water levels in the



well and the pumping status at the time of measurement are also recorded by BCVWD personnel on a daily basis.

## 2.4 Monitoring Wells

In order to monitor ground water level and ground water quality changes during artificial recharge activities, monitoring well clusters have been constructed at three locations within the Phase I facility (see Figure 2). Each cluster consists of two monitoring wells: one well completed within the shallow aquifer system (MW-3S, 4S, and 5S), and one well completed within the intermediate (regional) aquifer system (MW-3D, 4D, and 5D).

Three monitoring wells were installed in the Phase II area during the initial geohydrologic investigation of 2002. Two of these monitoring wells were completed within the intermediate aquifer systems (MW-1 and MW-2), and one of the wells was completed within the shallow aquifer system (BH-1).

Each of the monitoring wells situated within the Phase I facility were outfitted with pressure transducers in order to measure and record ground water levels on a semi-continuous basis (15 minute intervals). On December 13, 2008, the pressure transducers were reprogrammed to record ground water levels at one-hour intervals in an effort to reduce the amount of data collected. Currently, the data from each pressure transducer is downloaded to a laptop computer on an approximate monthly basis by GEOSCIENCE personnel.

During the period between January 12 and March 4, 2009, the pressure transducer installed within the deep completion of MW-4 failed. GEOSCIENCE personnel reinstalled the transducer on April 13, 2009.

Ground water levels within each of the monitoring wells are also measured by GEOSCIENCE personnel using an electric water level sounder on an approximately monthly basis. These

measurements provide data for those monitoring wells not outfitted with pressure transducers and act as an independent cross-check for those wells with pressure transducers.

A summary of construction details for all monitoring wells at the Recharge Facility is provided in Table 2.

### **3.0 FINDINGS**

#### **3.1 Basin Inflow**

Inflow of surface water to the spreading basins began on September 5, 2006 (see Figure 3). On June 4, 2007, inflow to the basins ceased when water deliveries from the State Water Project were temporarily stopped. Inflow resumed on October 29, 2007. A total of approximately 13,978 acre-ft of imported State Project Water has been conveyed to Phase I Basins 1a, 2a, and 3a as of July 15, 2009. Of that amount, 2,281 acre-ft was conveyed during the second quarter of 2009. According to daily inflow records<sup>1</sup>, the majority of imported water has been conveyed to Basins 1a (48 percent) and 2a (34 percent), while Basin 3a has received 18 percent of the total inflow. Inflow to the secondary basins (1b, 2b, 3b, 3c, and 3d) occurs only when the maximum capacity of the primary basins is exceeded causing water to flow through basin interconnects.

#### **3.2 Pumping Trends**

During the time period between April 14 and June 20, 2009, approximately 384 acre-ft of water was pumped from BCVWD Well No. 23 in a relatively consistent manner (see Figure 4). On June 21, 2009, Well No. 23 was taken out of service for maintenance.

#### **3.3 Ground Water Elevation Trends**

##### **3.3.1 Phase I Monitoring Wells**

Ground water levels measured in the shallow completion monitoring wells (MW-3S, 4S, and 5S) are plotted on Figure 5. Water levels measured in the deep completion monitoring wells (MW-3D, 4D, and 5D) are plotted on Figure 6. The data show that ground water levels in

---

<sup>1</sup> Discharge meters at the Noble Creek Artificial Recharge Facility were taken off-line for repairs from September 23 to October 16, 2006. Therefore, daily inflow rates for Basins 1a, 2a, and 3a during this period were estimated using instantaneous flow rates (measured in gallons per minute) at the San Geronio Pass Station, where all project water is diverted to the recharge facility.

MW-3S, 4S, and 5S have risen throughout the monitoring period by 2.3 ft, 1.5 ft, and 2.0 ft, respectively, and that water levels in MW-3D and 5D have each risen by 1.9 ft. Water levels in MW-4D have shown no significant trend during second quarter monitoring. Generally, the data show an overall increasing ground water level trend in both the shallow and deep monitoring wells since artificial recharge activities began.

Figure 4 shows the relationship between ground water levels in MW-3D and 4D and weekly production volumes from nearby BCVWD Well No. 23. The data indicate a general correlation between overall ground water level trends in MW-3D and 4D and production from Well No. 23. Specifically, ground water levels show an increasing trend during the fall and winter months, likely reflective of decreased ground water production from Well No. 23 and other wells in the Beaumont Storage Unit. Conversely, ground water levels show a decreasing trend during the spring and summer months, a period of increased ground water production. The short-term ground water level fluctuations observed in MW-3D and 4D are attributed to interference from cyclic pumping of nearby BCVWD Well No. 23.

### 3.3.2 Other Monitoring Wells

Ground water elevations for the monitoring wells in the Phase II area (BH-1, MW-1, and MW-2) are shown on Figure 7. Ground water levels in the shallow completion well (BH-1) have increased approximately two feet during the second quarter of 2009, likely resulting from recharge to the shallow aquifer system from the Recharge Facility. Ground water levels in the deep completion monitoring wells (MW-1 and MW-2) have been fluctuating since monitoring began in September 2006 and have decreased by 1.3 and 1.2 ft, respectively, during the second quarter of 2009.

#### 4.0 RECOMMENDATIONS

Ground water monitoring should continue in order to evaluate impact to ground water levels beneath the basins during artificial recharge operations. Pressure transducers continue to record ground water levels, and it is recommended that hand measurements of ground water levels continue on a monthly basis as a cross-check to the transducer data. Additionally, field monitoring allows for the condition and functionality of the pressure transducers to be checked on a regular basis.

It has been observed that several staff gages are in need of replacement, repair, or readjustment to changing basin bottom elevations. Additionally, staff gages were never installed in Basins 1a, 1b, and 2a due to the basins being wetted at the time of installation. It is recommended that gages be installed in basins that do not have them, and that existing gages be regularly maintained such that basin surface water depth can be accurately measured. The following table presents the status of staff gages in each of the basins:



Basin	Current Condition	Recommended Action
1a	Not Installed	Install
1b	Not Installed	Install
2a	Not Installed	Install
2b	Undamaged	None
3a	Tilted	Repair / Replace
3b	Above Basin Grade	Replace
3c	Missing	Replace
3d	Missing	Replace

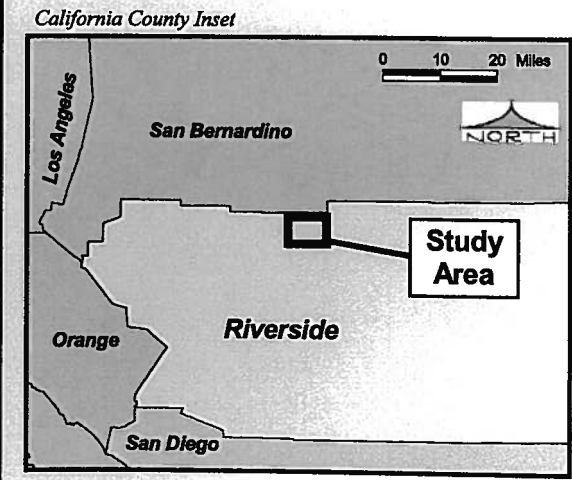
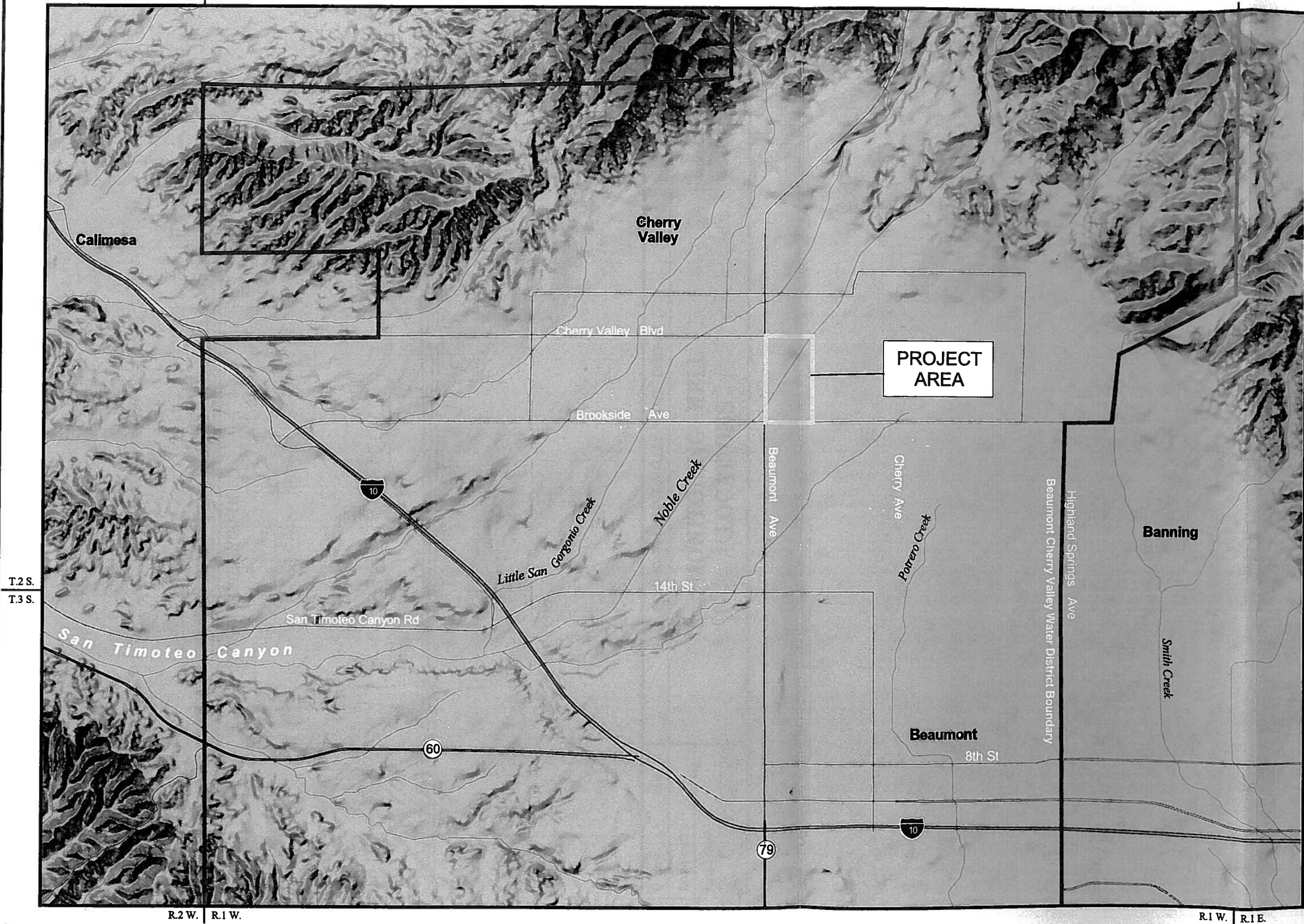
## 5.0 REFERENCES

- Bouwer, H., 2002. Artificial Recharge of Groundwater: Hydrogeology and Engineering. Hydrogeology Journal 10:121-142.
- GEOSCIENCE, 2002. DRAFT -- Geohydrologic Investigation Noble Creek Artificial Recharge Study. Prepared for Beaumont Cherry Valley Water District. July 1, 2002.
- GEOSCIENCE, 2005. Ground Water Recharge Implementation Plan - Noble Creek Artificial Recharge Facility. Prepared for Beaumont Cherry Valley Water District. May 27, 2005.
- GEOSCIENCE, 2006. Updated Progress of Artificial Recharge Activities at the Noble Creek Artificial Recharge Facility. Prepared for the Beaumont Cherry Valley Water District. December 22, 2006.
- GEOSCIENCE, 2007. Results of Drilling, Construction and Testing Clustered Monitoring Wells MW-3, MW-4 and MW-5 – Noble Creek Artificial Recharge Facility. January 26, 2007.
- GEOSCIENCE, 2007. Quarterly Ground Water Monitoring Report, First Quarter 2007 – Noble Creek Recharge Facility. May 10, 2007.
- GEOSCIENCE, 2007. Quarterly Ground Water Monitoring Report, Second Quarter 2007 – Noble Creek Recharge Facility. July 17, 2007.
- GEOSCIENCE, 2008. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report (October 29, 2007 to May 30, 2008). June 16, 2008.
- GEOSCIENCE, 2008. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report (May 31, 2008 to September 12, 2008). October 17, 2008.
- GEOSCIENCE, 2009. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report (September 13, 2008 to January 12, 2009). March 10, 2009.
- GEOSCIENCE, 2009. Noble Creek Artificial Recharge Facility First Quarter 2009 Ground Water Monitoring Report (January 13 to April 13, 2009). June 4, 2009.

GENERAL LOCATION  
 NOBLE CREEK  
 ARTIFICIAL RECHARGE  
 SITE

EXPLANATION

-  Project Area Boundary
-  Beaumont Cherry Valley Water District Boundary



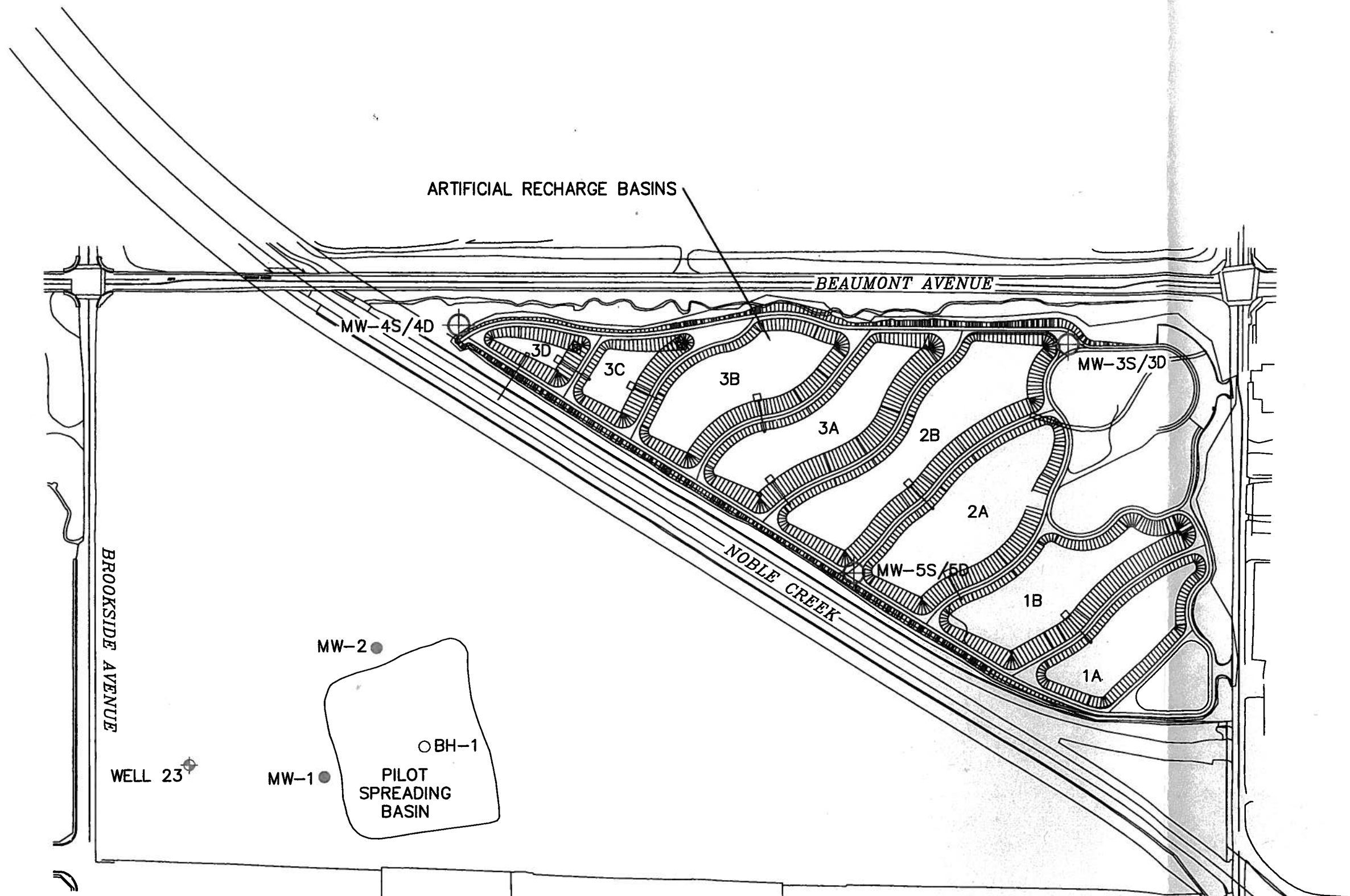
27-Jul-09  
 Prepared by: DWB  
 Map Projection: UTM 1927, Zone 11



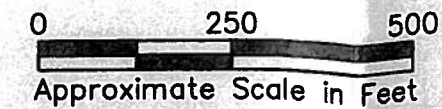
**GEOSCIENCE**  
 GEOSCIENCE Support Services, Inc.  
 P.O. Box 220, Claremont, CA 91711  
 Tel: (909) 451-6650 Fax: (909) 451-6638  
 www.gswater.com

Figure 1





- ◆ EXISTING PRODUCTION WELL
- EXISTING DEEP MONITORING WELL
- EXISTING SHALLOW MONITORING WELL
- ⊕ CLUSTER MONITORING WELL LOCATION



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 P.O. Box 220, Claremont, CA 91711  
 Tel: (909)451-6650 Fax: (909)451-6638  
 www.gssiwater.com

BEAUMONT CHERRY VALLEY WATER DISTRICT

## MONITORING WELL LOCATIONS

Drawn: PLP

Checked:

Approved:

Date: 27-JUL-09

**Figure 2**

JN 15061-05



### Spreading Basin Inflow

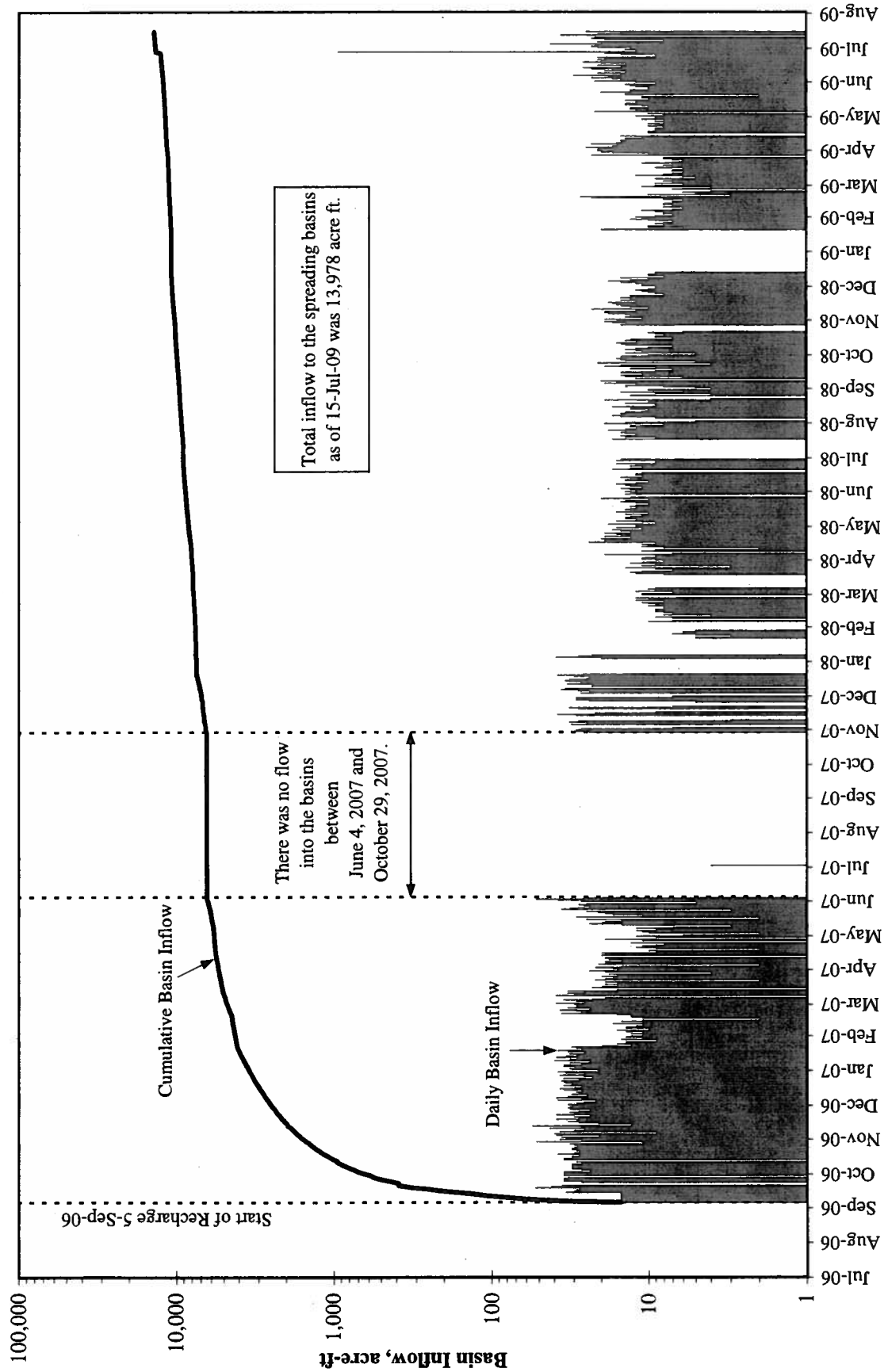
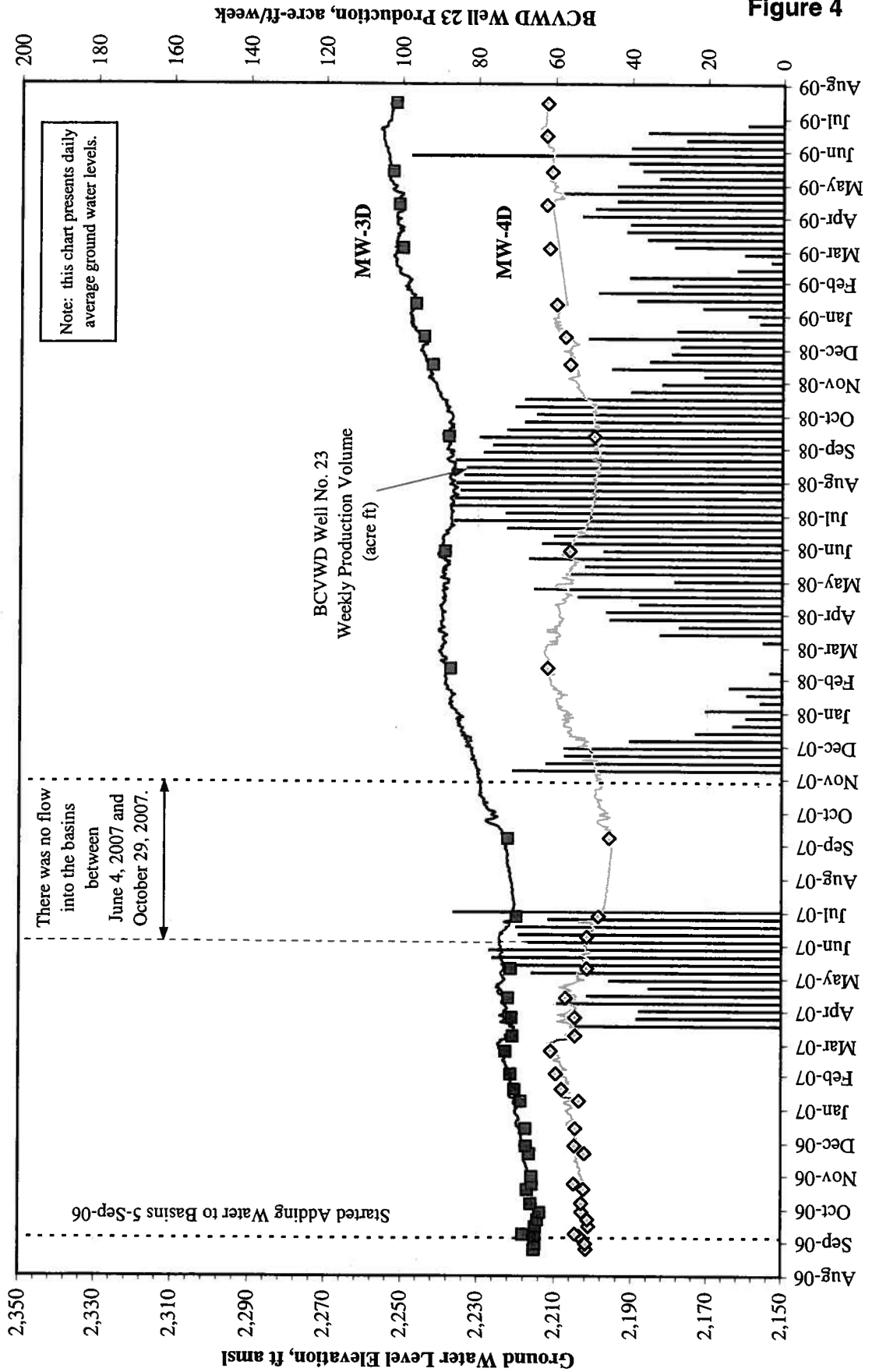
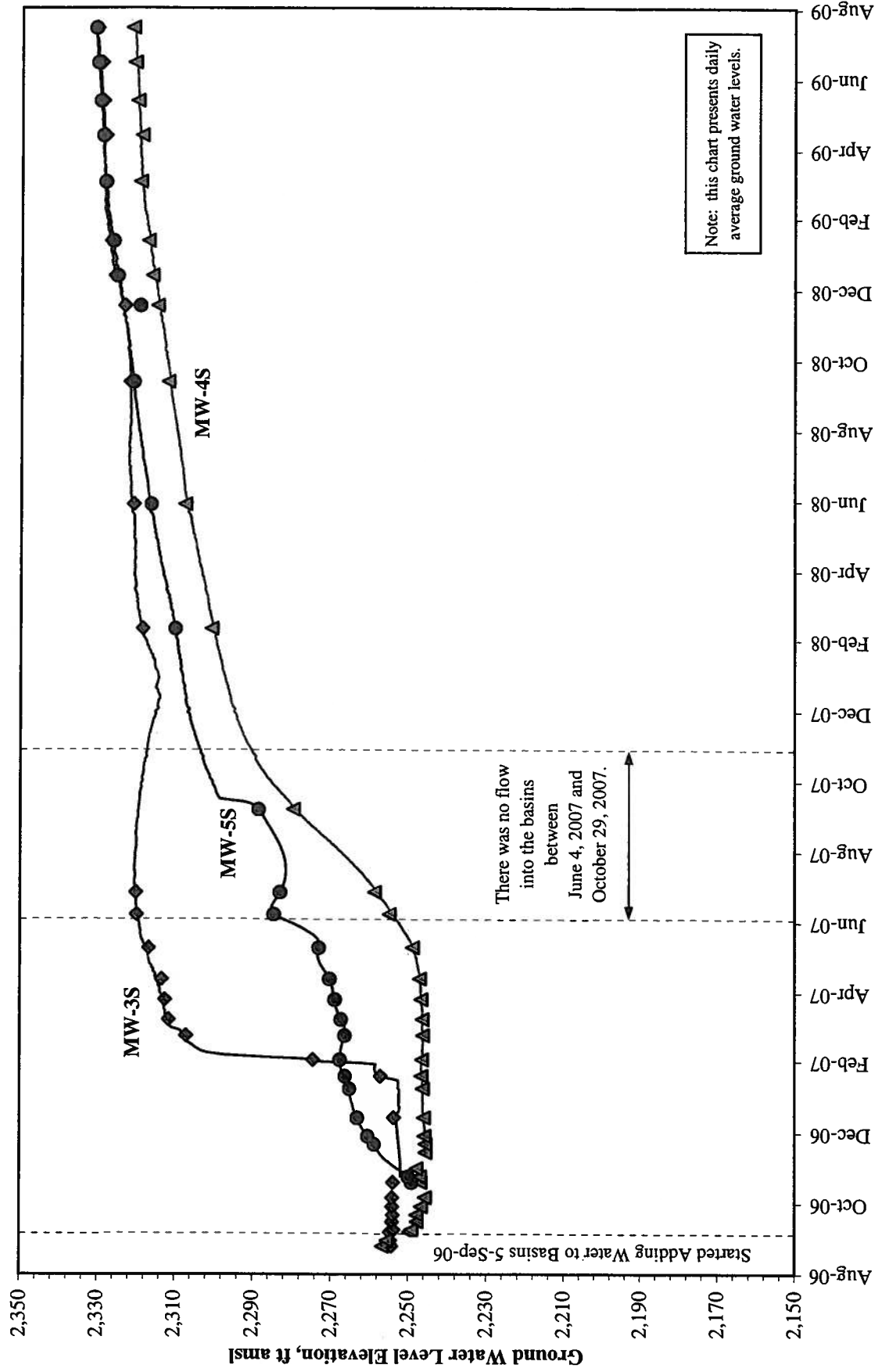


Figure 3

### Deep Aquifer Ground Water Levels and BCVWD Well No. 23 Production Volume

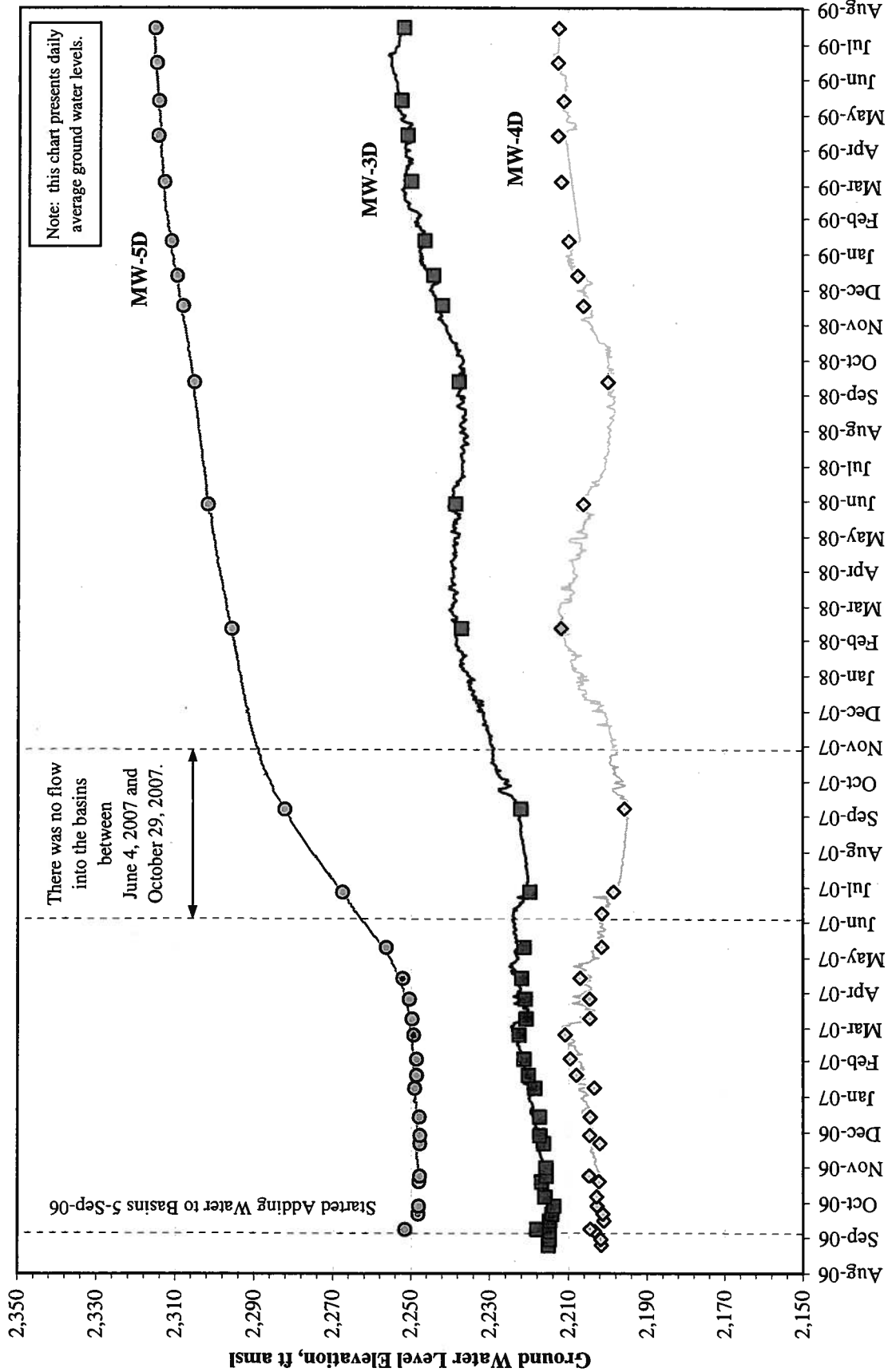


**Ground Water Elevations  
 Phase I Shallow Monitoring Wells**



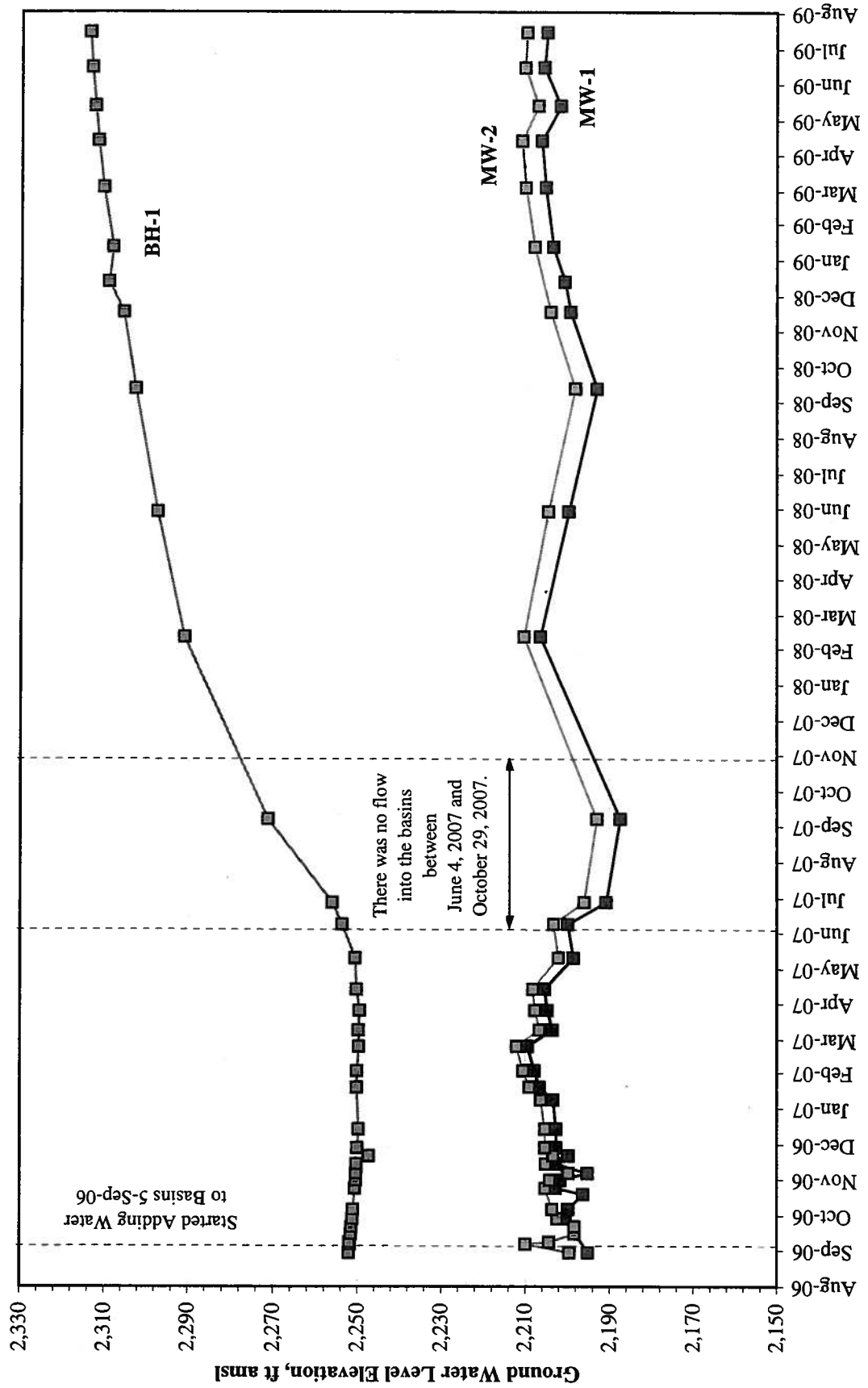
**Figure 5**

**Ground Water Elevations  
 Phase I Deep Monitoring Wells**



**Figure 6**

**Ground Water Elevations  
 Phase II Monitoring Wells**



**Figure 7**

**TABLES**

**Summary of Phase I Artificial Recharge Basins – Northwestern 40 Acres**

Recharge Basin No.	Bottom Area [Acres]	Wetted Area [Acres] <sup>1</sup>
1A	0.95	1.19
1B	1.19	1.50
2A	1.72	2.02
2B	1.79	2.18
3A	1.17	1.48
3B	1.14	1.39
3C	0.26	0.36
3D	0.04	0.09
<b>Total</b>	<b>8.26</b>	<b>10.21</b>

<sup>1</sup> Assume 3:1 side slopes and 3.5 ft water depth.

Summary of Monitoring Well Construction Details

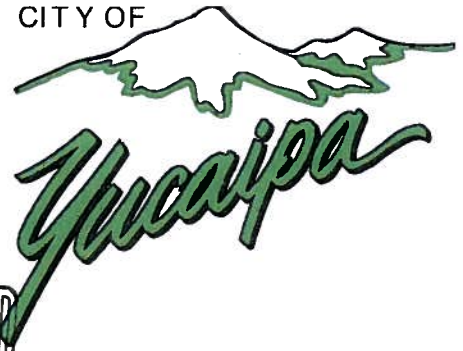
Monitoring Well Designation	Reference Point Elevation [ft amsl]	Borehole Depth [ft bgs]	Casing Depth [ft bgs]	Casing Inner Diameter [inches]	Blank Casing Material	Perforation Interval [ft bgs]	Perforation Type and Casing Material
MW-3 Deep	2,774.5	734	715	4	Sch. 40 Mild Steel	600-705	0.086" Vertical Mill Slots Sch. 40 Mild Steel
MW-3 Shallow	2,775.2	553	530	3.8	Sch. 80 PVC	480-520	0.050" Wirewrap Stainless Steel
MW-4 Deep	2,739.3	733	715	4	Sch. 40 Mild Steel	600-705	0.086" Vertical Mill Slots Sch. 40 Mild Steel
MW-4 Shallow	2,740.2	553	530	3.8	Sch. 80 PVC	480-520	0.050" Wirewrap Stainless Steel
MW-5 Deep	2,778.6	730	715	4	Sch. 40 Mild Steel	600-705	0.086" Vertical Mill Slots Sch. 40 Mild Steel
MW-5 Shallow	2,779.4	576	560	3.8	Sch. 80 PVC	480-550	0.050" Wirewrap Stainless Steel
MW-1	2,747.4	1,020	1,014	4	Sch. 40 Mild Steel	603-1,014	0.060" Vertical Mill Slots Sch. 40 Mild Steel
MW-2	2,752.9	1,010	1,008	4	Sch. 40 Mild Steel	594-1,008	0.060" Vertical Mill Slots Sch. 40 Mild Steel
BH-1	2,756.3	519	519	1.9	Sch. 80 PVC	479-519	0.060" Horizontal Mill Slots Sch. 80 PVC

Notes:

ft amsl = feet above mean sea level  
 ft bgs = feet below ground surface



CITY OF



July 14, 2009

OAK VALLEY PARTNERS, L.P.  
Attn: John W. Ohanian  
P.O. Box 645  
Calimesa, CA 92320

RECEIVED  
JUL 24 2009

BY:.....

Dear Mr. Ohanian:

This letter is in response to your letter dated June 8, 2009 regarding your efforts to consolidate the Yucaipa Valley Water District (YVWD) and the Beaumont Cherry Valley Water District (BCVWD) into one water service agency. The City of Yucaipa has been working closely with the YVWD on multi-purpose projects that address flood control, groundwater recharge and water quality issues. The fact that the City of Yucaipa and YVWD are smaller agencies allows us to work in a more efficient and responsive manner on these joint projects and also allows us to work closely together on other infrastructure improvement projects within the City.

As you mention in your letter, the financial uncertainties and water shortage issues the region is facing requires that we maintain an efficient, productive and responsive process and the current relationship between the City of Yucaipa and YVWD has proven to be very effective. The City of Yucaipa is concerned that the consolidation of the two water agencies could make it more difficult for us to work with the consolidated water agency due to the added infrastructure and interests that the consolidated water agency may have. Also, since resources are limited, the City of Yucaipa wants to make sure that these resources are available for our citizens and not obligated or tied-into a watershed that is already over-drafted. We feel that this stance is not "territorial protectionism" but simply good water management principles.

It is in the best interest of the City of Yucaipa that the City Council firmly objects to the proposed merger of YVWD and BCVWD.

Thank you.

Sincerely,

Dick Riddell  
Mayor

cc: Jay Bogh, Board President, YVWD  
Blair Ball, Board President, BCVWD  
Joe Zoba, YVWD  
Anthony Lara, BCVWD

---

City of Yucaipa  
34272 Yucaipa Boulevard, Yucaipa, CA 92399-9950  
909/797-2489 ♦ FAX 909/790-9203 ♦ e-mail: city@yucaipa.org

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## Memorandum

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**To: Board of Directors**

**Date: August 12, 2009**

**From: Anthony Lara, Interim General Manager**

**Re: Purchase of Backhoe Loader**

---

### **Background**

The District currently owns and operates two backhoe loaders, A 1991 John Deere 310-C and a 1999 Caterpillar 416- C. The John Deere broke down and is in need of a new Torque Converter and Flywheel. The District has received quotes from two vendors and the cost of the repair will be between \$6,000.00 and \$9,000.00. Because of the age of the tractor, the amount of operating hours and the increasing maintenance costs it would be in the district's best interest to replace it.

The District currently plans to purchase a utility vehicle which was approved for \$50,000.00 in the current budget. The other vehicle that was purchased earlier this year was also approved for \$50,000.00 but purchased for considerably less (\$36,000.00).

### **Recommendation**

Purchase the John Deere Backhoe/Loader at a cost of \$64,461.00. Defer the purchase of the utility vehicle until next year.



RDO Equipment Co.  
20 Iowa Avenue  
Riverside, CA 92507

Service Manager: RV.Service@rdoequipment.com  
General Manager: RV.GenMgr@rdoequipment.com  
www.rdoequipment.com

Phone: 951-778-3700 • Fax: 951-778-3746

Ship to:  
BEAUMONT CHERRY VALLEY  
PO BOX 2037  
BEAUMONT CA 922230937

Invoice to:  
BEAUMONT CHERRY VALLEY  
PO BOX 2037  
BEAUMONT CA 922230937

Branch RV - RIVERSIDE, CA		
Date 08/03/2009	Time 12:50:39 (O)	Page 1
Account No. 9581004	Phone No. 9518459581	Estimate No. 004477
Ship Via	Purchase Order	
		Salesperson SMC

ESTIMATE EXPIRY DATE: 09/02/2009

**SERVICE ESTIMATE**

\*\*\*\*\* Segment 01 \*\*\*\*\*

Stock #: K0093401 BACKHOE LOADER MS #: T0310CA767092  
Make: JD Model: 310C F  
Is to have the following work done by 08/14/2009 (Estimated)

**TORQUE CONVERTER PILOT BUSHING- REPLACE**

Part#	Description	Qty	Price	Amount
AT196801	TORQUE CON	1	1596.00	1596.00
AR69445Q	HYGARD QT	30	3.75	112.50
			Parts:	1708.50
			Labor:	1550.00
Authorization: _____			Subtotal:	3258.50

\*\*\*\*\* Segment 02 \*\*\*\*\*

**FLYWHEEL RING GEAR- REPLACE**

Part#	Description	Qty	Price	Amount
RE51451	FLYWHEEL	1	655.00	655.00
			Parts:	655.00
			Labor:	1314.40
Authorization: _____			Subtotal:	1969.40
			Parts:	2363.50
			Labor:	2864.40
			Tax:	57.31
			TOTAL:	5285.21

Stocked parts can be returned within 30 days with copy of invoice. Special order parts \$20.00 and up may be returned within 30 days with copy of invoice. 20% restock charge will apply to all special order parts. All sales are final on special order non-returnable parts. All parts must be new, uninstalled and in original packaging. No returns on electrical components. No refunds on freight charges.

SIGNATURE \_\_\_\_\_  
TERMS AND CONDITIONS: All invoices are due Net-20 days from the invoice date or in accordance with the terms of your account agreement. Please refer to your finance agreement for details

### Quote

**LUTHERS TRUCK AND EQUIPMENT INC**  
**36233 Cherry Valley Blvd.**  
**Cherry Valley , CA 92223**  
**951-769-3738**

**2000 Ford Econoline E350 Super Duty**

**BMT CV WATER DIST, BACKHOE**

**Mileage:**  
**Office: 767-6124**

Type	Description	Qty/Hrs	Part No	Unit Price	Extended Price
Labor	<b>ONLY GOES INTO REVERSE: R/R TORQUE CONVERTOR AND REVERSOR/CARRIER BOX CHANGE FLUID AND HOSES / ALSO RECOMMEND CHANGING STARTER RING GEAR DUE TO TEETH MISSING AND BROKEN</b>	16.00		95.00	1,520.00
Part	<b>REVERSOR GEAR/CARRIER BOX</b>	1.00		4,414.80	4,414.80
Part	<b>TORQUE CONVERTOR</b>	1.00		1,218.00	1,218.00
Part	<b>HYDRAULIC HOSES</b>	2.00		68.10	136.20
Part	<b>HYDRAULIC FLUID- GALLONS</b>	6.00		12.00	72.00
Part	<b>FLY-WHEEL RING GEAR</b>	1.00		87.75	87.75
Part	<b>KLEENER</b>	10.00		5.00	50.00
Part	<b>FILTER</b>	1.00		30.00	30.00

	Worksheet	Supplies	Hazmat	Tax	Total
Part \$	6,008.75	0.00		525.77	6,534.52
Labor \$	1,520.00		0.00	0.00	1,520.00
				<b>Quote Total</b>	<b>8,054.52</b>

© 2009 Mitchell Repair Information Co., LLC.

Investment Proposal for:  
 BEAUMONT CHERRY VALLEY  
 PO BOX 2037  
 BEAUMONT, CA 922230937  
 Phone: (951) 845-9581



JIM KOKER  
 20 Iowa Avenue  
 PO Box 1069  
 Riverside, CA 92502  
 Phone: (951) 778-3700  
 Mobile: (951) 217-5540  
 Fax: (951) 778-3746

Thank you for allowing me the opportunity to quote you this equipment. We appreciate your business. JIM

**Equipment: NEW 2009 JOHN DEERE 310J**

List Price \$60,322.01

**Key Features**

7310T	310J BACKHOE LOADER	0800	310J NO PACKAGE
1085	PE4045TT088 310J TIERIII TUR	2025	CANOPY INSTALLATION
2625	SUSPENSION VINYL SEAT	3035	STANDARD FRONT AXLE
4260	19.5LX24R 11LX16F	5070	EXT DIP 5 FNC SH STAB
5225	TWO LEVER CONTROLS	5400	LESS BACKHOE COUPLER
5626	18" H.D. BACKHOE BUCKET	7025	LDR W/RTD AND 2 FUNC HYD
7635	1.12CU YD LDR BKT W/CUT EDGE	8475	1000LB FRT COUNTERWEIGHT
8625	ONE BATTERY-150 MIN CAP	9040	FAN PACKAGE HIGH AMBIENT
9055	TILT STRING WHL INSTALLATION	9060	FRONT VIEW MIRROR
9225	3" SEAT BELT	9515	DIAGNOTIC OIL SAMPLE PORTS

**Serial Number**

TBD (0 Approximated Hours)

Equipment Price \$59,825.00

**Attachments**

NEW 2009 JOHN DEERE 310J24 No Serial # \$0.00

**Warranty Information**

John Deere / Mfg. Base / 12 Months / 1500 Hours / \$0.00 Deductible

\$0.00

**Estimated Conversion Price: \$59,825.00**

**PROPOSAL SUMMARY**

Equipment Total	\$59,825.00
Sub Total	\$59,825.00
Estimated sales tax to apply	

**Total Investment**

Hi Knute

**\$59,825.00**

TAX 4636.43  
 64,461.43

Here are the numbers we discussed earlier today. We can add a Anti-Theft system for a additional \$400 & Ride Control @ \$1,200 if those options are if interest to you. I did not add any tax. So you would need to ad applicable taxes if any are due.

**California Air Resources Disclosure** - When operated in California, any off-road diesel vehicle may be subject to the California Air Resources Board In-Use Off-Road Diesel Vehicle Regulation. It therefore could be subject to retrofit or accelerated turnover requirements to reduce emission of air pollutants. CA Air Resources Board Regulation 2449(d)(3) As of June 15th, 2008 idling rental equipment must be limited to 5 minutes.

**JIM KOKER**  
 Territory Sales Rep  
 RDO EQUIPMENT CO.  
 jkoker@rdoequipment.com

This proposal was created on August 3, 2009 and is valid until September 3, 2009 and is subject to prior sale. After that date the quote and terms in the proposal may need to be revised.

D227934 C9581004

# SCOTT EQUIPMENT

14635 VALLEY BLVD.  
FONTANA, CA 92335



**KOBELCO**  
*Your Competitive Edge.*

# QUOTATION

DATE 7-31-09

SALESMAN Mike Martin

MOBILE# 951-453-7077

OFFICE# 909-822-2200

FAX# 909-822-4850

**ATTN:** Knute Dalstrom  
**COMPANY:** Beaumont Cherry Valley Warter District  
560 Magnolia Ave  
Beaumont Ca. 92223  
**OFFICE:** 951-757-6870  
**FAX:**  
**MOBILE:**

F.O.B. FONTANA, CA

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	<p><b>NEW HOLLAND B95B TURBO BACKHOE LOADER</b></p> <p>UNIT INCLUDES: ROPS, 4 W/D, EXT. HOE, 14" &amp; 24" BUCKETS, LOADER HYD</p> <ul style="list-style-type: none"> <li>* 97 HP 4 CYLINDER TURBOCHARGED TIER 3 ENGINE - <b>BEST IN CLASS</b></li> <li>* 294 ft.lbs. TORQUE - <b>BEST IN CLASS</b></li> <li>* 500 HR. OIL CHANGE INTERVALS - <b>INDUSTRY LEADING</b></li> <li>* 7,782 lbs. LOADER LIFT CAPACITY - <b>BEST IN CLASS</b></li> <li>* 13,942 lbs. BUCKET BREAKOUT FORCE - <b>BEST IN CLASS</b></li> <li>* STRAIGHT LOADER ARMS &amp; SLOPPED HOOD = EXCELLENT VISIBILITY</li> <li>* 4/4 POWER SHUTTLE TRANSMISSION WITH <b>4-WHEEL DRIVE</b></li> <li>* 15.5" OF GROUND CLEARANCE</li> <li>* STRONG, NARROW BACKHOE BOOM, EXCELLENT TRENCH VISIBILITY</li> <li>* MAX. DIGGING DEPTH 15' RETRACTED, 18'4" EXTENDED</li> <li>* 14' 8" BACKHOE LOADING HEIGHT - <b>BEST IN CLASS</b></li> <li>* SEALED BUSHINGS 50 HOUR LUBE INTERVALS - <b>INDUSTRY LEADING</b></li> <li>* 12,808 lbs. BACKHOE BUCKET DIGGING FORCE - <b>BEST IN CLASS</b></li> <li>* 8,558 lbs. DIPPER DIGGING FORCE - <b>BEST IN CLASS</b></li> <li>* <b>BEST IN CLASS</b> BOOM &amp; DIPPER LIFT CAPACITY</li> <li>* 10' 7" WIDE STABILIZERS WITH REVERSABLE STREET-DIRT PADS</li> <li>* SEVERE DUTY 2,200 lb. ONE PIECE UNITIZED, INTEGRAL MAIN FRAME</li> </ul> <p><b>ONE YEAR FULL FACTORY WARRANTY IN OUR SHOP</b> ***FULL LINE OF PARTS, SERVICE &amp; ON SITE SERVICE TRUCKS ABOVE PRICES GOOD FOR 10 DAYS</p>	62,000.00	\$62,000.00
		FREIGHT	\$0.00
		SUBTOTAL	\$62,000.00
		7.75% CA TAX	\$4,805.00
			\$0.00
		<b>TOTAL</b>	<b>\$66,805.00</b>

Purchase Order # \_\_\_\_\_ Company \_\_\_\_\_

Date \_\_\_\_\_ By \_\_\_\_\_ Title \_\_\_\_\_



Quote 103396-01

July 31, 2009

BEAUMONT-CHERRY VALLEY WATER DISTRICT  
PO BOX 2037  
BEAUMONT CA  
California  
92223-0937

Dear Sir,

We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

CATERPILLAR Model: 416E Backhoes

STOCK NUMBER: JM08760 SERIAL NUMBER: OSHA06911 YEAR: 2009

We wish to thank you for the opportunity of quoting on your equipment needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Damian Rice  
Machine Sales Representative

**CATERPILLAR Model: 416E Backhoes****STANDARD EQUIPMENT**

**BACKHOE** - 14'4" Center pivot excavator style - backhoe with 2-lever control - Boom transport lock - Swing transport lock - Grouser type stabilizer shoes - 12 volt electrical start

**ELECTRICAL** - 12 volt electrical start - 100 ampere alternator - Horn - Backup alarm - Hazard flashers/turn signals - Halogen head lights (2) - Halogen rear flood lights (2) - Stop and tail lights - Audible system fault alarm - Key start/stop system - 880 CCA maintenance free battery - Battery disconnect switch - External Power Receptacle (12v) - Bucket level indicator

**LOADER** - Bucket level indicator - Lift cylinder brace - Return-to-dig - (automatic bucket positioner) - Self-leveling loader with single lever - control - Transmission neutralizer switch - Single Tilt Loader

**OPERATOR ENVIRONMENT** - Lighted gauge group - Interior rearview mirror - Rear fenders - ROPS canopy - 2-inch retractable seat belt - Hand and foot throttle - Lunch box holder - Air suspension seat

**POWERTRAIN** - Direct Injection Engine, Tier 2 - Emissions Compliant. Includes High - High Ambient Cooling Package and - Open Circuit Breather. - Water separator - Thermal starting aid system - A dry type axial seal air cleaner with - integral precleaner, automatic dust - ejection system, and filter condition - indicator - Hydraulically applied multi-plate wet - disk brake with dual pedals and - interlock - Differential lock - Drive-line parking brake - Torque converter - Transmission--four speed synchro mesh - with power shuttle and neutral safety - switch - Spin-on fuel, engine oil, and - transmission oil filters - Outboard Planetary Rear Axles

**OTHER STANDARD EQUIPMENT** - Hydrostatic power steering - Tool box - Transport tie-down points - Ground line fill fuel tank - Lockable Hood - Valve Stem Protection

**HYDRAULICS** - Load sensing, variable flow system - with 35 gpm axial piston pump - 5 micron spin-on hydraulic filter - O-ring face seal hydraulic fittings - Caterpillar XT-3 hose - Hydraulic oil cooler - Flow-Sharing Hydraulic Valves - Extended Life Coolant -30C (-20F)

**ANTIFREEZE** - Extended Life Coolant -30C (-20F)



**MACHINE SPECIFICATIONS**

Description	Reference No
416E BACKHOE LOADER ST 2WS	213-9271
416E BACKHOE LOADER ST 2WS	213-9271
E-STICK	209-9929
HYDRAULICS, BH, 5 FUNCTION	209-9935
CONTROLS, BACKHOE (ISO)	209-3370
HYDRAULICS, LOADER,MULTI PURP.	209-9944
ROPS, CANOPY	204-4160
SEAT BELT, 3" SUSPENSION	206-1748
POWERTRAIN,89 HP,2WD,STD SHIFT	323-3628
ENGINE, 89 HP TIER 2 EPA FLEX	320-8414
COOLER, HIGH AMBIENT	211-1018
COUNTERWEIGHT, 1075 LBS	252-9984
STABILIZER PADS, FLIP-OVER	9R-6007
MANUALS, ENGLISH	0P-0572
TIRES, 2WD BIAS, FIRESTONE	282-3853
LOCK, VANDALISM	216-0909
PARTS BOOK, PAPER	0P-0423
BREATHER, OPEN CIRCUIT	250-7963
BUCKET, HOE, (NONE)	175-7877
DOMESTIC TRUCK	0P-0210
BUCKET, LOADER (NONE)	119-1530
PACK BHL W/O FRT BKT	0G-3318
BUCKET, 1.25 CYD GP	251-1789
BUCKET 18", 6.4 CFT HC SOIL	254-8940
BUCKET 24", 8.5 CFT HC SOIL	254-8941

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Sell Price \$65,938.12

**After Tax Balance** **\$71,707.70**

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**WARRANTY**

Standard Warranty: 12 Months /1500 Hrs of Operations

**F.O.B/TERMS**

Riverside - Construction

Accepted by \_\_\_\_\_ on \_\_\_\_\_

\_\_\_\_\_  
Signature

## TERMS AND CONDITIONS

**1. Agreement of sale:** any terms and provisions of buyer's orders which are inconsistent with the terms and provisions hereof are rejected, will not be binding on the seller nor considered applicable to the sale or shipment referred to herein, unless buyer shall notify seller in writing within fifteen (15) days after receipt of this proposal by buyer. Acceptance of the terms and conditions hereof by buyer shall be indicated, and in the absence of such notification, the sale and shipment by the seller of the products covered hereby shall be conclusively deemed to be subject to the terms and conditions hereof. No waiver, alteration, or modification of the provisions hereof shall be binding on the seller unless agreed to in writing by a duly authorized official of seller at its headquarters office(s). Waiver by either party of any default by the other shall not be deemed a waiver by such party of any default of the other which may thereafter occur.

**2.Prices:** prices and payment terms shown on the face of this proposal apply. Inadvertent error in either prices or terms is subject to correction.

**3.Taxes:** the seller's prices do not include any sales, use, and excise property or similar taxes which seller may be required to pay in connection with filling any of buyer's orders. The amount of any applicable present or future such tax shall be paid by the buyer as an additional charge or in lieu thereof, the buyer shall provide the seller with a tax exemption certificate acceptable to the taxing authorities.

**4.Warranty:** Caterpillar warrants new earthmoving, construction and materials handling machinery (other than lift trucks) and attachments therefore sold by it to be free from defects in material and workmanship subject to the following provisions. During the first six months after date of delivery of the product to the initial user, a new or repaired part, whichever Caterpillar elects, along with the labor for installation of such new or repaired part, will be provided in place of any parts which are found upon its inspection to be defective in material or workmanship. Such parts and labor will be provided without charge to the user during normal working hours at a place of business of a Caterpillar dealer or other establishment authorized by Caterpillar, but this warranty does not include any costs for transporting the product to such place of business or establishment. Replacement parts provided under the terms of this warranty are warranted for the remainder of the warranty period applicable to the product in which installed as if such parts were original components of that product. No warranty is made with respect to items supplied by Caterpillar on special order nor with respect to tires made by others when such tires are warranted by their respective makers. This warranty does not apply to Caterpillar brand bias ply and beadless tires, ground engaging tools or Caterpillar brand batteries - to all of which different warranties apply. This warranty is expressly in lieu of any other warranties, express or implied, including any warranty of merchantability or fitness for a particular purpose. Remedies under this warranty are expressly limited to the provision and installation of parts, as specified above, and any claims for other loss or damages of any type (including without limitation loss from failure of the product to operate for any period of time, other economic or moral loss, or direct, immediate, special, indirect or consequential damage) are expressly excluded as used in this warranty. The term "Caterpillar" means Caterpillar Inc. or one of its subsidiaries, whichever last sold the product involved.

**5.Liability and claims:** seller's liability on any claim of any kind, including claims for negligence, or for any loss or damage, arising out of, or connected with, or resulting from any order accepted by seller, or from the manufacture, sale, delivery, resale, repair or use of any products covered by, or furnished under, such an order, shall in no case exceed the price allocable to the product or part thereof which gives rise to the claim. In no event shall seller be liable for special or consequential damages; any claims against seller for shortages by it in making shipments shall be made in writing to seller within fifteen (15) days after receipt of shipment. Seller's responsibility for shipments ceases upon delivery to a carrier. And any claims for shortages, delays or damages occurring thereafter shall be made direct to the carrier, the fulfillment of any order accepted by seller is subject to strikes, labor disputes, lockouts, accidents, fires, delays in manufacture or in transportation or delivery of materials, floods, severe weather or other acts of god, embargoes, or governmental actions. Or any other causes beyond the reasonable control of seller, whether similar to, or different from the causes above enumerated, and any such cause shall absolve seller from any liability to buyer.

**6.Changes:** seller may, at any time, without notice, make changes (whether in design, materials, the addition of improvements, or otherwise) in any product, and may discontinue the manufacture of any product, all in its sole discretion, without incurring any obligations of any kind as a result thereof, whether for failure to fill an order accepted by seller or otherwise.

**7.Compliance with laws:** seller will comply with all applicable federal laws, and represents that any goods to be delivered under an order placed pursuant hereto will be produced in compliance with the requirements of the fair labor standards act of 1938, as amended.

**8.Shipments:** shipment dates are approximate. Shipments of products under an order accepted by seller shall be subject to the approval by seller of buyer's financial condition at the time of shipment. Whether or not credit terms are specified elsewhere, seller may, at its option, condition shipments under any order accepted by seller upon receipt of satisfactory security or of cash before shipment. If, at buyer's request, shipment of products on an order accepted by seller is delayed more than thirty (30) days after the shipment date specified on the face hereof, or the date products are ready for shipment, whichever is later, seller may require immediate payment in full and/or assess additional charges for storage and other

expenses incident to such delay.

**9.Cancellation:** in the absence of other written agreement between buyer and seller governing cancellation, any order accepted by seller may be cancelled by buyer only upon written notice to seller and payment of seller's cancellation charges. At buyer's request a statement of such charges will be furnished by seller prior to cancellation and charges will be not less than 20% of proposed selling price or accrued cost, whichever is greater.

**10. Indemnification:** buyer shall protect, hold harmless and indemnify seller from and against any and all demands, costs, liens, suits, judgments and penalties, and liabilities of every kind arising directly or indirectly, out of or wholly or partially caused by buyer in connection with or caused by buyers use or operation of this product, except for such seller liability as otherwise stated herein.

**11.** Property will be used in, \_\_\_\_\_, county, State of California. Lessee will not remove the property from this county without written permission from lessor.

**12. Insurance:** Lessee shall, at its expense, at all times from the time of delivery of equipment to lessee, maintain insurance against all risks of loss or damage from any cause for not less than the full replacement value thereof and shall carry public liability and property damage insurance covering the equipment. Such insurance shall be in the amounts and with insurance companies satisfactory to lessor, protecting lessor as an additional insured, and providing for ten (10) days written notice to lessor before any policy may be modified or cancelled. Lessee shall deliver to lessor evidence of insurance.

**13.** Lessee agrees not to part possession or sublet this equipment without the written consent of the lessor and to pay all attorney's fees, collection charges, or other expense occasioned by lessee's failure to comply with the provisions hereof. In the event of default of payment, lessor may retake possession of this equipment.

**14.** Lessee shall use the equipment in a careful manner in conformity with all governmental laws, ordinances, regulations, and requirements and shall take reasonable and proper care thereof, and at his own expense and cost, make all necessary repairs and replacements except warranty items referenced herein, if any. In the event of default by the lessee in the payment of rent or otherwise, the lease shall terminate immediately at the option of the lessor. Unless the equipment is returned or the lessor notified in writing to the contrary by the lessee before expiration of the rental period set forth above, the rental period shall be extended from month to month beyond the original period specified, at the option of the lessor. In the event of such extension of the rental period, lessee agrees to pay lessor rental payments at the rate specified above for any additional time the equipment is rented.

**15.** Title to the equipment shall at all times remain in the lessor, and lessee agrees to keep each item of equipment at all times free and clear from all claims, levies, liens, and legal processes. Equipment is and shall remain personal property.

**16.** Lessor shall at any time during reasonable business hours have the right to enter on lessee's premises where the equipment may be located or elsewhere to inspect the equipment or observe its use. At lessor's request, lessee shall give immediate notice of the exact location of the equipment. Lessee shall give lessor immediate notice of any attachment or other judicial process affecting any item of equipment.

**17.** It is expressly agreed and understood that the lessor shall not in any case or under any circumstances be held liable to any person including lessee for any loss or damage, or claim or judgment, or loss or damage of any kind or character whatsoever to persons or property, or otherwise arising from or in any manner connected with the use, operation, handling, or transportation of said property; and any and all claims for loss or damage are hereby specifically waived by lessee. Lessee agrees to indemnify and hold harmless the lessor from any and all such claims for loss, damage or liability.

**18.** Time is of the essence and lessee shall be in default under this agreement upon the occurrence of any of the following: (a) the misstatement or false statement in connection with, noncompliance with, or nonperformance of any of lessee's obligations under this agreement. (b) the failure to pay any rent or other amounts provided herein when the same is due and payable. (c) the failure of lessee to perform any other provisions of this lease which it is required to perform.

**19.** The company warrants that it is the sole owner of the equipment and that there are no liens or encumbrances or adverse claims whatsoever thereon, other than the lien of taxes not yet delinquent it is understood by the parties hereto that the company is not the manufacturer of the equipment, nor the agent of said manufacturer.

**Initials:** \_\_\_\_\_