



**BEAUMONT CHERRY VALLEY WATER DISTRICT
AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, December 8, 2010 at 7:00 p.m.**

SWEARING-IN OF NEW DIRECTORS, BALL, GULDSETH AND EARHART

CALL TO ORDER, SECRETARY WOLL

PLEDGE OF ALLEGIANCE, SECRETARY WOLL

INVOCATION, SECRETARY WOLL

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. REORGANIZATION OF THE BOARD OF DIRECTORS

- **Nomination and Election of the President**

Nominee _____

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

- **Nomination and Election of the Vice President**

Nominee _____

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

2. APPOINTMENT OF THE STANDING COMMITTEES

- **Personnel Committee** _____
- **Audit and Finance Committee** _____

3. APPOINTMENT OF DISTRICT TREASURER

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

4. APPOINTMENT OF DISTRICT SECRETARY

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

5. ADOPTION OF THE AGENDA

GULDSETH	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

6. CONSENT CALENDAR: Matters listed in the Consent Calendar are considered to be routine and will be approved by one motion as recommended. There will be no separate discussion unless Board or Staff Member request separate discussion prior to approval.

- a. November 2010 Bills for Consideration** Page 4
- b. November 2010 Invoices Pending Approval** Page 7
- c. October 2010 Month End Financial Statement** Page 11
- d. Minutes of the Regular Meeting of November 10, 2010** Page 24

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

7. ACCEPTANCE OF THE CONTRACT FOR LANDSCAPING MAINTENANCE SERVICES TO THE APPARENT LOWEST BIDDER

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

8. APPROVAL OF STAFF'S RECOMMENDATION TO START PROCESSING DIRECTORS' STIPEND THROUGH THE DISTRICT'S PAYROLL SYSTEM EFFECTIVE JANUARY 1, 2011** Page 28

GULDSETH	M	S	A	N
BALL	M	S	A	N
EARHART	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N

9. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

(a) Ad hoc Committees

(b) General Manager

- Consideration regarding Resolution Commending Directors for their Years of Service
- Update on diesel fuel spill incident
- 2009 Audit Management Letter (For information only) ** Page 33

(c) Directors

- Dr. Blair Ball
- James Earhart
- John Guldseth
- Ken Ross
- Ryan Woll

(d) Legal Counsel

10. ANNOUNCEMENTS

- A) Budget Workshop, December 18, 2010 at 9:00 a.m.**
- B) District will be Closed on December 24, 2010 for the Christmas Celebration**
- C) District will be closed on December 31, 2010 for the New Year's Celebration**
- D) Finance & Audit Meeting, January 6, 2011 at 4:00 p.m.**
- E) Regular Board Meeting, January 12, 2011 at 7:00 p.m.**

11. ACTION LIST

- _____
- _____

12. ADJOURNMENT

GULDSETH	M	S	A	N
EARHART	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, 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.

Check Register-Summary-Bank



AP5090

Page : 1

Date : Nov 29, 2010

Time : 7:41 am

Vendor : A&A FENCE To ZETLMAIER

Cheque Dt. : 01-Nov-2010 To 29-Nov-2010

Bank : 7 - ACCOUNTS PAYABLE

Seq : Cheque No. Status : All

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

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
41455	02-Nov-2010	PITNEYBOW	EASYPERMIT POSTAGE	Issued	346	C	3,971.03
41456	04-Nov-2010	AARONCOUCH	COUCH, AARON	Issued	348	C	130.00
41457	04-Nov-2010	ACWA	ACWA	Issued	348	C	13,320.00
41458	04-Nov-2010	AJ BUSINES	AJ BUSINESS MACHINES	Issued	348	C	125.00
41459	04-Nov-2010	ALSCO	ALSCO	Issued	348	C	54.60
41460	04-Nov-2010	AVAYA	AVAYA INC	Issued	348	C	132.41
41461	04-Nov-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	348	C	564.17
41462	04-Nov-2010	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	348	C	5,007.78
41463	04-Nov-2010	BSAFE&LOCK	BEAUMONT SAFE & LOCK	Issued	348	C	130.00
41464	04-Nov-2010	CLEANBYDES	CLEAN BY DESIGN INC.	Issued	348	C	1,110.00
41465	04-Nov-2010	CSMFO	CA SOCIETY OF MUNI. FINANCE OFFICERS	Cancelled	364	C	0.00
41466	04-Nov-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	348	C	63,676.46
41467	04-Nov-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	348	C	69,350.62
41468	04-Nov-2010	ESBABCOCK	ES BABCOCK	Issued	348	C	600.00
41469	04-Nov-2010	FEDEX	FEDEX	Issued	348	C	33.15
41470	04-Nov-2010	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	348	C	82.41
41471	04-Nov-2010	GASCO	THE GAS COMPANY	Issued	348	C	14.30
41472	04-Nov-2010	HALLIWILLJ	HALLIWILL, JOHN	Issued	348	C	200.00
41473	04-Nov-2010	HOMEDEPOT	HOME DEPOT CREDIT SERVICES	Issued	348	C	946.31
41474	04-Nov-2010	INLANDWATE	INLAND WATER WORKS	Issued	348	C	2,411.32
41475	04-Nov-2010	JONSFLAG	JON'S FLAGS & POLES INC.	Issued	348	C	380.63
41476	04-Nov-2010	MARIN, BLA	MARIN, BLANCA	Issued	348	C	101.02
41477	04-Nov-2010	METROCALL	USA MOBILITY WIRELESS INC.	Issued	348	C	25.67
41478	04-Nov-2010	NAPAAUTOPA	NAPA AUTO PARTS	Issued	348	C	181.60
41479	04-Nov-2010	ONLINE INF	ONLINE INFORMATION SERVICES	Issued	348	C	348.60
41480	04-Nov-2010	PACIFICALA	PACIFIC ALARM	Issued	348	C	206.50
41481	04-Nov-2010	PATSPOTS	PAT'S POTS	Issued	348	C	310.00
41482	04-Nov-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	348	C	384.00
41483	04-Nov-2010	PRIORITYMA	PRIORITY MAILING SYSTEMS	Issued	348	C	2,273.42
41484	04-Nov-2010	ROSSK000	ROSS, KEN	Issued	348	C	300.00
41485	04-Nov-2010	STAPLES	STAPLES ADVANTAGE	Issued	348	C	856.33
41486	04-Nov-2010	TEAMCINEMA	TEAM CINEMA	Issued	348	C	2,000.00
41487	04-Nov-2010	TOMLARA	TOM LARA	Issued	348	C	3,950.00
41488	04-Nov-2010	TRICOUNTYP	TRI COUNTY PUMP CO	Issued	348	C	5,458.36
41489	04-Nov-2010	VERIZONIPI	VERIZON BUSINESS	Issued	348	C	1,086.15
41490	04-Nov-2010	NOTARY	NATIONAL NOTARY ASSOCIATION	Issued	350	C	195.58
41491	18-Nov-2010	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	354	C	364.94
41492	18-Nov-2010	ALSCO	ALSCO	Issued	354	C	80.85
41493	18-Nov-2010	ARCO	ARCO GASPRO PLUS	Issued	354	C	5,440.03
41494	18-Nov-2010	AUTOVALUE	STAR AUTO PARTS	Issued	354	C	20.58
41495	18-Nov-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	354	C	467.19
41496	18-Nov-2010	BCVWD	BCVWD PETTY CASH	Issued	354	C	185.84
41497	18-Nov-2010	BSAFE&LOCK	BEAUMONT SAFE & LOCK	Issued	354	C	163.00
41498	18-Nov-2010	CALTOOL	CALIFORNIA TOOL & WELDING	Issued	354	C	93.60
41499	18-Nov-2010	CITYOFB	CITY OF BEAUMONT	Issued	354	C	47.54
41500	18-Nov-2010	CR&RINCORP	CR&R INC	Issued	354	C	228.27
41501	18-Nov-2010	CVNURSERY	CHERRY VALLEY NURSERY	Issued	354	C	112.67
41502	18-Nov-2010	DEPHEALTH	CA. DEPT OF PUBLIC HEALTH	Issued	354	C	55.00
41503	18-Nov-2010	DEPTOFENVI	DEPT OF ENVIRONMENTAL HEALTH	Issued	354	C	10,000.00
41504	18-Nov-2010	DMV	DMV	Issued	354	C	23.00
41505	18-Nov-2010	EMEDCO	EMEDCO	Issued	354	C	3,199.56
41506	18-Nov-2010	ESBABCOCK	ES BABCOCK	Issued	354	C	990.00
41507	18-Nov-2010	FEDEX	FEDEX	Issued	354	C	26.68
41508	18-Nov-2010	HARBORTRUC	HARBOR TRUCK BODIES INC	Issued	354	C	730.00
41509	18-Nov-2010	HUDECS	HUDEC'S COMPUTER CONSULTING	Issued	354	C	695.06
41510	18-Nov-2010	INLANDWATE	INLAND WATER WORKS	Issued	354	C	425.16

Check Register-Summary-Bank



AP5090

Page : 2

Date : Nov 29, 2010

Time : 7:41 am

Vendor : A&A FENCE To ZETLMAIER

Cheque Dt. : 01-Nov-2010 To 29-Nov-2010

Bank : 7 - ACCOUNTS PAYABLE

Seq : Cheque No. Status : All

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

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
41511	18-Nov-2010	MACROCOMM	MACRO COMMUNICATIONS	Issued	354	C	300.00
41512	18-Nov-2010	MARIN, BLA	MARIN, BLANCA	Issued	354	C	89.00
41513	18-Nov-2010	MIKEMCGEOR	MIKE MCGEORGE GOPHER CONTROL	Issued	354	C	250.00
41514	18-Nov-2010	NINOS	NINO'S	Issued	354	C	190.23
41515	18-Nov-2010	PACIFICALA	PACIFIC ALARM	Issued	354	C	2,507.00
41516	18-Nov-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	354	C	368.00
41517	18-Nov-2010	RANCHOPASE	RANCHO PASEO MEDICAL	Issued	354	C	25.00
41518	18-Nov-2010	REDWINE	REDWINE AND SHERRILL	Issued	354	C	7,757.50
41519	18-Nov-2010	ROSSK000	ROSS, KEN	Issued	354	C	300.00
41520	18-Nov-2010	SAFEGUARD	SAFEGUARD	Issued	354	C	980.38
41521	18-Nov-2010	SGPWA	SAN GORGONIO PASS WATER AGENCY	Issued	354	C	256,136.00
41522	18-Nov-2010	STAPLES	STAPLES ADVANTAGE	Issued	354	C	365.05
41523	18-Nov-2010	STELLAPARK	PARKS, STELLA	Issued	354	C	600.00
41524	18-Nov-2010	TERMINIX	TERMINIX	Issued	354	C	49.00
41525	18-Nov-2010	UNDERGROU	UNDERGROUND SERVICE ALERT	Issued	354	C	105.00
41526	18-Nov-2010	VADIM	VADIM	Issued	354	C	2,040.00
41527	18-Nov-2010	VERIZON	VERIZON	Issued	354	C	342.22
41528	18-Nov-2010	VERIZONCRE	VERIZON CREDIT INC.	Issued	354	C	139.29
41529	18-Nov-2010	WASTE MANA	RIVERSIDE COUNTY WASTE MANAGEMENT	Issued	354	C	16.00
41530	18-Nov-2010	WASTEMANA	WASTE MANAGEMENT	Issued	354	C	357.65
41531	18-Nov-2010	WELLSFARG	WELLS FARGO REMITTANCE CENTER	Issued	354	C	204.95
41532	18-Nov-2010	WOLLR000	WOLL, RYAN	Issued	354	C	200.00
41533	18-Nov-2010	XEROX	XEROX CORPORATION	Issued	354	C	1,284.86
41534	23-Nov-2010	LFGSOLUTIO	LFG SOLUTIONS	Issued	357	C	5,713.91
Total Computer Paid :		483,587.43	Total EFT PAP :	0.00	Total Paid :		483,587.43
Total Manually Paid :		0.00	Total EFT File :	0.00			

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

Check Register-Summary-Bank



AP5090

Page : 1

Date : Nov 29, 2010

Time : 7:47 am

Vendor : A&A FENCE To ZETLMAIER

Cheque Dt. : 01-Nov-2010 To 29-Nov-2010

Bank : 10 - CUSTOMER REFUNDS

Seq : Cheque No. Status : All

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

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
1005	04-Nov-2010	ROBID001	ROBINSON, DERRICK	Issued	347	C	50.00
1006	18-Nov-2010	STMP001021	CLEAN STREET	Issued	355	C	307.71
1007	18-Nov-2010	STMP001022	HOWE, SUSAN	Issued	355	C	96.76
Total Computer Paid :		454.47	Total EFT PAP :	0.00	Total Paid :		454.47
Total Manually Paid :		0.00	Total EFT File :	0.00			

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

Memorandum

Date: December 8, 2010
From: Anthony Lara, Interim General Manager
To: Board of Directors
Subject: Invoices Pending Payment

Attached please find copies of the professional services invoices which are pending payment. Total amount pending approval is \$ 38,090.35

Vendor Name	Invoice No.	Amount
Parsons Infrastructure	10110155	\$28,855.10
Wildermuth Environmental Inc	2010712	\$1,567.75
Redwine & Sherrill	1110001	\$7,667.50
		<u><u>\$38,090.35</u></u>

Recommendation: That the Board of Directors approve the November 2010 Invoices Pending.

MEMORANDUM

November 5, 2010

TO: Tony Lara, Interim General Manager
FROM: Steve Gratwick
SUBJECT: Work During Billing Period: 9/25/10 through 10/29/10
Invoice No. 10110155

During this past billing period we performed the following tasks:

Task 01000 – General:

- Administration \$502.50
- Revisions to Landscape Maintenance Service RFP and Agreement \$680.00
- Plan Check - WinCo Foods (Formally ProLogis) \$1,410.00
- Aim All Storage – Field Notes and Costs Research \$1,530.00
- Work Plan - Hazardous Waste Remediation of Soil \$10,720.00
- Health and Safety Plan - Hazardous Waste Remediation Plan \$13,095.57

Task 89000 – Master Plan Update:

- Update demands and hydraulic model for 2650/2520/2370 Pressure Zones \$850.00

Task 10018 – Ring Ranch Road Extension:

- ODCs (Converse Consultants – Repro for Final Compaction Report) \$67.03

TOTAL \$28,855.10



WILDERMUTH™
ENVIRONMENTAL INC.

Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

HOLD INVOICE
Board Approval Required
[Signature]

Beaumont Cherry Valley Water District
Anthony L. Lara
560 Magnolia Ave.
Beaumont, CA 92223-2258

Invoice number 2010712
Date 11/11/2010

Project: **035-010 BMZ Antidegradation Analysis -
BCVWD Share**

Professional Services for the Period: October 1, 2010 through October 31, 2010

The following work was completed during this billing period:

- * Prepared a detailed data request of water supply and demand, recycled water, and supplemental water recharge planning projections for the 2010 through 2040 period. Data request was sent via email to Dave Dillon (Beaumont), Tony Lara (BCVWD), Joe Zoba (YVWD), Duane Burk (Banning), and Jeff Davis (Pass Agency).
- * Reviewed planning projection data received from the BCVWD. Coordinated with Joe Reichenberger to clarify the information provided and request additional data needed as input for the Beaumont Management Zone TDS/N model.
- * Reviewed planning projection data received from the City of Beaumont. Coordinated with Dave Dillon to clarify the information provided.
- * Corresponded with Jeff Davis from the San Geronio Pass Water Agency to obtain information and data related to their planned recharge basin construction on Noble Creek.
- * Set up Excel spreadsheets to input the water supply and demand, recycled water, and supplemental water recharge planning projections for the 2010 through 2040 period for use in the Constantly Stirred Reactor Model.
- * Set up the Constantly Stirred Reactor model for input of all data associated with recharge to and discharge from the Beaumont Management Zone.
- * Prepared for and attended the October 21, 2010 meeting at the Regional Board to review the California Water Code Section 13267 Order issued to the City of Beaumont, the BCVWD, and the YVWD. The meeting was attended by Cindy Li, Gary Stewart, Najah Amin, Tony Lara, Kishen Prathivadi, Hisam Baqai, Joe Zoba, Jennifer Ares, Tim Moore, Mark Wildermuth, and Samantha Adams.

Professional Services

	Hours	Rate	Billed Amount
Mark J. Wildermuth	3.75	215.00	806.25
Samantha S. Adams	5.00	150.00	750.00
Professional Services subtotal	8.75		1,556.25

Other Direct Costs

	Units	Rate	Billed Amount
Miles	18.00	0.50	9.00
Tolls			2.50
Other Direct Costs subtotal			11.50
Invoice total			1,567.75

Please note the above billing rates include a 5% recession reduction

LAW OFFICES
REDWINE AND SHERRILL
STATEMENT FOR PROFESSIONAL SERVICES

1950 MARKET STREET
RIVERSIDE, CALIFORNIA 92501-1720
TELEPHONE 951-684-2520
ID # 95-1979827

November 29, 2010

Beaumont Cherry Valley Water District
ATTN: Tony Lara
P. O. Box 2037
Beaumont, CA 92223

For Services Rendered During November 2010

Legal Fees due for Month	\$ 7,012.00
Costs Advanced for Month	\$ 655.00
CURRENT AMOUNT DUE	\$ 7,667.50

Beaumont-Cherry Valley Water District
Statements of Revenues, Expenses, and Changes in Net Assets
Unaudited
Through October 31, 2010

	Actual Current Month	Actual YTD	Adopted Budget	Budget Remaining	Percent to Budget
Operating revenues:					
Water consumption sales	542,534	3,611,079	4,329,564	718,485	83.41%
Water service charges	121,016	1,451,980	1,863,415	411,435	77.92%
Water importation surcharges	152,959	866,874	996,851	129,977	86.96%
Water pumping power surcharges	199,460	1,137,079	1,311,650	174,571	86.69%
Development and installation charges	5,837	220,918	160,000	(60,918)	138.07%
Other charges for services	21,984	299,795	259,000	(40,795)	115.75%
Total operating revenues	1,043,789	7,587,726	8,920,480	1,332,754	85.06%
Operating expenses:					
Source of supply	431,320	2,749,378	3,071,820	322,442	89.50%
Transmission and distribution	60,314	747,843	1,033,700	285,857	72.35%
Customer accounts	14,551	151,614	183,400	31,786	82.67%
Maintenance & general plant	18,167	252,524	393,400	140,876	64.19%
In-House engineering	7,335	92,449	112,012	19,563	82.54%
Professional services	33,780	193,270	290,000	96,730	66.64%
Administrative	144,297	1,307,285	2,291,300	984,015	57.05%
Total operating expenses	709,765	5,494,363	7,375,632	1,881,269	74.49%
Operating income before depreciation	334,024	2,093,363	1,544,848	(548,515)	135.51%
Depreciation	(168,779)	(1,687,793)	(2,025,351)	(337,558)	83.33%
Operating income(loss)	165,245	405,570	(480,503)	(886,073)	
Non-operating revenue(expense):					
Interest earnings	2,658	31,051	51,000	19,949	60.88%
Rental income	1,314	19,065	30,800	11,735	61.90%
Other non-operating revenues	55	25,905	15,000	(10,905)	172.70%
Other non-operating expenses	-	84,969	84,969	(0)	
Total non-operating revenues(expenses), net	4,027	(8,950)	11,831	20,781	-75.64%
Net income(loss) before capital contributions	169,272	396,621	(468,672)	(865,293)	
Capital contributions:					
Facilities charges	2,531	646,919	272,402	374,517	237.49%
Front footage fees	0	0	0	0	0
Total capital contributions	2,531	646,919	272,402	374,517	
Change in net assets	171,802	1,043,539	(196,270)	1,239,809	
	171,802	1,043,539	196,270		

Beaumont-Cherry Valley Water District
Statements of Revenues, Expenses, and Changes in Net Assets
Detailed
Unaudited Through October 31, 2010

	Current Month	Actual - YTD	Adopted Budget	Budget Remaining	Percent to Budget
Operating revenues:					
Water consumption sales					
DOMESTIC WATER SALES	537,447	3,411,727	4,074,564	662,837	83.73%
IRRIGATION WATER SALES	-	24,881	30,000	5,119	82.94%
CONSTRUCTION WATER SALES	5,087	92,665	125,000	32,335	74.13%
RECHARGE INCOME (CITY OF BANNING)	-	81,805	100,000	18,195	81.81%
Water service charges (meter charge)					
SERVICE CHARGES	121,016	1,451,980	1,863,415	411,435	77.92%
Water importation surcharge	152,959	866,874	996,851	129,977	86.96%
Water pumping power surcharge	199,460	1,137,079	1,311,650	174,571	86.69%
Development and installation charges					
INSTALLATION CHARGES	3,015	140,149	100,000	(40,149)	140.15%
DEVELOPMENT INCOME	2,822	80,769	60,000	(20,769)	134.62%
Other charges for services					
REIMB. CUST. DAMAGES/UPGRADES/WELLS	25	108,110	30,000	(78,110)	360.37%
BACKFLOW DEVICES	3,039	24,262	22,500	(1,762)	107.83%
RETURNED CHECK FEES	240	1,520	3,500	1,980	43.43%
TURN ONS	2,360	28,560	36,000	7,440	79.33%
THIRD NOTICE CHARGE	5,775	64,735	76,000	11,265	85.18%
PENALTIES	10,545	72,607	91,000	18,393	79.79%
	<u>21,984</u>	<u>299,795</u>			
Total operating revenues	<u>1,043,789</u>	<u>7,587,726</u>	<u>8,920,480</u>	<u>1,332,754</u>	<u>85.06%</u>
Operating expenses:					
Source of supply					
STATE PROJECT WATER PURCHASED	236,482	1,196,675	570,600	(626,075)	209.72%
HEALTH INSURANCE	4,908	40,740	55,000	14,260	74.07%
RETIREMENT/CALPERS	5,346	49,784	65,000	15,216	76.59%
LABOR	17,112	175,061	275,000	99,939	63.66%
BEREAVEMENT/SEMINAR/JURY DUTY	-	379	1,000	621	37.86%
SICK LEAVE	948	5,563	4,500	(1,063)	123.61%
VACATION	-	4,405	6,000	1,595	73.42%
HOLIDAYS	189	6,122	9,500	3,378	64.45%
LIFE INSURANCE	142	1,132	1,600	468	70.75%
UNIFORMS, EMPLOYEE BENEFITS	-	557	1,000	443	55.71%
TREATMENT & CHEMICALS	-	28,811	160,000	131,189	18.01%
LAB TESTING	1,595	43,366	45,000	1,634	96.37%
MAINTENANCE EQUIPMENT (PUMPING) 81088	13,056	105,519	160,000	54,481	65.95%
UTILITIES - GAS	16	129	120	(9)	107.66%
UTILITIES - ELECTRIC	145,360	1,074,780	1,700,000	625,220	63.22%
TELEMETRY MAINTENANCE	-	621	6,000	5,379	10.34%
SEMINAR & TRAVEL EXPENSES	-	-	500	500	0.00%
EDUCATION EXPENSES	-	245	1,000	755	24.50%
WORKER'S COMPENSATION INSURANCE	1,772	5,057	10,000	4,943	50.57%
STATE MANDATE CLEAN UP	4,393	10,433	0	(10,433)	0.00%
Total Source of supply	<u>431,320</u>	<u>2,749,378</u>	<u>3,071,820</u>	<u>322,442</u>	<u>89.50%</u>
Transmission and distribution					
HEALTH INSURANCE	12,075	114,752	115,000	248	99.78%
RETIREMENT/CALPERS	8,037	102,737	110,000	7,263	93.40%
LABOR	23,283	299,836	370,000	70,164	81.04%

Beaumont-Cherry Valley Water District
Statements of Revenues, Expenses, and Changes in Net Assets
Detailed
Unaudited Through October 31, 2010

	Current Month	Actual - YTD	Adopted Budget	Budget Remaining	Percent to Budget
BEREAVEMENT/SEMINAR/JURY DUTY	-	2,015	2,400	385	83.95%
SICK LEAVE	2,677	20,304	18,000	(2,304)	112.80%
VACATION	1,014	11,182	24,000	12,818	46.59%
HOLIDAYS	-	12,540	24,000	11,460	52.25%
LIFE INSURANCE	225	2,533	3,100	567	81.72%
UNIFORMS, EMPLOYEE BENEFITS	47	2,410	3,200	791	75.30%
SEMINAR & TRAVEL EXPENSES	-	710	1,000	290	71.00%
EDUCATION EXPENSES	90	245	2,000	1,755	12.25%
WORKER'S COMPENSATION INSURANCE	2,593	15,149	15,000	(149)	100.99%
MAINT PIPELINE/FIRE HYDRANT	1,836	30,597	95,000	64,403	32.21%
LINE LOCATES	122	1,932	3,500	1,568	55.21%
MAINT METERS & SERVICES	6,122	106,015	175,000	68,985	60.58%
BACKFLOW DEVICES	-	-	500	500	0.00%
MAINTENANCE RESERVOIRS/TANKS	-	4,452	10,000	5,548	44.52%
MAINTENANCE PRESSURE REGULATORS	-	-	12,000	12,000	0.00%
INSPECTIONS	2,226	19,139	35,000	15,861	54.68%
INVENTORY ADJUSTMENT	-	-	0	0	-
INVENTORY PURCHASE DISCOUNTS	(33)	(2,030)	(5,000)	(2,970)	40.60%
OBSOLETE OR DAMAGED INVENTORY	-	65	20,000	19,935	0.32%
PROPERTY THEFT	-	3,258	0	(3,258)	-
Total transmission and distribution	60,314	747,843	1,033,700	285,857	72.35%
Customer accounts					
HEALTH INSURANCE	3,031	28,067	34,000	5,933	82.55%
RETIREMENT/CALPERS	2,287	25,895	31,000	5,105	83.53%
LABOR	7,758	77,791	99,000	21,209	78.58%
BEREAVEMENT/SEMINAR/JURY DUTY	-	195	1,000	805	19.54%
SICK LEAVE	120	4,452	3,000	(1,452)	148.40%
VACATION	397	5,464	4,000	(1,464)	136.60%
HOLIDAYS	189	3,975	6,500	2,525	61.15%
LIFE INSURANCE	62	631	800	169	78.86%
UNIFORMS, EMPLOYEE BENEFITS	-	587	800	213	73.34%
EDUCATION EXPENSES	-	-	1,000	1,000	0.00%
WORKER'S COMPENSATION	708	4,558	2,300	(2,258)	198.16%
Total customer accounts	14,551	151,614	183,400	31,786	82.67%
Maintenance & general plant					
UTILITIES - DISTRICT PROPERTIES	4,619	70,212	95,400	25,188	73.60%
AUTO/FUEL	4,509	56,870	85,000	28,130	66.91%
SAFETY EQUIPMENT	32	1,695	3,000	1,305	56.51%
COMMUNICATION MAINTENANCE	-	-	1,000	1,000	0.00%
REPAIR & MAINT OF GEN EQUIPMENT	-	3,582	3,000	(582)	119.41%
REPAIR VEHICLES AND TOOLS	466	7,344	40,000	32,656	18.36%
LARGE EQUIPMENT MAINTENANCE	40	17,065	35,000	17,935	48.76%
EQUIP. PREVENTATIVE MAINTENANCE	-	7	1,000	993	0.68%
AUTO/EQUIPMENT OPERATION	2,609	18,850	40,000	21,150	47.12%
MAINT GENERAL PLANT (BUILDINGS)	130	1,994	10,000	8,006	19.94%
LANDSCAPE MAINTENANCE	3,450	42,216	50,000	7,784	84.43%
RECHARGE FAC, CANYON & POND MAINTENANCE	2,312	32,689	30,000	(2,689)	108.96%
Total maintenance & general plant	18,167	252,524	393,400	140,876	64.19%
In-House engineering					

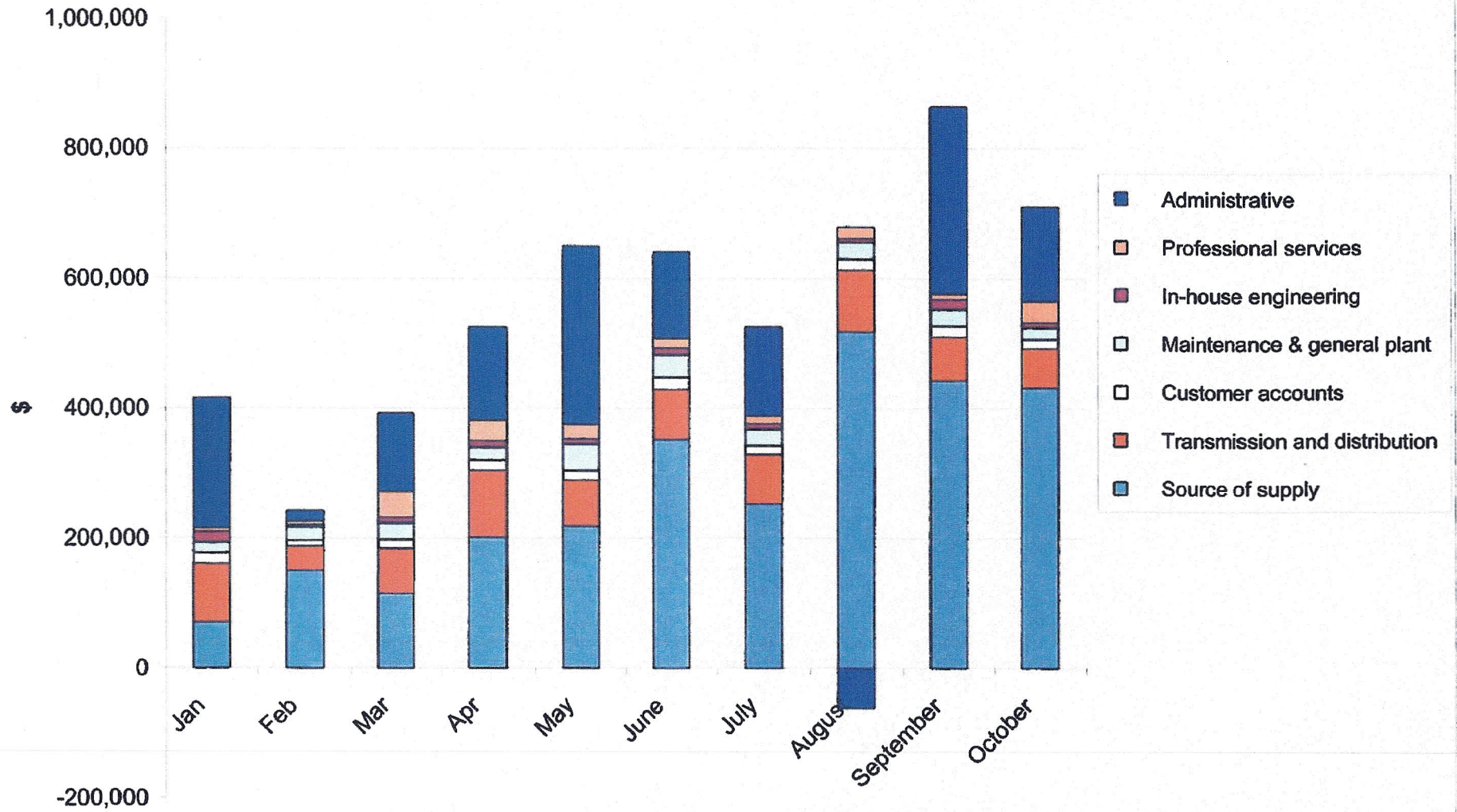
Beaumont-Cherry Valley Water District
Statements of Revenues, Expenses, and Changes in Net Assets
Detailed
Unaudited Through October 31, 2010

	Current Month	Actual - YTD	Adopted Budget	Budget Remaining	Percent to Budget
HEALTH INSURANCE	274	3,571	4,000	429	89.27%
RETIREMENT/CALPERS	731	10,746	10,000	(746)	107.46%
LABOR	6,007	64,950	82,000	17,050	79.21%
BEREAVEMENT/SEMINAR/JURY DUTY	-	295	500	205	59.09%
SICK LEAVE	-	-	2,000	2,000	0.00%
VACATION	-	1,571	3,200	1,629	49.08%
HOLIDAY	-	1,946	3,200	1,254	60.81%
LIFE INSURANCE	22	286	312	26	91.76%
SEMINAR & TRAVEL EXPENSES	-	-	500	500	0.00%
EDUCATION EXPENSE	-	6,847	5,000	(1,847)	136.93%
WORKER'S COMPENSATION	301	2,238	1,300	(938)	172.14%
Total in-house engineering	7,335	92,449	112,012	19,563	82.54%
Professional services					
GENERAL LEGAL	22,444	131,509	125,000	(6,509)	105.21%
DEVELOPMENT - REIMB. LEGAL	-	-	1,000	1,000	0.00%
AUDIT	-	18,733	19,000	267	98.59%
ACCOUNTING (NON AUDIT)	-	-	10,000	10,000	0.00%
GENERAL ENGINEERING	11,336	41,174	120,000	78,826	34.31%
DEVELOPMENT - REIMB. ENGINEERING	-	1,855	5,000	3,145	37.10%
ENGINEERING - PERMITTING (REC WATER)	-	-	10,000	10,000	0.00%
Total professional services	33,780	193,270	290,000	96,730	66.64%
General and administrative					
HEALTH INSURANCE	12,646	117,956	152,000	34,044	77.60%
RETIREMENT/CALPERS	14,859	161,003	221,000	59,997	72.85%
LABOR	60,253	578,904	810,000	231,096	71.47%
BEREAVEMENT/SEMINAR/JURY DUTY	-	1,015	2,500	1,485	40.59%
SICK LEAVE	820	24,610	20,000	(4,610)	123.05%
VACATION	636	22,463	38,000	15,537	59.11%
HOLIDAYS	413	20,319	39,000	18,681	52.10%
LIFE INSURANCE	399	3,751	5,600	1,849	66.99%
SEMINAR & TRAVEL EXPENSES	454	1,505	5,500	3,995	27.36%
EDUCATION EXPENSES	-	420	1,000	580	42.00%
WORKER'S COMPENSATION INSURANCE	1,732	6,980	8,000	1,020	87.25%
UNEMPLOYMENT INSURANCE	-	3,751	14,000	10,249	26.79%
EMPLOYER SHARE FOR RETIRED (CALPERS)	521	4,693	4,500	(193)	104.28%
ADMINISTRATIVE COSTS (CALPERS)	141	1,274	2,000	726	63.70%
BANK CHGS/MONEY MARKET/TRANS. FEES	2,682	19,488	20,000	512	97.44%
OFFICE SUPPLIES	1,985	34,450	47,500	13,050	72.53%
OFFICE EQUIPMENT/SERVICE AGREEMENTS	12,177	47,188	85,000	37,812	55.52%
OFFICE MAINTENANCE	587	10,752	15,000	4,248	71.68%
MEMBERSHIP DUES	3,903	19,274	21,000	1,726	91.78%
OFFICE EQUIP. MAINT. & REPAIRS	-	65	2,000	1,935	3.26%
POSTAGE	1,000	32,782	40,000	7,218	81.96%
SUBSCRIPTIONS	335	4,253	1,600	(2,653)	265.80%
MISCELLANEOUS OPERATING SUPPLIES	5	4,452	15,000	10,548	29.68%
MISCELLANEOUS TOOLS/EQUIPMENT	-	1,929	10,000	8,071	19.29%
EMPLOYEE MEDICAL/FIRST AID	-	343	600	257	57.17%
RANDOM DRUG TESTING	-	75	500	425	15.00%
PROPERTY/AUTO/GEN LIABILITY INSURANCE	7,477	73,252	60,000	(13,252)	122.09%
STATE MANDATES AND TARIFFS	9,828	19,138	27,000	7,862	70.88%

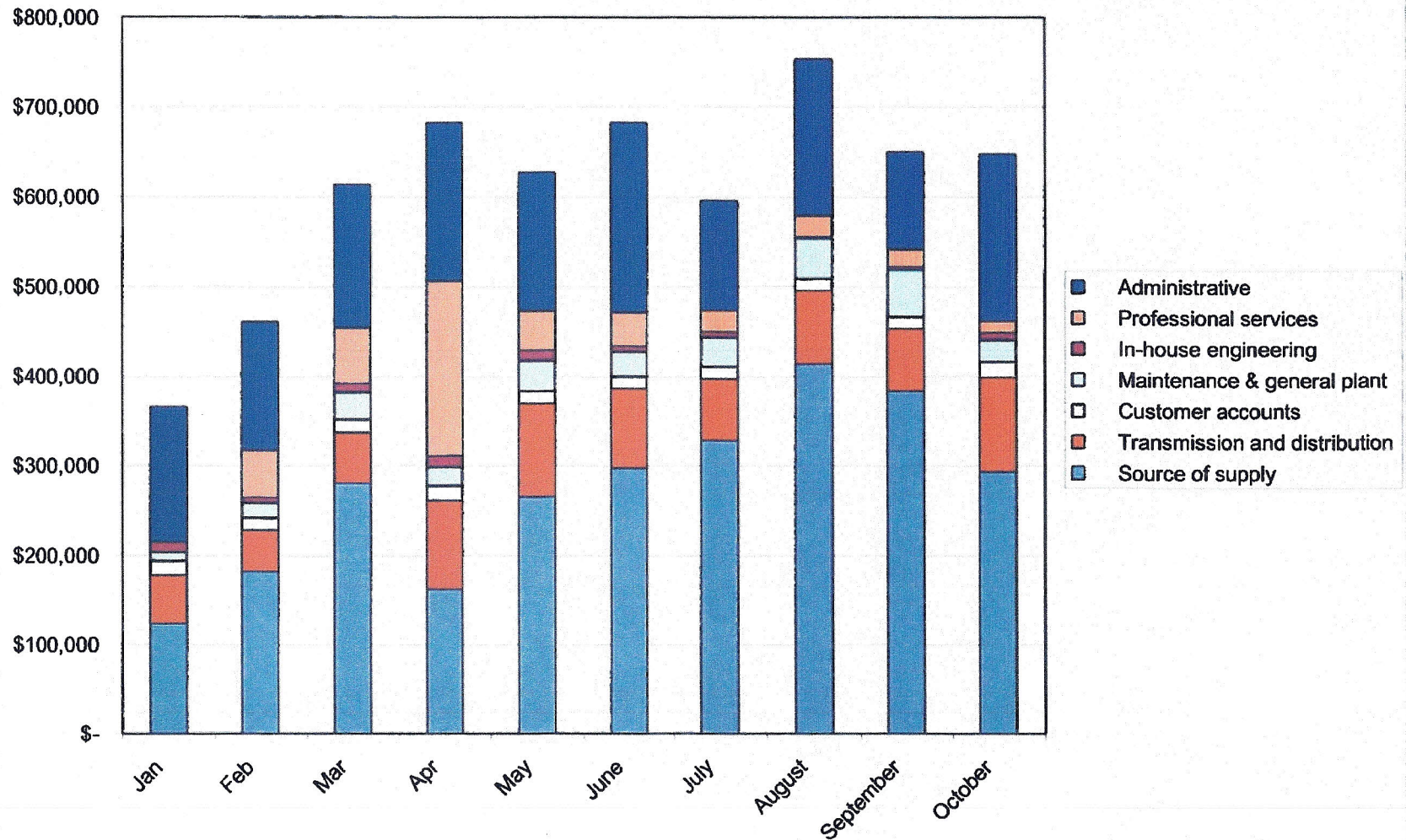
Beaumont-Cherry Valley Water District
Statements of Revenues, Expenses, and Changes in Net Assets
Detailed
Unaudited Through October 31, 2010

	<u>Current Month</u>	<u>Actual - YTD</u>	<u>Adopted Budget</u>	<u>Budget Remaining</u>	<u>Percent to Budget</u>
MISCELLANEOUS EXPENSES	184	10,651	3,000	(7,651)	355.05%
PUBLIC EDUCATION	-	8,353	10,000	1,647	83.53%
PROPERTY DAMAGE	-	1,848	0	(1,848)	0.00%
IT SUPPORT/SOFTWARE SUPPORT	4,174	37,480	65,000	27,520	57.66%
PRINCIPAL PAYMENT	-	-	470,000	470,000	0.00%
INTEREST EXPENSE	-	-	0	0	0.00%
BAD DEBT EXPENSES	-	2,584	1,000	(1,584)	258.40%
NOTE COST OF ISSUANCE	6,107	10,688	0	(10,688)	-
BOARD OF DIRECTOR FEES	980	19,390	40,000	20,610	48.48%
ELECTION EXPENSES	-	205	34,000	33,795	0.60%
Total general and administrative	<u>144,297</u>	<u>1,307,285</u>	<u>2,291,300</u>	<u>984,015</u>	<u>57.05%</u>
 Total operating expenses	 <u>709,765</u>	 <u>5,494,363</u>	 <u>7,375,632</u>	 <u>1,881,269</u>	 <u>74.49%</u>
 Operating income before depreciation	 334,024	 2,093,363	 1,544,848	 (548,515)	 135.51%
Depreciation	<u>(168,779)</u>	<u>(1,687,793)</u>	<u>(2,025,351)</u>	<u>(337,558)</u>	<u>83.33%</u>
 Operating income(loss)	 <u>165,244</u>	 <u>405,570</u>	 <u>(480,503)</u>	 <u>(886,073)</u>	 <u>-84.41%</u>
 Non-operating revenue(expense):					
Interest earnings	2,658	31,051	51,000	19,949	60.88%
Rental income	1,314	19,065	30,800	11,735	61.90%
Other non-operating revenues	55	25,905	15,000	(10,905)	172.70%
Other non-operating Expenses	-	84,969	84,969	(0)	100.00%
Total non-operating revenues(expenses), net	<u>4,027</u>	<u>(8,950)</u>	<u>11,831</u>	<u>20,781</u>	<u>-75.64%</u>
 Net income(loss) before capital contributions	 <u>169,271</u>	 <u>396,621</u>	 <u>(468,672)</u>	 <u>(865,293)</u>	
 Capital contributions:					
Facilities charges	2,531	646,919	272,402	374,517	237.49%
Front footage fees	-	-	0	0	0.00%
 Total capital contributions	 <u>2,531</u>	 <u>646,919</u>	 <u>272,402</u>	 <u>374,517</u>	 <u>237.49%</u>
 Change in net assets	 <u>171,802</u>	 <u>1,043,539</u>	 <u>(196,270)</u>	 <u>1,239,809</u>	 <u>-531.69%</u>

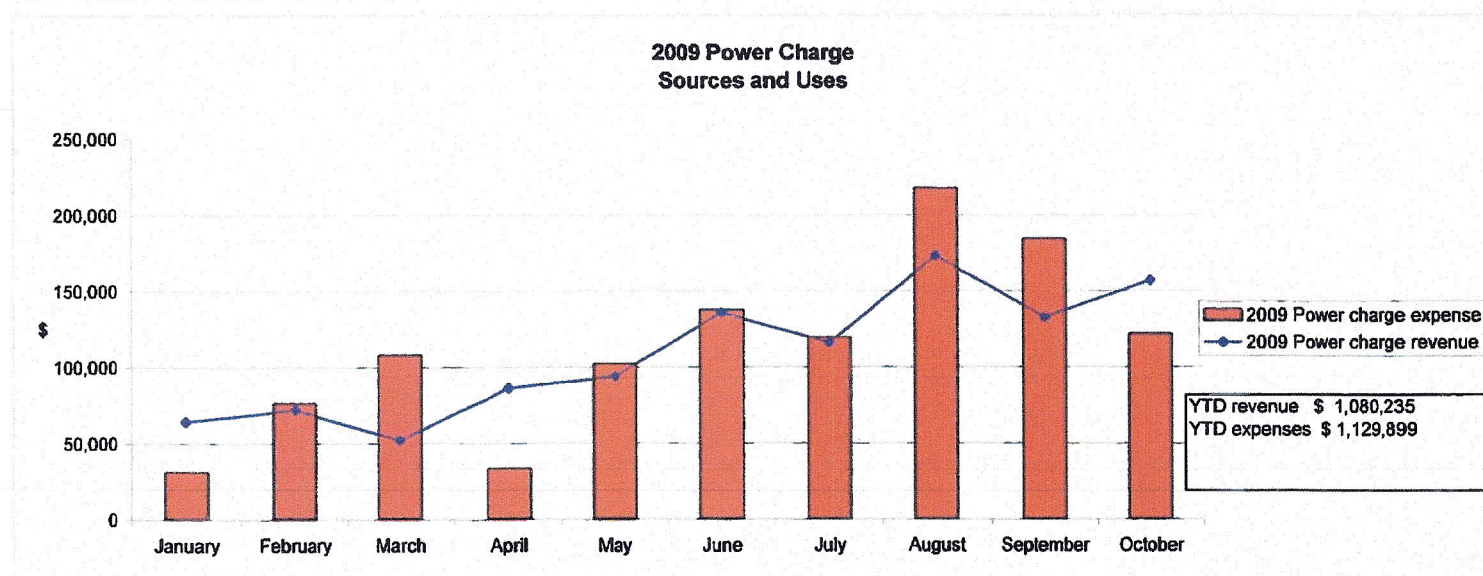
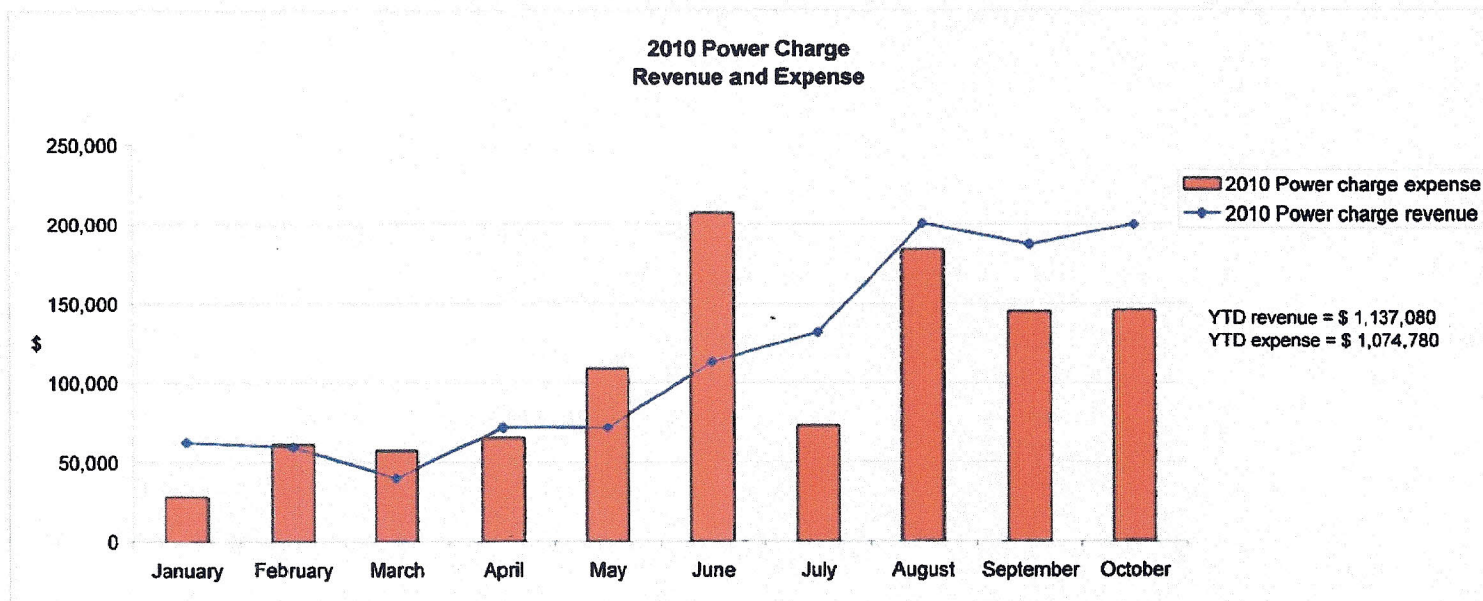
Operating Expenses by Activity - October 2010



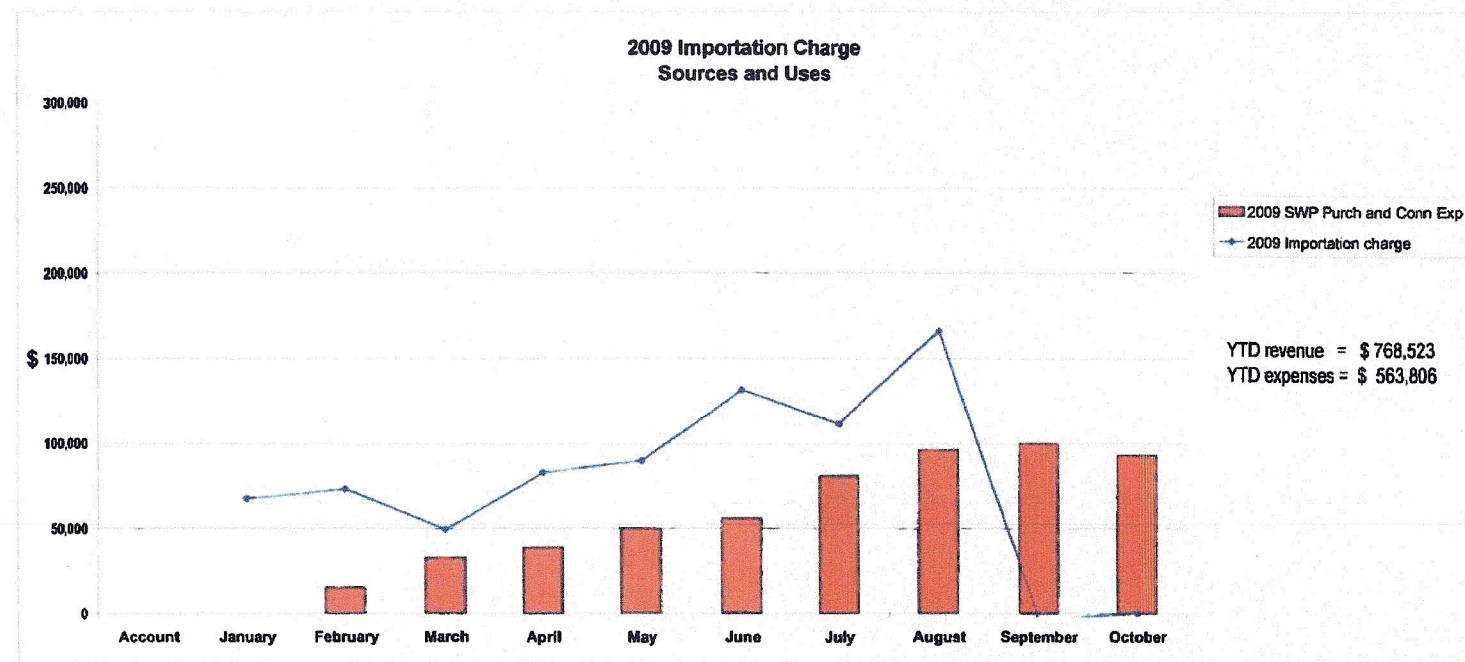
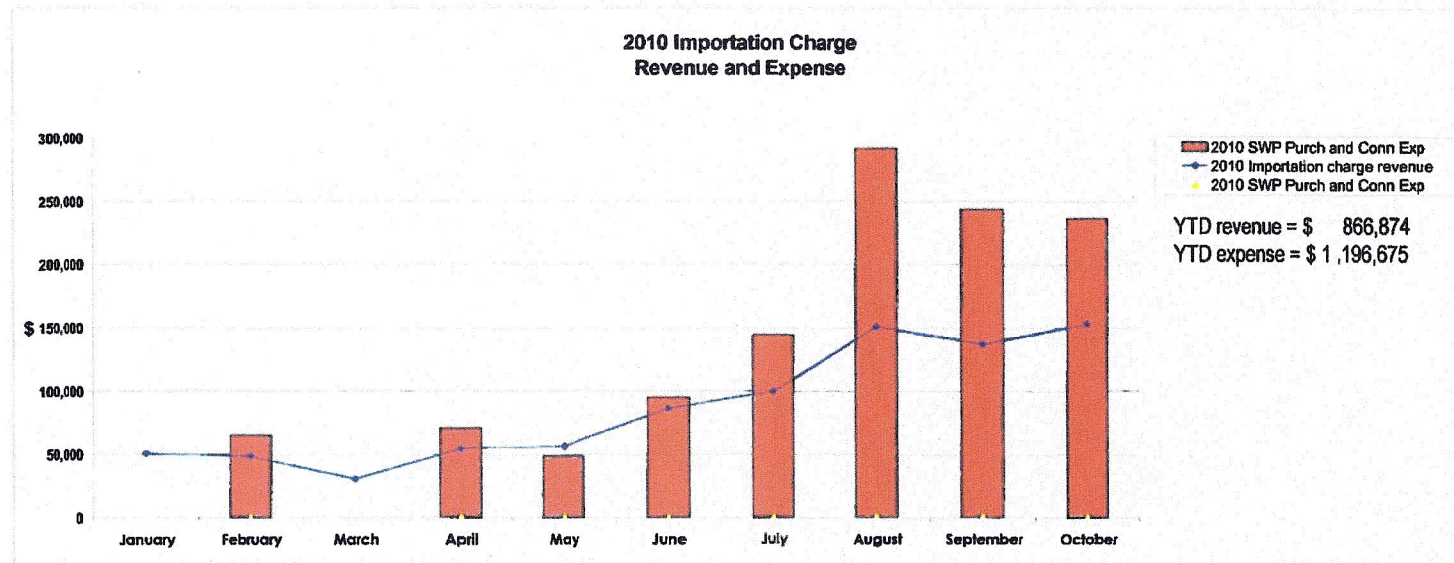
Operating Expenses by Activity - October 2009



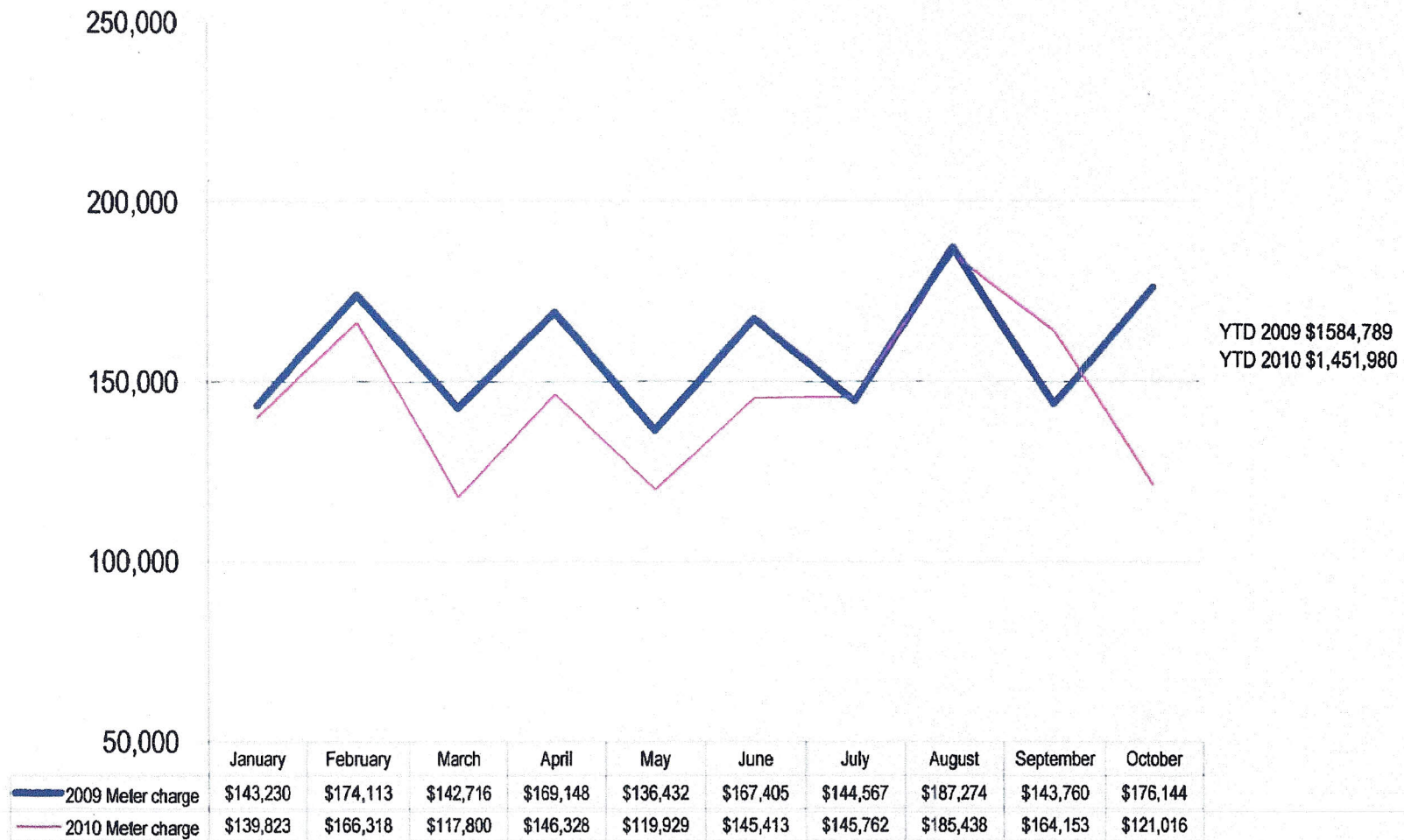
Beaumont Cherry Valley Water District Power Charge



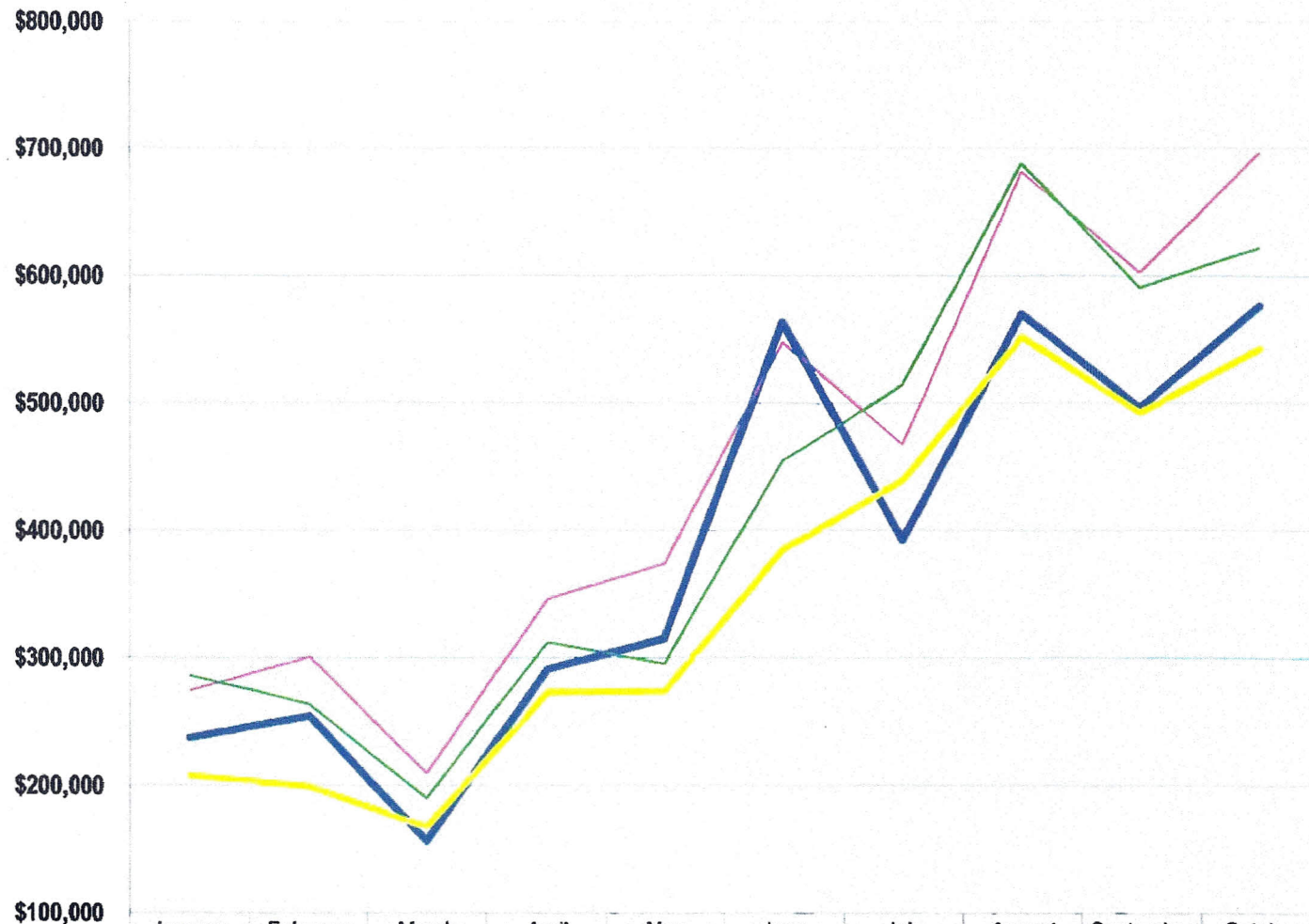
**Beaumont Cherry Valley Water District
Importation Charges**



Meter Charge through October 2010



Water Sales through October 2010
(Includes Domestic, Irrigation and Construction)



YTD 2009 \$3,851,379
YTD 2010 \$3,529,274

	January	February	March	April	May	June	July	August	September	October
2009 Water Sales	\$237,096	\$254,377	\$156,457	\$290,514	\$315,088	\$563,788	\$391,872	\$569,972	\$496,153	\$576,060
2009 Consumption	273,769	300,390	209,083	345,681	373,554	547,837	467,401	681,372	601,891	696,096
2010 Water Sales	\$207,141	\$198,496	\$167,041	\$272,496	\$273,546	\$384,927	\$438,993	\$551,666	\$492,435	\$542,534
2010 Consumption	285,929	263,275	189,765	312,063	295,053	454,978	514,183	688,229	590,243	621,810

**Beaumont-Cherry Valley Water District
Month-end Financial Statement
Cash and Investments (Unaudited)
As of October 31, 2010**

Cash and cash equivalents	5,344,570
Restricted:	
Debt service	90,260
Construction	<u>53,581</u>
Total	<u><u>5,488,410</u></u>

Cash and cash equivalents consist of the following:

Petty cash	1,400
Deposits with financial institutions	<u>5,343,170</u>
Total cash and cash equivalents	<u><u>5,344,570</u></u>

**Beaumont-Cherry Valley Water District
Bank of America Note Reconciliation
31-Oct-10**

Funds received on March 31, 2010	\$4,965,000.00
Add: Interest earned	\$1,596.06
Less: reimbursement for costs incurred on capital projects	
2800 Zone Tank	\$2,344,940.23
24" Recycled - Brookside	\$609,951.29
1 MG Reservoir/Booster	\$63,715.61
24" Recycled - Westerly Loop Phase 4B	\$1,091,848.91
Ring Ranch Rd	\$710,636.71
24" Recycled - Westerly Loop Phase 4A	\$91,922.73
Total	<u>\$4,913,015.48</u>
 Capital Project Fund balance	 <u><u>\$53,580.58</u></u>

**RECORD OF THE MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
BEAUMONT CHERRY VALLEY WATER DISTRICT
November 10, 2010**

CALL TO ORDER, PRESIDENT BALL

President Ball called the meeting to order at 7:00 p.m., 560 Magnolia Avenue, Beaumont, California.

PLEDGE OF ALLEGIANCE, VICE PRESIDENT PARKS

Vice President Parks led the pledge.

INVOCATION, PRESIDENT BALL

President Ball recited an invocation.

ROLL CALL, BLANCA MARIN

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

Others present:

Barbara Brown	Self
Niki Magee	Self
Minnie Birchard	Self
Judy Bingham	Self
Patsy Reeley	Self
Jim Earhart	Self
Knute Dahlstrom	BCVWD
Jeanie Ross	Self
Bernadette Toledo	Self
Harold Flanders	Self
Frances Flanders	Self
Luwana Ryan	Self
Sharon Hamilton	Self
Barbara Voigt	SGPWA
Mrs. Ball	Self
Dasil Clinton	Record Gazette

PUBLIC INPUT

No public input presented at this time.

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. CONSENT CALENDAR: Matters listed in the Consent Calendar are considered to be routine and will be approved by one motion as recommended. There will be no separate discussion unless Board or Staff Member request separate discussion prior to approval.

- a. October 2010 Bills for Consideration**
- b. October 2010 Invoices Pending Approval**
- c. September 2010 Month End Financial Statement**
- d. Minutes of the Regular Meeting of October 13, 2010**
- e. Minutes of the Special (Joint) Meeting of October 21, 2010**

Unapproved Minutes of November 10, 2010

Vice President Parks moved to accept the Consent Calendar with the addition as requested by Director Ross on page 25 of the agenda related to the Regular Board Meeting Minutes of October 13, 2010, Interim General Manager's Report, add "because of a faulty valve" at the end of the sentence regarding the cause of the diesel spill. Director Halliwill seconded. The motion passed unanimously.

3. ADOPTION OF THE DEPOSIT POLICY AND PROCEDURES**

Controller Toledo provided a brief report on this item indicating that a deposit will be implemented only on those applicants who will pose a financial risk to the District. She further answered questions from the Board.

Controller Toledo indicated that commercial customers will have its own policy and procedures in a near future.

Director Ross moved to adopt the Deposit Policy and Procedures. Vice President Parks seconded. The motion passed unanimously.

4. ANNUAL CONTRIBUTION/PARTICIPATION REQUEST FROM THE CALIFORNIA WATER AWARENESS CAMPAIGN IN THE AMOUNT OF \$1,514 FOR THE NICE SAVE PROGRAM**

After discussion Vice President Parks moved to approve the request by the California Water Awareness Campaign in the amount of \$1,514 for the Nice Save Program. Motion died for lack of a second.

5. REQUEST BY THE YORBA LINDA WATER DISTRICT FOR SUPPORT IN THE FORM OF FILING AN AMICUS LETTER IN SUPPORT OF THEIR APPEAL TO THE CALIFORNIA SUPREME COURT REGARDING THE FREEWAY FIRE LITIGATION**

General Counsel Gil Granito provided a brief report on this item indicating that the Amicus Curiae Letters by legal counsel and from other agencies in support of the Yorba Linda Water District's position will lead to a favorable ruling with the Supreme Court to forestall the extension of inverse condemnation liability which would trump the fire community statutes and therefore make the water suppliers liable for any losses due to fire damages.

Director Woll moved to approve the request by the Yorba Linda Water District. Vice President Parks seconded. The motion passed unanimously.

6. REQUEST FOR WILL SERVE LETTER FROM THE BEAUMONT UNIFIED SCHOOL DISTRICT-APN 405-240-003 AND 405-240-004**

Interim General Manager, Anthony Lara briefly reported on this item indicating that the same request will be acted upon at the City Council meeting next week. He further recommended approval.

After comments from the Board, Vice President Parks moved to approve the Will Serve Letter request from the Beaumont Unified School District. Director Ross seconded. The motion passed unanimously.

7. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

(a) Ad hoc Committees - None

(b) General Manager

- Approval of Extension of the Furlough Program to January 1, 2011**

After Interim General Manager Anthony Lara's Report, the Board unanimously approved the extension of the Furlough Program to January 1, 2011

Unapproved Minutes of November 10, 2010

- Update on Recycled Water discussions- Lara reported that the cleaning of the site will start in two weeks and that the Remediation Plan was approved. He indicated that an update including total cost will be provided at the next meeting. He further reported that he also met with representatives of the City of Beaumont and that an offer was made for the District to take over some wells in San Timoteo.
- Update on diesel fuel spill incident-Lara reported that he met with Yucaipa Valley Water District representatives and that the next step is to work on an agreement.

(c) Directors

- Dr. Blair Ball- President Ball thanked Directors Parks and Halliwill for their time serving the Board. He further announced that Vice President Parks is the first female serving in the BCVWD Board. In another issue, he reported that one of his renters was turned off and that the right notification was given by District Staff.
- John Halliwill- Halliwill expressed his disappointment because he will no be able to meet with the Collaborative Committee. He further requested that a write-up be included in the water bills explaining the tier rates.
- Stella Parks- None
- Ken Ross- None
- Ryan Woll-None

(d) Legal Counsel

Legal Counsel, Granito commented regarding the costs associated to other firms for work done for the District indicating that those matters required a different level of expertise. He indicated that all those matters have been resolved therefore no other costs will be incurred.

8. ANNOUNCEMENTS

- A) District will be closed on November 11, 2010 for Veteran's Day**
- B) District will be closed on November 25 and 26 for the Thanksgiving Celebration**
- C) Finance & Audit Committee Meeting, December 2, 2010 at 4:00 p.m.**
- D) Regular Board Meeting, December 8, 2010 at 7:00 p.m.**
- E) Budget Workshop, December 18, 2010 at 9:00 a.m.**
- F) District will be Closed on December 24, 2010 for the Christmas Celebration**
- G) District will be closed on December 31, 2010 for the New Year's Celebration**

9. ACTION LIST UPDATES/RECOMMENDATIONS

- Amelia Toledo- Memorandum regarding education expenses being reported on employee's w-2 form**

Secretary Woll invited Luwana Ryan to address the Board on this item. Mrs. Ryan commented that the Education Expense issue has been brought up to the Board in previous years yet nothing has been done. She further requested that Staff investigates as to whether or not the District needs to go back and report on a former employee who received education assistance as well. She commented on a ruling in 2006 in regards to Fish & Game providing employee housing in properties Fish & Game owned and not reporting it as employee fringe benefits. She further questioned as to whether or not the District will be penalized for not reporting those fringe benefits in the past and how this will affect the ratepayers.

Secretary Woll invited Sharon Hamilton to address the Board on this item. Ms. Hamilton commented that she is glad that the District is taking action on this issue. She further commented that the District needs to go back and amend its reports even if there are penalties involved.

Unapproved Minutes of November 10, 2010

Controller Toledo reported on this item answering questions from the Board. The District will review the IRS codes to verify as to how far back the District needs to amend and report to the IRS on this issue.

- Amelia Toledo- Billing certification (requested by Director Halliwill)**

Controller Toledo briefly reported on this item answering questions from the board.

- Amelia Toledo- 2010 Calendar Year-End Financial Projections**

Controller Toledo reported on this item at length.

10. ADJOURNMENT

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

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



**Beaumont Cherry Valley Water District
Board of Directors
Meeting of December 8, 2010**

Agenda Matter:

Employment Status of Board Members for IRS and Social Security

Recommendation:

That the Board of Directors accept the recommendation by District staff that effective the first pay period for the Calendar Year 2011, Board of Directors' stipend will be processed through the District's Payroll System.

Background:

Section 3401(c) of the Internal Revenue Code states that, "the term employee includes an officer, employee, or elected official of the United States, a State, or any political subdivision thereof."

Staff is currently working on the list of CY 2009 initial audit findings made by the District's external auditor, Paul Kaymark CPA with Charles Z. Fedak & Company which included the finding that elected officials were not considered District employees and were not part of the District's Payroll System. The District has been paying the Board Member stipends through its account payable system and issuing each Board Member a form 1099.

Discussion:

The District currently pays all employees bi-weekly, or 26 times per year. The first pay period for the Calendar Year 2011 will begin on January 2nd and end on January 15th with pay day on January 20th, 2011. Attached is a payroll calendar for the 2011.

Each Board member is requested to meet with Mary Martin prior to December 29, 2010 to go over the necessary forms that need to be completed (see attached). As of the date of writing this report, the IRS has not yet released the forms for 2011; however, the attached forms are still current through February 2011.

Financial Impact:

The updated process will result in a W-2 being issued to each of the Board Members, along with the appropriate withholding of taxes and ensuring that the District is compliant with IRS Regulations. The District will also report and pay its share of the employer's tax.



We are pleased to be able to offer you a new payday convenience—*Direct Deposit*. Now you can have your paycheck automatically deposited in your checking or savings account on payday. **And you don't have to change your present banking relationship to take advantage of this service.**

Direct Deposit will help you in many ways.

- It saves trips to your financial institution.
- It saves time in depositing checks—no long payday lines to wait in.
- It eliminates the possibility of lost, stolen or forged checks.
- Your money is deposited faster—reduces the possibility of overdrafts.
- It means you get your money deposited to your account even if you're on vacation or away from the office on business or illness.

Here's how Direct Deposit works:

On payday you will receive an earnings statement showing gross salary, taxes, other deductions, and net pay. Your money will already have been deposited in your account. The amount of the deposit will appear on your

bank statement. We believe you will like the added convenience of having your net pay automatically deposited for you.

Direct Deposit is safe, convenient and easy. To take advantage of this service, complete the attached authorization form and return it to the Payroll Department.

The authorization form, which is provided below, gives your company and your financial institution authority to deposit your pay to your account. Simply complete the form in order to take advantage of Direct Deposit.

All you need do is:

- 1.** Mark the box before type of account to indicate whether your pay will be deposited in your checking or savings account.
- 2.** Fill in your name, financial institution name and location, and date.
- 3.** Attach a voided check for verification of all financial institution information. If you are unable to attach the voided check, please fill in your account number.

NOTE: Be sure to sign the form!

EMPLOYEE'S AUTHORIZATION

Please fill out and return to the Payroll Department

AUTHORIZATION FOR DIRECT DEPOSIT

I authorize (insert company name)_____ to initiate electronic credit entries, and if necessary, debit entries and adjustments for any credit entries in error to my: ☐ checking account or ☐ savings account each pay period. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. This authority will remain in effect until I have cancelled it in writing.

Date _____

Financial Institution Name (Please Print) _____

Account Number at Financial Institution _____

Financial Institution Routing/Transit Number _____

Financial Institution City and State _____

Signature _____

Staple Voided Check Here

PLEASE KEEP A COPY OF THE AUTHORIZATION FOR YOUR RECORDS

Form W-4 (2010)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2010 expires February 16, 2011. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds \$950 and includes more than \$300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on his or her tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax

payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2010. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A _____					
B	Enter "1" if: <table border="0"><tr><td>• You are single and have only one job; or</td><td rowspan="3">}</td><td rowspan="3">B _____</td></tr><tr><td>• You are married, have only one job, and your spouse does not work; or</td></tr><tr><td>• Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.</td></tr></table>	• You are single and have only one job; or	}	B _____	• You are married, have only one job, and your spouse does not work; or	• Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.	
• You are single and have only one job; or	}	B _____					
• You are married, have only one job, and your spouse does not work; or							
• Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.							
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____					
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____					
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E _____					
F	Enter "1" if you have at least \$1,800 of child or dependent care expenses for which you plan to claim a credit	F _____					
(Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)							
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have six or more eligible children.	G _____					
H	Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶	H _____					
	For accuracy, complete all worksheets that apply. <table border="0"><tr><td>• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.</td><td rowspan="3">}</td><td rowspan="3">H _____</td></tr><tr><td>• If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld.</td></tr><tr><td>• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.</td></tr></table>	• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.	}	H _____	• If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld.	• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.	
• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.	}	H _____					
• If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld.							
• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.							

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		OMB No. 1545-0074 2010	
1 Type or print your first name and middle initial.		Last name		2 Your social security number	
Home address (number and street or rural route)				3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
City or town, state, and ZIP code				4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>	
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)				5	
6 Additional amount, if any, you want withheld from each paycheck				6 \$	
7 I claim exemption from withholding for 2010, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶				7	
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.					
Employee's signature (Form is not valid unless you sign it.) ▶				Date ▶	
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)				9 Office code (optional)	
				10 Employer identification number (EIN)	

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1** Enter an estimate of your 2010 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions **1** \$ _____
- 2** Enter: $\left\{ \begin{array}{l} \$11,400 \text{ if married filing jointly or qualifying widow(er)} \\ \$8,400 \text{ if head of household} \\ \$5,700 \text{ if single or married filing separately} \end{array} \right\}$ **2** \$ _____
- 3** **Subtract** line 2 from line 1. If zero or less, enter “-0-” **3** \$ _____
- 4** Enter an estimate of your 2010 adjustments to income and any additional standard deduction. (Pub. 919) **4** \$ _____
- 5** **Add** lines 3 and 4 and enter the total. (Include any amount for credits from *Worksheet 6* in Pub. 919.) **5** \$ _____
- 6** Enter an estimate of your 2010 nonwage income (such as dividends or interest) **6** \$ _____
- 7** **Subtract** line 6 from line 5. If zero or less, enter “-0-” **7** \$ _____
- 8** **Divide** the amount on line 7 by \$3,650 and enter the result here. Drop any fraction **8** _____
- 9** Enter the number from the **Personal Allowances Worksheet**, line H, page 1 **9** _____
- 10** **Add** lines 8 and 9 and enter the total here. If you plan to use the **Two-Earners/Multiple Jobs Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1 **10** _____

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

- 1** Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) **1** _____
 - 2** Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here. **However**, if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than “3.” **2** _____
 - 3** If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet **3** _____
- Note.** If line 1 is **less than** line 2, enter “-0-” on Form W-4, line 5, page 1. Complete lines 4–9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.
- 4** Enter the number from line 2 of this worksheet **4** _____
 - 5** Enter the number from line 1 of this worksheet **5** _____
 - 6** **Subtract** line 5 from line 4 **6** _____
 - 7** Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here **7** \$ _____
 - 8** **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed **8** \$ _____
 - 9** Divide line 8 by the number of pay periods remaining in 2010. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2009. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck **9** \$ _____

Table 1

Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above
\$0 - \$7,000 -	0	\$0 - \$6,000 -	0
7,001 - 10,000 -	1	6,001 - 12,000 -	1
10,001 - 16,000 -	2	12,001 - 19,000 -	2
16,001 - 22,000 -	3	19,001 - 26,000 -	3
22,001 - 27,000 -	4	26,001 - 35,000 -	4
27,001 - 35,000 -	5	35,001 - 50,000 -	5
35,001 - 44,000 -	6	50,001 - 65,000 -	6
44,001 - 50,000 -	7	65,001 - 80,000 -	7
50,001 - 55,000 -	8	80,001 - 90,000 -	8
55,001 - 65,000 -	9	90,001 - 120,000 -	9
65,001 - 72,000 -	10	120,001 and over	10
72,001 - 85,000 -	11		
85,001 - 105,000 -	12		
105,001 - 115,000 -	13		
115,001 - 130,000 -	14		
130,001 - and over	15		

Table 2

Married Filing Jointly		All Others	
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$65,000	\$550	\$0 - \$35,000	\$550
65,001 - 120,000	910	35,001 - 90,000	910
120,001 - 185,000	1,020	90,001 - 165,000	1,020
185,001 - 330,000	1,200	165,001 - 370,000	1,200
330,001 and over	1,280	370,001 and over	1,280

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

2011

JANUARY						
MON	TUE	WED	THU	FRI	SAT	SUN
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY						
MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH						
MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL						
MON	TUE	WED	THU	FRI	SAT	SUN
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY						
MON	TUE	WED	THU	FRI	SAT	SUN
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE						
MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY						
MON	TUE	WED	THU	FRI	SAT	SUN
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST						
MON	TUE	WED	THU	FRI	SAT	SUN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER						
MON	TUE	WED	THU	FRI	SAT	SUN
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER						
MON	TUE	WED	THU	FRI	SAT	SUN
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

NOVEMBER						
MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER						
MON	TUE	WED	THU	FRI	SAT	SUN
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Beaumont-Cherry Valley Water District

Management Report

December 31, 2009

DRAFT

Beaumont-Cherry Valley Water District

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Summary of Current Year Comments and Recommendations	2-4
Appendix:	
Audit/Finance Committee Letter	1-4
Schedule of Audit Adjusting Entries	

DRAFT

Board of Directors
Beaumont-Cherry Valley Water District
Beaumont, California

Dear Members of the Board:

We have audited the basic financial statements of the Beaumont-Cherry Valley Water District (District) as of and for the year ending December 31, 2009 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

Our consideration on internal control was for the limited period described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

Summary of Current Year Comments and Recommendations

Stale Dated Checks and Policy Implementation

Audit procedures in the area of cash disclosed that there were several outstanding checks on the bank reconciliation at year-end that were in excess of 120 days old. Outstanding checks that are more than 120 days old should be reviewed as a part of the normal cash reconciliation process. Procedures should be implemented to insure that these outstanding checks are investigated and adjusted accordingly; for those checks which are material amounts, procedures should be in effect to place formal stop payment orders with the District's bank. Also, the District should implement a stale dated check policy that addresses the District's procedures for investigating and adjusting for stale dated checks on a monthly basis.

Delinquent Customer Accounts Receivable Listing

The year-end accounts receivable customer aged trial balance which was presented to us for audit purposes indicated that a large percentage of receivables were over 120 days old, and several accounts were as much as two or more years old. We also observed that some of these accounts are not collectable and therefore an allowance for doubtful accounts should be and was calculated and recorded in the general ledger. We recommend that the following collection procedures be established:

- An internal review of accounts receivable for old and slow-paying accounts should be performed on a monthly basis.
- A monthly review of the accounts receivable aged trial balance should be performed.
- The implementation of formalized procedures for contacting delinquent accounts for payment, such as sending letters to slow paying customers should be established.
- An increased use of collection agencies to aid in collecting delinquent accounts is recommended.
- Thorough credit investigation procedures prior to approving credit and/or implementation of a customer deposit system should be established.

Increased management effort in this area can result in a reduction in the number and amount of delinquent and potentially worthless receivables. The positive results from this process may include significantly improved cash flow.

Materials and Supplies Inventory Reconciliation to the General Ledger

During our audit, we noted that the District currently takes an annual physical inventory count once a year. We observed that the inventory records do not reconcile to the general ledger and therefore a significant adjustment was made at year end to adjust the general ledger to the actual physical inventory amount. We suggest management consider quarterly or bi-annual inventory counts to better ensure the accuracy of amounts reported in the financial statements.

Reconciling and Closeout of Capital Projects and Construction-in-Process to the General Ledger

During our audit, we noted that there were no procedures for reconciling detailed capital project and construction-in-process asset records to the general ledger on a regular basis. The lack of such a procedure has led to inaccurate reporting of capital asset cost and depreciation expense in the financial statements. To prevent the need for major adjustments to the capital project and construction-in-process accounts at the end of each year, we recommend that the general ledger capital asset accounts be reviewed, closed out and reconciled to the detailed records on at least a quarterly basis. Also, depreciation expense should be calculated quarterly and adjusted to the general ledger.

Customer Deposits and Reestablishment of Customer Credit

During our audit, we noted that the District does not have a formal and consistent approach of initiating customer deposits on new water service customer accounts. Also, we noted that there were several closed customer accounts that had customer deposits that were not returned to the customer upon the close-out of their account or applied to the customer's final billing. We recommend that the District formalize a customer deposit policy into a consistent procedure on all new water service customers, as well as, establish a re-establishment of credit policy (customer deposit) for existing customers that are continuously delinquent on paying their account balance. Also, the District needs to investigate and reconcile the Customer Deposits Accounts on the general ledger and determine if any customer deposits need to be refunded to the customer or recognized as revenue for the unpaid portion of the customer's final billing.

Deferred Revenue Account Details by Project Level

In the course of completing the audit, we discovered a difference between the accounting records and the District's deferred revenue account balance. Although the difference was small, we suggest that a system be implemented to reconcile the deferred revenue balance to the general ledger on a project by project basis. This reconciliation process would help to ensure that all deferred revenue is accounted for and appropriately classified as well as establish an additional internal control over cash receipts and revenue recognition when these projects are completed.

Connection Fees Revenue Recognition and Restriction Separation

While conducting our audit procedures in the area of revenue recognition, we noted that the District has no formal policy defining revenue recognition and the restriction separation with respect to connection fees revenue. We recommend that the District establish and document a standard policy for connection fee revenue recognition and restriction separation on the general ledger in the District's accounting policies. This policy should be consistently applied. In addition, we suggest that the District initiate a separate tracking system, possibly on a spreadsheet, to track all in-flows and out-flows for all connection fees transactions during the fiscal year.

Purchase Order Policy and Procedure

The purchasing function for the District's operations has traditionally been performed at many levels of management. As a result, similar goods could frequently be ordered at different times by different employees, which is inefficient and does not allow the District to take advantage of discounts for bulk or governmental rate purchases. This practice also causes a certain loss of control and efficiency. If centralized, the purchasing and purchase order function can be reformed into a very specialized process that offers the District greater economic benefits. This would permit more purchases of large quantities that would in turn provide for volume or governmental discounts. We recommend that the District centralize the purchasing and purchase order function to provide these benefits as well as other cost and internal control benefits.

Audit Preparation

While conducting our audit, we noted that obtaining a complete and accurate final general ledger was problematic, as well as supporting schedules for account balances. These factors contributed to the number of audit adjustments accounted for as well as the significant delays in the ability to finalize the year-end financial statements. After discussing this issue with accounting department personnel, we feel that the cause of this problem may be the lack of education and training in the accounting department personnel. We recommend that accounting department personnel need to improve and/or acquire skills concerning the preparation of supporting schedules for balances recorded in the general ledger. This training will lead to employees who are more efficient, effective, and communicative with regard to accounting and financial matters.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have noted here that there are no audit adjustments this year: however, certain reclassification adjustments were needed for financial reporting purposes. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

* * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Cypress, California
April 15, 2010

APPENDIX

Beaumont-Cherry Valley Water District

Audit/Finance Committee Letter

December 31, 2009

DRAFT

Board of Directors
Beaumont-Cherry Valley Water District
Beaumont, California

We have audited the basic financial statements of the Beaumont-Cherry Valley Water District (District) for the year ended December 31, 2009 and have issued our report thereon dated April 15, 2010. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated March 5, 2010, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated in our Audit Engagement Letter dated March 5, 2010

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2009 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements is (are):

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of fair value of cash and investments in Note 3 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 4 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 7 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

Corrected and Uncorrected Misstatements, continued

There were twenty-two (22) audit adjustment/reclassification entries, made to the original trial balance presented to us to begin our audit. The overall net effect of the adjustments was to decrease the net assets of the District by approximately \$1,271,242. Management has corrected these misstatements in the basic financial statements and in the District's financial accounting records. Please see the entries attached at the end of this report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require us the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated April 15, 2010.

Conclusion

We appreciate the cooperation extended us by the District's management and staff in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Cypress, California
April 15, 2010

**Beaumont-Cherry Valley Water District
December 31, 2009
Schedule of Audit Adjusting Journal Entries**

Entry #	Status	Account	Description	Debit	Credit
AJE 1	Posted	1-1-1110-101	Fee Owned Land	855,400.00	
		1-1-1112-112	WELL CASINGS & DEVELOPMENT		855,400.00
		RJE - Reclass Land Purchase out of Capital Assets			
AJE 2	Posted	1-5-5700-599	SYSTEM DEPRECIATION	1,010,551.71	
		1-1-1111-105	Accumulated Depreciation		1,010,551.71
		CPE - Adjust Depreciation to Actual			
AJE 3	Posted	1-4-4010-401	DOMESTIC WATER SALES	1,863,414.69	
		1-4-4010-400	Standby Charges		1,863,414.69
		RJE - Reclass Standby Charges out of Water Sales			
AJE 4	Posted	1-5-5500-573	MISCELLANEOUS EXPENSES	13.67	
		1-2-2012-239	AFLAC		13.67
		1-2-2010-200	Accounts Payable	976.40	
		1-2-2012-239	AFLAC		976.40
		CPE - Adjust Aflac Account Balance			
AJE 5	Posted	1-4-4010-447	BONITA VISTA REPAYMENT - PRINCIPAL	900.10	
		1-1-1230-175	NOTES RECEIVABLE - BONITA VISTA		900.10
		CPE - To Adjust Principal Balance on Notes Receivable			
AJE 6	Posted	1-5-5500-573	MISCELLANEOUS EXPENSES	27.56	
		1-1-1116-154	WF - Money Market (Closed)		27.56
		AJE - To write-off balance in closed cash account			
AJE 7	Posted	1-5-5300-539	INVENTORY ADJUSTMENT	100,631.48	
		1-1-1310-180	Inventory		100,631.48
		AJE - To balance inventory to inventory count sheet			
AJE 8	Posted	1-1-1116-160	LOCAL AGENCY MONEY MARKET ACCT	1,077.12	
		1-1-1230-174	ACCRUED INTEREST RECEIVABLE		1,077.12
		RJE - Reclass Int Rec to Cash Balance			
AJE 9	Posted	1-1-1116-160	LOCAL AGENCY MONEY MARKET ACCT	1,009.69	
		1-4-4020-435	INTEREST INCOME		1,009.69
		AJE - To Adjust Account Balance to Actual			

Beaumont-Cherry Valley Water District
December 31, 2009
Schedule of Audit Adjusting Journal Entries

Entry #	Status	Account	Description	Debit	Credit
AJE 10	Posted	1-1-1112-112	WELL CASINGS & DEVELOPMENT	647,400.00	
		1-3-3010-316	RETAINED EARNINGS	208,000.00	
		1-1-1110-101	Fee Owned Land		855,400.00
		AJE - To Adjust Well and Temp Easement Purchase			
AJE 11	Posted	1-5-5500-573	MISCELLANEOUS EXPENSES	15,651.84	
		1-1-1230-167	ACCOUNTS RECEIVABLE COMMERCIAL		15,651.84
		AJE - To adjust A/R Other to match G/L balance			
AJE 12	Posted	1-1-1230-176	Notes Rec - Bonita Vista - Current	7,802.88	
		1-1-1230-167	ACCOUNTS RECEIVABLE COMMERCIAL		7,802.88
		RJE - Reclass BVMWC to Current N/R account			
AJE 13	Posted	1-1-1230-171	ACCOUNTS RECEIVABLE DOMESTIC	7,696.78	
		1-4-4010-401	DOMESTIC WATER SALES		7,696.78
		AJE - To Adjust A/R Domestic to G/L balance			
AJE 14	Posted	1-1-1230-171	ACCOUNTS RECEIVABLE DOMESTIC	122,767.40	
		1-1-1230-172	ACCOUNTS RECEIVABLE IRRIGATION	996.33	
		1-2-2011-212	Customer Deposit from A/R		123,763.73
		RJE - To Reclass Customer Credit Balances to Customer Deposits for Financial Reporting Purposes - Do Not Post			
AJE 15	Posted	1-3-3010-316	RETAINED EARNINGS	643,140.00	
		1-1-1231-167	Allowance - BCVWD - Other A/R		168,600.00
		1-1-1231-168	Allowance - Development Accounts		44,540.00
		1-1-1231-176	Allowance - Bonita Vista - Current		4,000.00
		1-1-1231-171	Allowance - Domestic Water		344,355.00
		1-1-1231-172	Allowance - Irrigation Accounts		15,645.00
		1-1-1231-175	Allowance - Bonita Vista - Non-Curr		66,000.00
		AJE - Record Allowance for Doubtful Accounts			
AJE 16	Posted	1-5-5700-599	SYSTEM DEPRECIATION	8,632.00	
		1-1-1111-105	Accumulated Depreciation		8,632.00
		AJE - Depreciate Well System Purchased over 75 years \$647,400/75 years = \$8,632			
AJE 17	Posted	1-5-5700-599	SYSTEM DEPRECIATION	188,847.83	
		1-1-1111-105	Accumulated Depreciation		188,847.83
		AJE - Depreciate Impaired Assets			
AJE 18	Posted	1-1-1230-165	UNBILLED RECEIVABLES	229,340.32	
		1-4-4010-401	DOMESTIC WATER SALES		144,508.32
		1-4-4010-445	SCE POWER CHARGE		84,832.00
		1-1-1230-165	UNBILLED RECEIVABLES		226,756.38
		1-4-4010-400	Standby Charges	66,598.35	
		1-4-4010-401	DOMESTIC WATER SALES	123,355.47	
		1-4-4010-445	SCE POWER CHARGE	36,802.56	
		CPE - Adjust Unbilled Rec. at Year End			

Beaumont-Cherry Valley Water District
December 31, 2009
Schedule of Audit Adjusting Journal Entries

Entry #	Status	Account	Description	Debit	Credit
AJE 19	Posted	1-2-2010-200	Accounts Payable	472,376.77	
		1-3-3010-316	RETAINED EARNINGS		472,376.77
		AJE - Adjust A/P Balance to A/P Module Balance			
AJE 20	Posted	1-5-5700-599	SYSTEM DEPRECIATION	38.25	
		1-1-1111-105	Accumulated Depreciation		38.25
		CPE - Adjust Depreciation Expense			
AJE 21	Posted	1-3-3010-316	RETAINED EARNINGS	55,960.58	
		1-2-2012-248	ACCRUED SICK LEAVE		44,714.66
		1-2-2012-251	ACCRUED VACATION		11,245.92
		1-2-2012-251	ACCRUED VACATION	20,794.55	
		1-5-5200-504	VACATION		1,505.10
		1-5-5300-504	VACATION		5,007.26
		1-5-5400-504	VACATION		1,378.29
		1-5-5500-504	VACATION		12,903.90
		1-2-2012-248	ACCRUED SICK LEAVE	85,782.64	
		1-5-5200-503	SICK LEAVE		11,029.15
		1-5-5300-503	SICK LEAVE		12,705.22
		1-5-5400-503	SICK LEAVE		2,318.84
		1-5-5500-503	SICK LEAVE		59,729.43
		1-5-5200-504	VACATION	2,116.28	
		1-5-5300-504	VACATION	4,988.37	
		1-5-5400-504	VACATION	1,209.30	
		1-5-5500-504	VACATION	6,197.67	
		1-5-5800-504	VACATION	604.65	
		1-2-2012-248	ACCRUED SICK LEAVE		15,116.27
		1-5-5200-503	SICK LEAVE	6,500.00	
		1-5-5300-503	SICK LEAVE	6,500.00	
		1-5-5500-503	SICK LEAVE	28,133.22	
		1-2-2012-251	ACCRUED VACATION		41,133.22
		CPE - To Adjust Compensated Absences			
AJE 22	Posted	1-5-5200-513	MAINTENANCE EQUIPMENT (PUMPING)	26.09	
		1-5-5300-534	MAINT METERS & SERVICES	22.83	
		1-5-5620-583	PROPANE - 13695 OAK GLEN ROAD	294.62	
		1-5-5625-583	PROPANE - 13697 OAK GLEN ROAD	313.98	
		1-5-5630-583	PROPANE - 9781 AVENIDA MIRAVILLA	255.60	
		1-5-5810-611	GENERAL LEGAL	6,652.66	
		1-2-2010-200	Accounts Payable		7,565.78
		CPE - Additional A/P Accrual			
TOTALS				<u>6,839,802.24</u>	<u>6,839,802.24</u>