



**Cabazon Water District**  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

## **FINANCE & AUDIT COMMITTEE MEETING**

### **AGENDA**

#### **Meeting Location:**

Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

#### **Meeting Date:**

May 18, 2015 – 3:45 PM

CALL TO ORDER,  
PLEDGE OF ALLEGIANCE,  
ROLL CALL  
PUBLIC COMMENT

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. **Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))**

### FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
  - Balance Sheet
  - Profit and Loss Two Month
  - Profit and Loss Budget Comparison

### ADJOURNMENT

#### ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.



**Cabazon Water District**  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

## **REGULAR BOARD MEETING**

### **AGENDA**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
May 18, 2015 – 6:00 PM

#### **CALL TO ORDER**

#### **PLEDGE OF ALLEGIANCE**

#### **REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

#### **ROLL CALL**

#### **CONSENT CALENDAR**

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. **Approval of:**
  - a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of April 13, 2015, regarding February 2015 Financials
  - b. Regular Board Meeting Minutes of April 13, 2015
  - c. Special Board Meeting Minutes of April 14, 2015
2. **Warrants – None**
3. **Awards of Contracts – None**

## UPDATES

Update: San Gorgonio Pass Water Taskforce Update  
(by General Manager Louie)

- Updates

Update: Manager's Operations Report  
(by General Manager Louie)

- DHPO Update Production Well #5
- Almond Vault and Reservoir (Tank) #3 Update
- FY 2015-2016 Budget Update
- Calls for Service
- Collection Activities

## PUBLIC COMMENTS REGARDING CLOSED SESSION

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is listed on the agenda for Closed Session; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

## CLOSED SESSION

### CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

(Significant Exposure to litigation pursuant to Government Code section 54956.9(d)(2) (1 case))

## OPEN SESSION

Report to Public of Action Taken in Closed Session (if any)

## NEW BUSINESS

1. Discussion/Action: Selection of Emergency Response & Water Pipeline Maintenance Contractor – Award of Contract (by the Board); Authorization for General Manager to Negotiate Agreement
2. Discussion/Action: Billboard or large sign to notify the public of Board meetings. (by Director Bui and Director Sanderson)
3. Discussion/Action: Revise line-up of Board comments to Management, then Board with final comments from the Chairperson (by Director Tobias)



4. Discussion/Action: Adoption of regulations regarding payment of the cost of Registrar of Voters County of Riverside Director election candidate statement(s)
- Directors to determine whether the District or each individual candidate will pay for Director Election candidate statements through the County Registrar of Voters Office.
- Estimated cost: \$325 per candidate statement
5. Discussion/Action: Establish Ad hoc Committee – General Manager Annual Performance Review (PE) (by General Manager and Board)
- Date to meet and review proposed PE for Board comments and approval.
6. Discussion/Action: Approval to remove Casino Morongo water account (2000 – 2005) from the books. (by General Manager)
7. Discussion/Action: Approval of Charles Z. Fedak & Co. Engagement Letter for Auditing Services for the Year Ended June 30, 2015. (by General Manager)
8. Discussion/Action: Board to determine whether to seek \$100 payment from a former Director that was inadvertently compensated for one day. (by General Manager & Administrative Assistant)

#### OLD BUSINESS

None

#### PUBLIC COMMENTS REGARDING CLOSED SESSION

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**CLOSED SESSION**

1. Conference with Legal Counsel – Anticipated Litigation

(Significant Exposure to litigation pursuant to Government Code section 54956.9(d)(2) (2 cases))

**OPEN SESSION**

Report to Public of Action Taken in Closed Session (if any)

**PUBLIC COMMENTS**

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is not listed on the agenda; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

**BOARD/GENERAL MANAGER COMMENTS**

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
- Suggested agenda items from Board Members.
- Suggested agenda items from Management.

2. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

3. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)
  - a. Finance & Audit Workshop – June 15, 2015, 3:45 pm
  - b. Regular Board Meeting – June 15, 2015, 6:00 pm
  - c. Personnel Committee – None
  - d. San Gorgonio Water Task Force – Technical Committee – Banning City Hall  
May 27, 2015 – 4:30 PM
  - e. San Gorgonio Water Task Force – General Meeting – Banning City Hall – May 27, 2015 –  
6:00 PM

ADJOURNMENT

ADA Compliance Issues

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14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

## **FINANCE & AUDIT COMMITTEE MEETING**

### **MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
April 13, 2015 – 3:45 PM

CALL TO ORDER,  
PLEDGE OF ALLEGIANCE,  
ROLL CALL

**Director Sanderson - Present**  
**Director Mariner - Present**

**Calvin Louie (General Manager) - Present**  
**Elizabeth Lemus, Board Secretary - Absent**  
**Linda Halley, Financial Consultant - Present**

**\*Note: This meeting was recorded by the District -**

### PUBLIC COMMENT

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### FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report



- Balance Sheet
  - Profit and Loss Two Month
  - Profit and Loss Budget Comparison
- ✚ The District looks at three basic reports each month to get a high level overview of the financial position of the District.
- ✚ These Financial Statements are not Compiled, Reviewed, or Audited, but are created by the contract accountant in her position as Financial Controller of the District.
- ✚ The District has an independent financial audit each year. The District's year ends on June 30.
- ✚ The three reports the District reviews are the Balance Sheet, the Profit and Loss Two Months, and the Profit and Loss Budget Performance.
- ✚ The Balance Sheet shows what the District owns and what the District Owes.
- ✚ The Profit and Loss Two Months shows whether the District is consistent month to month with revenue and expenses.
- ✚ The Profit and Loss Budget Performance shows how the District is doing against the budget, and how the District is doing fiscal year to date.

The first report is **the Balance Sheet**.

- **Total Checking/Savings** is substantially lower than last month due to the following:
  - Semi-Annual debt payment to Zion's Bank \$44k
  - Payment to Line Maintenance and Repair Contractor for eleven work orders, including new services and emergency services - \$11k
  - Griswold Industries - Charges for valve for Well 5 and deep well pump control valve and fittings.
- **Account 11999 Accounts Receivable - Special Invoices**, reflects the invoice the District has sent to DHPO to reimburse costs. The District has received word from DHPO that they are going to send this in; however, it has been two months since they told the District this. The GM will follow up.
- **Account - 10234 - LAIF** -While still not high enough to support the District in a water crisis, this balance is higher than at any point since August 2010. Once the DHPO money comes in the District may want to move that over to LAIF.
- Near the bottom of the report the District now shows reserves for various projects.

- **Account 39003a is Reserved for Almont Vault Refurbishing.** The Almont Vault repair and refurbishment is anticipated to cost \$100k. the District has spent about \$50k to date, so the reserve is now \$50k.
- These are the only items of note on the Balance Sheet.

**The Profit and Loss two month** shows:

- That **Account 30010 Base Rate - Water Bills** - is a substantially the same between the two months
  - **Total 51000 - Payroll All Expenses** is substantially the same between the two months.
  - **Account 55150- Utilities - Wells** -the Invoice came in after the reports were needed., The cost was about \$8300.
  - **Account 55180 Materials and Line Maintenance repair contractor** shows that March was an incredibly high month. The Contractor finished many in-progress projects during March, and billed for same.
  - **Account 57515 - Financial Audit Services** - This figure is \$1950. This is progress work for the 06/30/2014 audit. The Auditors will be on-site on Monday and Tuesday, April 20 and 21, for the tests of controls, and the May 4, 5, and 8 for testing balances and final fieldwork.
  - **Account 57530 - Legal Services** - While the invoices had not come in when the reports were required, they are at just under \$5k for March and continue to be high . The costs relate Board civility and customer complaint against Director, RFP for emergency repair contractor, Public Records Act, American Solar proposal, Jensen Creek, HR Issues, SEIU.
  - **Account 57600 - Other Fees** - has an additional \$990. This was paid to Creighton Consulting for the CCR - Consumer Confidence Report.
  - The District ended the month with a preliminary net loss of about \$29k per when the reports were run, but that figure is more accurately about \$47k.
- ✚ The Profit & Loss Budget Performance has five columns. The first shows the actual income and expenses for the month. The second column shows the Budget for the month just ended. The middle column shows the year to date actual figures. The fourth column shows the Year to Date Budget. The last column shows the annual budget.
- **Account 30010 Base Rate - Water Bills** – The District is just a bit under what it anticipated for the month, and a bit under year to date.



- **Total 51000 Payroll All Expenses** is right on budget for the month and a bit under budget for the year.
- **Account 55175 Materials and Line Maintenance Contractor** is over budget about 25% year to date.
- **57575 Temporary Labor** had no budget this year, but almost \$3k in expenditures. This relates to support for scanning the customer files to retain them electronically.
- **55190 Well Maintenance** is substantially over the entire year budget due to the November purchase of the Octave meter and pulse module for \$11k.
- **57080 Computer Service** - is overbudget due to the change in the computer support vendor and the improvements he has made.
- **57530 Legal Service** expenses are reasonably close to the budget for the month, but are substantially over budget for the year.
- Preliminary figures show the District with a year to date loss of \$111k when this report was printed. The current figure is about \$126. The District budgeted for a net loss of about \$33k at this point.
- That is about \$70k worse than the District had planned at this point in time.
- The main accounts that are overbudget are 55175 - Line Maintenance and Materials Contractor - \$20k, 55190 - Well Maintenance - \$35k, 57530 - Legal \$45k

## ADJOURNMENT

Motion to adjourn at 16:06 hr. made by Director Sanderson and 2<sup>nd</sup> by Director Mariner.

Director Mariner - Aye  
Director Sanderson - Aye

Meeting adjourned at 16:06 hr. on March 16, 2015.

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Janet Mejia, Board Chair  
Board of Directors  
Cabazon Water District

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Elizabeth Lemus, Secretary  
Board of Directors  
Cabazon Water District

### ADA Compliance Issues



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**Cabazon Water District**  
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Cabazon, California 92230

**REGULAR BOARD MEETING**

**MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
April 13, 2015 – 6:00 PM

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

**ROLL CALL**

Director Tobias	Present @ 1802 hr.
Director Bui	Present
Director Mariner	Present
Vice Chair Sanderson	Present
Board Chair Mejia	Present
Board Secretary Lemus	Absent
General Manager Louie	Present
Counsel Joe Ortiz	Present

**PUBLIC COMMENTS**

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**CONSENT CALENDAR**

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**1. Approval of:**

- a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of March 16, 2015, regarding February 2015 Financials
- b. Regular Board Meeting Minutes of March 16, 2015

**Motion made by Dir. Sanderson to approve the Minutes listed on the Consent Calendar 1 (a) and 1 (b), 2<sup>nd</sup> by Dir. Mariner**

Director Tobias	Yes
Director Bui	Nay
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

- 2. Warrants – None
- 3. Awards of Contracts – None

**UPDATES**

**Update: San Gorgonio Pass Water Taskforce Update  
(by General Manager Louie)**

- Update on Sub-Committees
- Supervisors San Gorgonio Pass Water Summit, May 14, 2015 at Morongo Resort & Spa. Cabazon, CA.
- Recycle Water Workshop April 16, 2015 at Eastern Municipal Water District
- [www.passwateralliance.org](http://www.passwateralliance.org) or [www.passwateralliance.com](http://www.passwateralliance.com) – San Gorgonio Pass Regional Water Resource Alliance
- [www.iEfficient.com](http://www.iEfficient.com) – Consortium of Inland Empire Water District

**Update: Manager’s Operations Report  
(by General Manager Louie)**

- **Press conference** – Riverside County Now 10<sup>th</sup> Most Populated In USA – Supervisor Marion Ashley, 5<sup>th</sup> District – Supervisor John J. Benoit, 4<sup>th</sup> District, and Chuck Washington,



3<sup>rd</sup> District – held at Cabazon Library, Cabazon, CA on March 26, 2015

- **Nestle Waters – Arrowhead Bottling Plant, Cabazon, Calif.**
  - Water Conservation Event in Cabazon
  - Nestle statement regarding California's drought conditions – from David Thorpe, Regional Director, Western Region
- **Collection Activities**
- **Calls for Service**
- **Current Emergency Response and Repair Crew Contracts – Rates; In response to Director Tobias's inquiry during the March 16, 2015 Regular Board Meeting.**

*Legal Counsel – Advised the Board that the questions being raised by Director Tobias and Director Bui should be addressed in closed sessions under potential liability.*

#### **PUBLIC COMMENTS REGARDING CLOSED SESSION**

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#### **CLOSED SESSION**

**Complaint against Director Teresa Bui**

- **Improper Conduct – filed by Cabazon Resident**
- **Dishonesty – filed by Calvin Louie, General Manager**

1. **Conference with Legal Counsel – Anticipated Litigation**

(Significant Exposure to litigation pursuant to Government Code section 54956.9(d)(2) (2 cases))

#### **OPEN SESSION**

**Report to Public of Action Taken in Closed Session (if any)**

Legal Counsel reported out no action was taken.

**NEW BUSINESS**

1. Discussion/Action: Customer Concern: Edward Alan Szykowski, Dolores St.  
Acct. No. 4-4019 SZYN

- Approve General Manager's recommendation to the Board on customer's request.

Motion made by Director Mariner to accept the General Manager's recommendation to credit Mr. Szykowski's water account accordingly, 2<sup>nd</sup> by Director Bui.

Director Tobias	Abstained – Cited Szykowski was a close friend.
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

2. Discussion/Action: Consideration of Bids / Selection of Emergency Response & Water Pipeline Maintenance Contractor (by the Board)

Motion made by Director Mariner to authorize the General Manager to negotiate the best rates from all four (4) bidders and report to the Board at the May 18, 2015, Board meeting, 2<sup>nd</sup> by Director Bui.

Director Tobias	Yes
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

3. Discussion/Action: Agenda reorganization of Public Comment: request moving "public comments" from the beginning of Regular Board Meetings to be heard after (by Director Sanderson and Director Mejia)

Motion made by Director Mariner to move Public Comment after Consent Calendar and Agenda Items, 2<sup>nd</sup> by Director Bui.

Director Tobias	Yes
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

*Director Bui – requested that it be noted: "It's not fair for a resident to wait an entire meeting to make their comments."*

*Director Mariner – requested that it be noted: "I believe it is fair for residents to be able to show up for their comments."*

4. Discussion/Action: Board to Approve to Facilitate Convening Meetings – Maximum of 3 to 5 meetings, no more than 2 hours each.

To maximize business and organizational performance by strengthening working relationships.

Motion made by Director Mariner to table this item, 2<sup>nd</sup> by Director Sanderson.

Director Tobias	Yes
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

The General Manager recommended to the Board to table this matter and await for a disposition from the closed session matter to discuss facilitating a convening meeting.

#### OLD BUSINESS

1. Discussion/Action: Customer Concern: Nicholas Christiansen, Mission St. Acct. No. 3-3067NC (3<sup>rd</sup> Time on the Agenda)

Motion made by Director Sanderson to support the General Manager's recommendation to deny Mr. Christiansen's request, 2<sup>nd</sup> by Director Mariner.

Director Tobias	Yes
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

#### BOARD/GENERAL MANAGER COMMENTS

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.

*Saldana – Public sign or Billboard to notify public of when Board meetings are being held. (item supported by Director Bui & Director Sanderson)*

- Suggested agenda items from Board Members.

*Director Bui – Claims Mr. Saldana's 1<sup>st</sup> Amendment Rights are being violated. (Legal Counsel advised the Board and asked Director Bui to please submit this matter in a formal written complaint. The Board was reminded that there are certain Skelly requirements if the allegations involves a District employee.)*



- Suggested agenda items from Management.

None

## 2. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

*Tobias – The Board President should go last on Board and Management comments. (Item supported by Director Tobias and Director Sanderson)*

## 3. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

## MISCELLANEOUS

### 1. Future Board Items/Next Board Meeting Date(s)

- Finance & Audit Workshop – May 18, 2015, 3:45 pm
- Regular Board Meeting – May 18, 2015, 6:00 pm
- Personnel Committee – None
- San Gorgonio Water Task Force – Technical Committee – Banning City Hall  
April 29, 2015 – 4:30 PM
- San Gorgonio Water Task Force – General Meeting – Banning City Hall – April 29, 2015 –  
6:00 PM

## ADJOURNMENT

Motion made by Director Mariner to adjourn the meeting at 2047 hr., 2nd by Director Sanderson.

Director Tobias	Yes
Director Bui	Yes
Director Mariner	Yes
Vice Chair Sanderson	Yes
Board Chair Mejia	Yes

### ADA Compliance Issues

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**Cabazon Water District**  
14-618 Broadway Street • P.O. Box 297  
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**New Groundwater Legislation Overview Meeting**

**SPECIAL MEETING MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
April 14, 2015 – 6:30pm

**CALL TO ORDER,**

Called to Order by Chairperson Mejia at 1805 hr.

**PLEDGE OF ALLEGIANCE,**  
**ROLL CALL**

Director Joseph Tobias - Present  
Director Teresa Bui - Present  
Director Martin Sanderson - Present  
Board Vice Chair Janet Mejia - Present  
Board Chair Kerri Mariner - Present

Calvin Louie, General Manager - Present  
Elizabeth C. Lemus, Board Secretary - Absent  
Linda S. Halley, Financial Consultant - Absent  
Joseph Ortiz, Best Best & Krieger Law Firm - Absent  
Steve Anderson, Best Best & Krieger Law Firm - Present

Note: This meeting was recorded by the District -

**PUBLIC COMMENT**

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**April 14, 2015 Groundwater Legislation Overview Special Meeting Minutes**

comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

**Old Business**

1. Discussion/ Review: Sustainable Groundwater Management Legislation Overview Workshop  
(presented by Atty. Steve Anderson, Best Best & Krieger)
2. Discussion/Information: State Water Resources Control Board – Resolution 2014-0038  
  
Governor's Executive Order B-29-15 State of Emergency - Drought

**ADJOURNMENT**

Motion to adjourn at 2035 hr. made by Director Sanderson and 2<sup>nd</sup> by Director Mariner

Director Tobias - Yes  
 Director Bui - Yes  
 Director Sanderson - Yes  
 Director Mejia - Yes  
 Director Mariner - Yes

Meeting adjourned at 2035 hr. on Monday, March 16, 2015

**ADA Compliance Issues**

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Cabazon Water District  
**Balance Sheet**  
As of April 30, 2015

Apr 30, 15

**ASSETS**

**Current Assets**

**Checking/Savings**

10120 · General Bank Account-Chase	14,468.18
10130 · Payroll Bank Account-Chase	7,340.06
10150 · Trust Account- Chase - Cus Dep	29,922.00
10170 · Local Petty Cash	100.00

**Total Checking/Savings** 51,830.24

**Accounts Receivable**

11999 · Accounts Rec - Special Invoices	131,313.93
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**Total Accounts Receivable** 131,313.93

**Other Current Assets**

10234 · LAIF	
10235 · LAIF	671,651.12
10255 · LAIF Annual Market Adjustment	199.84

**Total 10234 · LAIF** 671,850.96

**10299 · Bank of NY Trustee Accounts**

10400 · Reserve Fund - DWR-HS 528	49,477.74
10600 · Repayment Fund DWR-HS 525	4,364.49

**Total 10299 · Bank of NY Trustee Accounts** 53,842.23

**10999 · Inventory Total**

11000 · Inventory	88,631.71
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**Total 10999 · Inventory Total** 88,631.71

**12000 · \*Accounts Receivable**

12001 · Accounts Receivable - Co 1	103,607.99
12002 · Accounts Receivable - Co 2	41,047.39
12004 · Allow for Doubtful Accts Co 1	(16,192.28)
12005 · Allow for Doubtful Accts Co 2	(10,678.87)

**Total 12000 · \*Accounts Receivable** 117,784.23

**12351 · Miscellaneous Receivable** (156.34)

**12500 · Prepaid Expenses** 17,830.89

**12600 · A/R Beaumont CC Standby** 11,680.16

**Total Other Current Assets** 961,463.84

**Total Current Assets** 1,144,608.01

**Fixed Assets**

**14200 · Construction in Process**

14200.8 · CIP Well Repairs	74,721.44
14201.1 · CIP DHPO Expansion	8,087.13
14201.2 · CIP Cabazon Outlets Expansion (Little Cabazon Mall - expansion)	9,692.35
14202.1 · Almond Vault Repair 2013	50,465.79
14202.2 · Wells 4,5- Pump and Well Rehab	103,087.75
14202.3 · CIP Board Room	4,803.96

**Total 14200 · Construction in Process** 250,858.42

**14400 · Tools and Equipment** 118,015.94

**14700 · Source of Supply**

**Cabazon Water District**  
**Balance Sheet**  
As of April 30, 2015

	<u>Apr 30, 15</u>
14750 · Source of Supply- DHPO Intercon	553,807.23
14700 · Source of Supply - Other	<u>699,299.90</u>
<b>Total 14700 · Source of Supply</b>	<b>1,253,107.13</b>
14800 · Transmission & Distribution	7,728,050.86
14900 · Buildings & Structures	140,359.22
15100 · Office Furniture and Equipment	107,155.45
15500 · Land	409,548.38
15600 · Intangible Plant	11,032.00
15700 · Vehicles	90,456.71
16000 · Accumulated Depreciation	<u>(4,466,808.08)</u>
<b>Total Fixed Assets</b>	<b>5,641,776.03</b>
<b>TOTAL ASSETS</b>	<b><u>6,786,384.04</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · *Accounts Payable	<u>27,658.85</u>
<b>Total Accounts Payable</b>	27,658.85
<b>Other Current Liabilities</b>	
26201 · Misc Short Term Liability	
26203 · Jack Pryor	(692.41)
26206 · EDA Civic Center	(1,145.90)
26208 · American Solar Utility	(2,500.00)
26201 · Misc Short Term Liability - Other	<u>1,769.25</u>
<b>Total 26201 · Misc Short Term Liability</b>	(2,569.06)
22600 · Customer Deposits	
22601 · Customer Deposits - Co 1	3,250.00
22602 · Customer Deposits - Co 2	<u>5,885.84</u>
<b>Total 22600 · Customer Deposits</b>	9,135.84
22800 · Accrued Vacation Pay	9,722.18
23900 · DWR-HS Payable - Current	35,164.59
23950 · Current Portion Zion's Bank Ln	<u>71,437.14</u>
<b>Total Other Current Liabilities</b>	<u>122,890.69</u>
<b>Total Current Liabilities</b>	150,549.54
<b>Long Term Liabilities</b>	
25700 · DWR-H Loan Payable (Payoff '26)	429,058.07
25750 · Zion's Bank Long Term (2023)	567,609.80
26000 · RCEDA Loan Payable	<u>300,000.35</u>
<b>Total Long Term Liabilities</b>	<u>1,296,668.22</u>
<b>Total Liabilities</b>	1,447,217.76
<b>Equity</b>	
39001 · Net Investment in Capital Asset	4,188,757.00
39002 · Restricted for Debt Service	233,447.00
39003 · Unrestricted Net Assets	
39003a · Reserved for Almond Vault Refur	50,000.00

Cabazon Water District  
**Balance Sheet**  
As of April 30, 2015

	<u>Apr 30, 15</u>
39003 · Unrestricted Net Assets - Other	<u>921,429.76</u>
Total 39003 · Unrestricted Net Assets	<u>971,429.76</u>
39000 · Retained Earnings	88,683.87
Net Income	<u>(143,151.35)</u>
Total Equity	<u>5,339,166.28</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>6,786,384.04</b></u>

PRELIMINARY



**Cabazon Water District**  
**Profit & Loss**  
 March through April 2015

	<u>Mar 15</u>	<u>Apr 15</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>30000 · Operating Income</b>		
30010 · Base Rate - Water Bills	85,127.05	91,611.46
30025 · Fire Sales - Water Bills	240.00	240.00
30030 · Penalty Fees - Water Bills	3,006.97	2,721.54
30032 · Lien Reinstatement Fees	100.00	0.00
30035 · New Account Fees - Water Bills	260.00	165.00
30100 · Meter Install and Removal	0.00	0.00
30110 · Incident Fee - Water Bills	0.00	250.00
30140 · Returned Check Fees	30.00	60.00
<b>Total 30000 · Operating Income</b>	<u>88,764.02</u>	<u>95,048.00</u>
<b>40000 · Non-Operating Income</b>		
40002 · Property Taxes		
40020 · Ad Valorem - Tax Revenue	36.01	1,228.84
<b>Total 40002 · Property Taxes</b>	<u>36.01</u>	<u>1,228.84</u>
30040 · Cell Tower Lease Income	0.00	1,890.43
40001 · Interest Income		
30160 · Interest Inc - Gen, Trust, Payr	1.20	0.58
40050 · Interest Income LAIF	0.00	430.46
40055 · Interest Income - DWR	0.53	0.00
40095 · Interest Income - Water bills	262.90	349.19
<b>Total 40001 · Interest Income</b>	<u>264.63</u>	<u>780.23</u>
40150 · Miscellaneous Non-Operating Inc	634.06	1,640.69
<b>Total 40000 · Non-Operating Income</b>	<u>934.70</u>	<u>5,540.19</u>
<b>Total Income</b>	<u>89,698.72</u>	<u>100,588.19</u>
<b>Gross Profit</b>	89,698.72	100,588.19
<b>Expense</b>		
<b>51000 · Payroll - All Expenses</b>		
53000 · Payroll Summary		
57550 · Directors' Fees	900.00	1,100.00
56000 · Management and Customer Service		
56020 · Customer Accounts	3,257.10	2,930.83
56015 · Admin Assistant	3,578.18	3,247.09
56010 · General Manager	6,156.82	5,656.82
<b>Total 56000 · Management and Customer Service</b>	<u>12,992.10</u>	<u>11,834.74</u>
56100 · Water Operations		
56116 · Meter Reader	691.14	1,688.48
<b>Total 56100 · Water Operations</b>	<u>691.14</u>	<u>1,688.48</u>
<b>Total 53000 · Payroll Summary</b>	<u>14,583.24</u>	<u>14,623.22</u>
<b>56400 · Payroll - Employee Ben Expense</b>		
56310 · Workers Comp.	0.00	0.00
56315 · Employee Health Care	2,444.25	2,444.25
56320 · Pension	2,254.18	2,124.96
56440 · Union Dues	2.45	(2.69)

**Cabazon Water District  
 Profit & Loss**

March through April 2015

	<u>Mar 15</u>	<u>Apr 15</u>
56445 · Aflac Deductions	0.00	0.00
<b>Total 56400 · Payroll - Employee Ben Expense</b>	<b>4,700.88</b>	<b>4,566.52</b>
56300 · Payroll Expenses - Taxes, etc		
56410 · FICA and Medicare	1,169.93	1,142.35
56420 · SUI and ETT	265.90	172.88
56430 · Medical Testing	0.00	85.00
<b>Total 56300 · Payroll Expenses - Taxes, etc</b>	<b>1,435.83</b>	<b>1,400.23</b>
<b>Total 51000 · Payroll - All Expenses</b>	<b>20,719.95</b>	<b>20,589.97</b>
55300 · Operational Expenses		
55100 · Facilities, Wells, Trans, Dist		
55110 · Lab Fees	210.00	120.00
55120 · Site Maintenance	45.00	0.00
55130 · Meters	1,806.52	0.00
55131 · Meter Reading	0.00	0.00
55138 · Generator Service Contractor	348.00	0.00
55150 · Utilities - Wells	8,361.02	2,490.40
55170 · SCADA (no ongoing contract )	24.24	0.00
55175 · Line Maint and Repair Cont	33,118.50	39.00
55180 · Line Maint and Repair Materials	12,441.45	13,018.90
55190 · Well Maintenance		
55160 · Chemicals	125.11	9,134.18
55190 · Well Maintenance - Other	625.00	98.00
<b>Total 55190 · Well Maintenance</b>	<b>750.11</b>	<b>9,232.18</b>
55200 · Security		
55230 · Crime Prevention (PSI & Verizon)	76.19	2,380.91
55250 · Alarms		
55255 · Alarm Phones	57.56	151.85
<b>Total 55250 · Alarms</b>	<b>57.56</b>	<b>151.85</b>
55280 · Materials	0.00	128.49
55290 · Audio Alarm (cont exp xx/xx)	191.00	191.00
57295 · Video Eq Lease (exp xx/xx)	724.00	724.00
55200 · Security - Other	0.00	325.50
<b>Total 55200 · Security</b>	<b>1,048.75</b>	<b>3,901.75</b>
<b>Total 55100 · Facilities, Wells, Trans, Dist</b>	<b>58,153.59</b>	<b>28,802.23</b>
58000 · Utilities - Office		
58010 · Electricity	1,027.92	783.55
58020 · Gas	68.89	44.00
58030 · Telephone	750.78	757.59
58040 · Sanitation	155.38	155.38
<b>Total 58000 · Utilities - Office</b>	<b>2,002.97</b>	<b>1,740.52</b>
57000 · Office Expenses		
57085 · Water Billing System	0.00	1,534.00
57025 · Supplies & Equipment	297.09	464.54
57030 · Copier and Supplies	804.70	489.25
57035 · Dues & Subscriptions	0.00	513.00



**Cabazon Water District**  
**Profit & Loss**  
March through April 2015

	<u>Mar 15</u>	<u>Apr 15</u>
57045 · Postage	1,050.05	0.00
57050 · Printing & Publications	918.51	0.00
57080 · Computer Services	7,551.15	2,997.00
57000 · Office Expenses - Other	<u>695.00</u>	<u>695.00</u>
Total 57000 · Office Expenses	11,316.50	6,692.79
57500 · Support Services		
57515 · Financial Audit (through 20xx)	1,950.00	8,689.00
57520 · Accounting (monthly contract)	1,211.25	1,657.50
57530 · Legal Services	6,462.09	0.00
57560 · Bank Service Charges	129.50	115.85
57570 · Payroll Service	<u>325.80</u>	<u>226.35</u>
Total 57500 · Support Services	10,078.64	10,688.70
56500 · Management & Support		
56520 · Seminars/Training	1,790.00	0.00
56540 · Travel and Meals	<u>861.09</u>	<u>614.06</u>
Total 56500 · Management & Support	2,651.09	614.06
57600 · Other Fees		
57620 · State Water fees	150.00	6,094.08
57600 · Other Fees - Other	<u>990.00</u>	<u>120.84</u>
Total 57600 · Other Fees	1,140.00	6,214.92
58500 · General Liability Insurance	1,711.19	1,711.19
59500 · Service Tools & Equipment		
59510 · Shop Supplies and Small Tools	46.97	0.00
59525 · Vehicle Fuel	42.99	0.00
59530 · Employee Uniforms	385.99	0.00
59540 · Tractor Expenses	0.00	324.52
59541 · Backhoe Fuel	557.09	0.00
59560 · Service Trucks - Repair and Mtn	423.12	0.00
59571 · Water Ops Cell Phone/ Internet	377.50	0.00
59572 · Water Ops Computer Internet	121.22	0.00
59500 · Service Tools & Equipment - Other	<u>695.95</u>	<u>0.00</u>
Total 59500 · Service Tools & Equipment	2,650.83	324.52
Total 55300 · Operational Expenses	<u>89,704.81</u>	<u>56,788.93</u>
65000 · Non-Operating Expenses		
65660 · Miscellaneous	223.50	59.43
64000 · Returned Checks	(166.41)	0.00
65200 · DWR Interest on Loans	0.00	7,115.16
65350 · DHPO Interest Expense	8,410.81	0.00
66900 · Reconciliation Discrepancies	<u>(90.30)</u>	<u>(51.96)</u>
Total 65000 · Non-Operating Expenses	8,377.60	7,122.63
66000 · Depreciation and Amortization		
66100 · Depreciation	<u>22,189.00</u>	<u>22,189.00</u>
Total 66000 · Depreciation and Amortization	22,189.00	22,189.00
<b>Total Expense</b>	<u>140,991.36</u>	<u>106,690.53</u>
<b>Net Ordinary Income</b>	(51,292.64)	(6,102.34)



3:24 PM  
05/05/15  
Accrual Basis

Cabazon Water District  
**Profit & Loss**  
March through April 2015

<u>Mar 15</u>	<u>Apr 15</u>
<u>(51,292.64)</u>	<u>(6,102.34)</u>

Net Income

PRELIMINARY

## Cabazon Water District Profit & Loss Budget Performance

April 2015

	Apr 15	Budget	Jul '14 - Apr 15	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>30000 · Operating Income</b>					
30010 · Base Rate - Water Bills	91,611.46	94,742.00	930,508.68	942,420.00	1,136,900.00
30025 · Fire Sales - Water Bills	240.00	240.00	2,400.00	2,400.00	2,880.00
30030 · Penalty Fees - Water Bills	2,721.54	2,333.00	28,347.79	23,330.00	28,000.00
30032 · Lien Reinstatement Fees	0.00		300.00		
30035 · New Account Fees - Water B	165.00		2,135.00		
30100 · Meter Install and Removal	0.00		0.00		
30110 · Incident Fee - Water Bills	250.00		290.00		
30140 · Returned Check Fees	60.00		510.00		
40010 · Basic Facilities Fee	0.00		8,020.00		
40060 · Stand By Fees - Tax Revenue	0.00		69,544.72	73,000.00	100,000.00
<b>Total 30000 · Operating Income</b>	<b>95,048.00</b>	<b>97,315.00</b>	<b>1,042,056.19</b>	<b>1,041,150.00</b>	<b>1,267,780.00</b>
<b>40000 · Non-Operating Income</b>					
<b>40002 · Property Taxes</b>					
40020 · Ad Valorem - Tax Revenue	1,228.84	1,000.00	26,038.68	27,000.00	49,000.00
40085 · Teeter Settlement Income	0.00		298.75		12,000.00
<b>Total 40002 · Property Taxes</b>	<b>1,228.84</b>	<b>1,000.00</b>	<b>26,337.43</b>	<b>27,000.00</b>	<b>61,000.00</b>
30040 · Cell Tower Lease Income	1,890.43	2,508.00	23,162.75	25,080.00	30,100.00
<b>40001 · Interest Income</b>					
40076 · Interest Income - Zion's Ba	0.00		1.19		
30160 · Interest Inc - Gen, Trust, Pr	0.58		14.54		
40050 · Interest Income LAIF	430.46	400.00	1,268.74	1,200.00	1,700.00
40055 · Interest Income - DWR	0.00		4.01		
40095 · Interest Income - Water bill	349.19	300.00	3,880.72	3,000.00	3,600.00
<b>Total 40001 · Interest Income</b>	<b>780.23</b>	<b>700.00</b>	<b>5,169.20</b>	<b>4,200.00</b>	<b>5,300.00</b>
40150 · Miscellaneous Non-Operatin	1,640.69		11,824.25		
<b>Total 40000 · Non-Operating Income</b>	<b>5,540.19</b>	<b>4,208.00</b>	<b>66,493.63</b>	<b>56,280.00</b>	<b>96,400.00</b>
<b>Total Income</b>	<b>100,588.19</b>	<b>101,523.00</b>	<b>1,108,549.82</b>	<b>1,097,430.00</b>	<b>1,364,180.00</b>
<b>Cost of Goods Sold</b>					
50000 · Cost of Goods Sold	0.00		0.00		
<b>Total COGS</b>	<b>0.00</b>		<b>0.00</b>		
<b>Gross Profit</b>	<b>100,588.19</b>	<b>101,523.00</b>	<b>1,108,549.82</b>	<b>1,097,430.00</b>	<b>1,364,180.00</b>
<b>Expense</b>					
<b>51000 · Payroll - All Expenses</b>					
<b>53000 · Payroll Summary</b>					
57550 · Directors' Fees	1,100.00	1,183.00	10,300.00	11,830.00	14,200.00
<b>56000 · Management and Customer Service</b>					
56020 · Customer Accounts	2,930.83	2,708.00	31,331.17	29,788.00	35,200.00
56015 · Admin Assistant	3,247.09	3,123.00	35,839.26	34,354.00	40,600.00
56010 · General Manager	5,656.82	6,392.00	70,288.71	70,312.00	83,100.00
<b>Total 56000 · Management and Cu</b>	<b>11,834.74</b>	<b>12,223.00</b>	<b>137,459.14</b>	<b>134,454.00</b>	<b>158,900.00</b>
<b>56100 · Water Operations</b>					
56116 · Meter Reader	1,688.48	1,638.00	12,665.81	18,020.00	21,300.00

**Cabazon Water District**  
**Profit & Loss Budget Performance**  
April 2015

	Apr 15	Budget	Jul '14 - Apr 15	YTD Budget	Annual Budget
56110 · Water Tech II	0.00		0.00		
<b>Total 56100 · Water Operations</b>	<b>1,688.48</b>	<b>1,638.00</b>	<b>12,665.81</b>	<b>18,020.00</b>	<b>21,300.00</b>
<b>Total 53000 · Payroll Summary</b>	<b>14,623.22</b>	<b>15,044.00</b>	<b>160,424.95</b>	<b>164,304.00</b>	<b>194,400.00</b>
<b>56400 · Payroll - Employee Ben Expense</b>					
56310 · Workers Comp.	0.00	623.00	4,187.44	6,854.00	8,100.00
56315 · Employee Health Care	2,444.25	2,350.00	21,634.01	23,500.00	28,200.00
56320 · Pension	2,124.96	2,485.00	24,450.81	27,334.00	32,300.00
56440 · Union Dues	(2.69)		24.37		
56445 · Aflac Deductions	0.00		(160.12)		
<b>Total 56400 · Payroll - Employee Ben</b>	<b>4,566.52</b>	<b>5,458.00</b>	<b>50,136.51</b>	<b>57,688.00</b>	<b>68,600.00</b>
<b>56300 · Payroll Expenses - Taxes, etc</b>					
56410 · FICA and Medicare	1,142.35	1,062.00	12,177.80	11,680.00	13,800.00
56420 · SUI and ETT	172.88	192.00	2,401.71	1,920.00	2,300.00
56430 · Medical Testing	85.00	77.00	835.00	770.00	920.00
<b>Total 56300 · Payroll Expenses - Tax</b>	<b>1,400.23</b>	<b>1,331.00</b>	<b>15,414.51</b>	<b>14,370.00</b>	<b>17,020.00</b>
<b>Total 51000 · Payroll - All Expenses</b>	<b>20,589.97</b>	<b>21,833.00</b>	<b>225,975.97</b>	<b>236,362.00</b>	<b>280,020.00</b>
<b>55300 · Operational Expenses</b>					
<b>57800 · DHPD Operational Expenses</b>					
57810 · Operating Expenses - DHP	0.00		3,954.77		
57820 · Legal Services - DHPO	0.00		2,112.50		
<b>Total 57800 · DHPD Operational Exp</b>	<b>0.00</b>		<b>6,067.27</b>		
<b>55100 · Facilities, Wells, Trans, Dist</b>					
55110 · Lab Fees	120.00	1,758.00	5,705.00	17,580.00	21,100.00
55120 · Site Maintenance	0.00	125.00	7,190.30	1,250.00	1,500.00
55130 · Meters	0.00	625.00	9,616.66	6,250.00	7,500.00
55131 · Meter Reading	0.00		0.00		
55138 · Generator Service Contrac	0.00	117.00	2,001.07	1,170.00	1,400.00
55140 · Median Maintenance	0.00	500.00	2,600.00	5,000.00	6,000.00
55150 · Utilities - Wells	2,490.40	9,167.00	77,876.57	91,670.00	110,000.00
55170 · SCADA (no ongoing contra	0.00	600.00	2,218.17	6,000.00	7,200.00
55175 · Line Maint and Repair Con	39.00	17,350.00	194,281.00	173,500.00	208,200.00
55180 · Line Maint and Repair Matc	13,018.90	7,500.00	78,261.91	75,000.00	90,000.00
<b>55190 · Well Maintenance</b>					
55160 · Chemicals	9,134.18	292.00	11,196.98	2,920.00	3,500.00
55190 · Well Maintenance - Other	98.00	625.00	43,636.92	6,250.00	7,500.00
<b>Total 55190 · Well Maintenance</b>	<b>9,232.18</b>	<b>917.00</b>	<b>54,833.90</b>	<b>9,170.00</b>	<b>11,000.00</b>
<b>55200 · Security</b>					
55230 · Crime Prevention (PSI & '	2,380.91		2,676.68		
<b>55250 · Alarms</b>					
55255 · Alarm Phones	151.85	58.00	1,051.89	580.00	700.00
55250 · Alarms - Other	0.00		525.30		
<b>Total 55250 · Alarms</b>	<b>151.85</b>	<b>58.00</b>	<b>1,577.19</b>	<b>580.00</b>	<b>700.00</b>
55280 · Materials	128.49	42.00	864.72	420.00	500.00
55290 · Audio Alarm (cont exp xx	191.00	225.00	1,910.00	2,250.00	2,700.00
57295 · Video Eq Lease (exp xx/x	724.00	742.00	7,240.00	7,420.00	8,900.00



## Cabazon Water District Profit & Loss Budget Performance April 2015

	Apr 15	Budget	Jul '14 - Apr 15	YTD Budget	Annual Budget
55200 · Security - Other	325.50		975.50		
<b>Total 55200 · Security</b>	<b>3,901.75</b>	<b>1,067.00</b>	<b>15,244.09</b>	<b>10,670.00</b>	<b>12,800.00</b>
57540 · Engineering Services	0.00	1,000.00	25,551.30	10,000.00	12,000.00
<b>Total 55100 · Facilities, Wells, Trans</b>	<b>28,802.23</b>	<b>40,726.00</b>	<b>475,379.97</b>	<b>407,260.00</b>	<b>488,700.00</b>
<b>58000 · Utilities - Office</b>					
58010 · Electricity	783.55	1,000.00	10,181.64	10,000.00	12,000.00
58020 · Gas	44.00	75.00	521.52	750.00	900.00
58030 · Telephone	757.59	750.00	7,452.83	7,500.00	9,000.00
58040 · Sanitation	155.38	275.00	1,553.80	2,750.00	3,300.00
<b>Total 58000 · Utilities - Office</b>	<b>1,740.52</b>	<b>2,100.00</b>	<b>19,709.79</b>	<b>21,000.00</b>	<b>25,200.00</b>
<b>57000 · Office Expenses</b>					
57085 · Water Billing System	1,534.00	250.00	1,534.00	2,500.00	3,000.00
57025 · Supplies & Equipment	464.54	717.00	7,090.88	7,170.00	8,600.00
57030 · Copier and Supplies	489.25	635.00	6,093.06	6,350.00	7,620.00
57035 · Dues & Subscriptions	513.00	50.00	1,035.00	500.00	600.00
57045 · Postage	0.00	750.00	5,030.21	7,500.00	9,000.00
57050 · Printing & Publications	0.00	208.00	1,088.51	2,080.00	2,500.00
57080 · Computer Services	2,997.00	2,583.00	42,605.52	25,830.00	31,000.00
65870 · Office/Radio	0.00		1,560.00		
57000 · Office Expenses - Other	695.00		6,510.48		
<b>Total 57000 · Office Expenses</b>	<b>6,692.79</b>	<b>5,193.00</b>	<b>72,547.66</b>	<b>51,930.00</b>	<b>62,320.00</b>
<b>57500 · Support Services</b>					
57515 · Financial Audit (through 2014)	8,689.00	2,650.00	26,493.00	26,500.00	31,800.00
57520 · Accounting (monthly contract)	1,657.50	1,917.00	12,008.36	19,170.00	23,000.00
57575 · Temporary Labor	0.00		1,940.25		
57530 · Legal Services	0.00	4,167.00	86,347.47	41,670.00	50,000.00
57560 · Bank Service Charges	115.85	200.00	1,483.93	2,000.00	2,400.00
57570 · Payroll Service	226.35	208.00	2,649.65	2,080.00	2,500.00
<b>Total 57500 · Support Services</b>	<b>10,688.70</b>	<b>9,142.00</b>	<b>130,922.66</b>	<b>91,420.00</b>	<b>109,700.00</b>
<b>56500 · Management &amp; Support</b>					
56520 · Seminars/Training	0.00	792.00	3,780.00	7,920.00	9,500.00
56540 · Travel and Meals	614.06	762.00	5,988.07	7,620.00	9,140.00
<b>Total 56500 · Management &amp; Support</b>	<b>614.06</b>	<b>1,554.00</b>	<b>9,768.07</b>	<b>15,540.00</b>	<b>18,640.00</b>
<b>57600 · Other Fees</b>					
57610 · Riverside County Fees	0.00	425.00	405.39	4,250.00	5,100.00
57620 · State Water fees	6,094.08	958.00	6,244.08	9,580.00	11,500.00
57600 · Other Fees - Other	120.84		1,110.84		
<b>Total 57600 · Other Fees</b>	<b>6,214.92</b>	<b>1,383.00</b>	<b>7,760.31</b>	<b>13,830.00</b>	<b>16,600.00</b>
58500 · General Liability Insurance	1,711.19	2,000.00	17,111.90	20,000.00	24,000.00
<b>59500 · Service Tools &amp; Equipment</b>					
59510 · Shop Supplies and Small Tools	0.00	208.00	197.11	2,080.00	2,500.00
59525 · Vehicle Fuel	0.00	1,500.00	9,963.73	15,000.00	18,000.00
59530 · Employee Uniforms	0.00	125.00	1,027.76	1,250.00	1,500.00
59540 · Tractor Expenses	324.52	125.00	3,700.04	1,250.00	1,500.00
59541 · Backhoe Fuel	0.00	83.00	4,991.35	830.00	1,000.00

## Cabazon Water District Profit & Loss Budget Performance

April 2015

	Apr 15	Budget	Jul '14 - Apr 15	YTD Budget	Annual Budget
59550 · Equipment Rental	0.00		0.00	0.00	0.00
59560 · Service Trucks - Repair and	0.00	750.00	6,588.37	7,500.00	9,000.00
59571 · Water Ops Cell Phone/ Inte	0.00	192.00	1,691.83	1,920.00	2,300.00
59572 · Water Ops Computer Interi	0.00	125.00	545.19	1,250.00	1,500.00
59590 · Communications	0.00	42.00	0.00	420.00	500.00
59500 · Service Tools & Equipmen	0.00		1,008.27		
<b>Total 59500 · Service Tools &amp; Equip</b>	<b>324.52</b>	<b>3,150.00</b>	<b>29,713.65</b>	<b>31,500.00</b>	<b>37,800.00</b>
<b>Total 55300 · Operational Expenses</b>	<b>56,788.93</b>	<b>65,248.00</b>	<b>768,981.28</b>	<b>652,480.00</b>	<b>782,960.00</b>
<b>65000 · Non-Operating Expenses</b>					
65660 · Miscellaneous	59.43	833.00	2,103.10	8,330.00	10,000.00
65670 · Image Consultant	0.00	167.00	552.50	1,670.00	2,000.00
64000 · Returned Checks	0.00		(351.27)		
65100 · Grant/Loan Processing Fee	0.00	100.00	1,325.00	1,000.00	1,200.00
65200 · DWR Interest on Loans	7,115.16	1,250.00	10,828.34	12,500.00	15,000.00
65350 · DHPO Interest Expense	0.00	1,475.00	12,838.56	14,750.00	17,700.00
66900 · Reconciliation Discrepancie	(51.96)		(1,512.31)		
65910 · Elm St. Property	0.00		9,070.00		
<b>Total 65000 · Non-Operating Expense</b>	<b>7,122.63</b>	<b>3,825.00</b>	<b>34,853.92</b>	<b>38,250.00</b>	<b>45,900.00</b>
<b>66000 · Depreciation and Amortization</b>					
66100 · Depreciation	22,189.00	20,258.00	221,890.00	202,580.00	243,100.00
<b>Total 66000 · Depreciation and Amorti</b>	<b>22,189.00</b>	<b>20,258.00</b>	<b>221,890.00</b>	<b>202,580.00</b>	<b>243,100.00</b>
<b>Total Expense</b>	<b>106,690.53</b>	<b>111,164.00</b>	<b>1,251,701.17</b>	<b>1,129,672.00</b>	<b>1,351,980.00</b>
<b>Net Ordinary Income</b>	<b>(6,102.34)</b>	<b>(9,641.00)</b>	<b>(143,151.35)</b>	<b>(32,242.00)</b>	<b>12,200.00</b>
<b>Net Income</b>	<b>(6,102.34)</b>	<b>(9,641.00)</b>	<b>(143,151.35)</b>	<b>(32,242.00)</b>	<b>12,200.00</b>

PRELIMINARY



**Emergency Response & Water Pipeline Repair Overview of Contractor, Terms, and Related Equipment Rental (Revised 05/11/2015)**

Category	Merlin	TE Roberts	Borden	Doolittle
Experience	41 years	30 years	17 years	55 years
Minimum Call-out Charge	4.0 hrs.	None Stated	None Stated	None Stated
Backhoe	\$60.73 hr. (Base Rate) <b>\$69.35 hr. (+15%)</b>	\$55.00 hr.	\$77.00 hr. (Base Rate) <b>\$80.85 hr. (+5%)</b>	None Stated
Pick-up Truck	\$21.78 hr. (Base Rate) <b>\$25.05 hr. (+15%)</b>	\$40.00 hr.	\$25.72 hr. (Base Rate) <b>\$27.01 hr. (+5%)</b>	\$50.00 hr.
Pick-up 1 ton gang Truck (No Equip)	\$27.33 hr. (Base Rate) <b>\$31.43 hr. (+15%)</b>	\$75.00 hr.	\$25.72 hr. (Base Rate) <b>\$27.01 hr. (+15%)</b>	\$80.00 hr.
Pick-up 1 ton gang Truck (Fully Equip)	None Stated	None Stated	None Stated	\$175.00

Per the majority of the Board, the early release of Board packets on Tuesday, May 12, 2015, rates may change as bidders have till 4:30 pm, Thursday, May 14, 2015 to submit revised rates.



## Emergency Response &amp; Water Pipeline Repair Overview of Contractor, Terms, and Related Equipment Rental - HOURLY RATES

Category	Merlin	TE Roberts	Borden	Doolittle
Labor				
DIR Group 2	\$48.88 per hr.	\$70.50 per hr.	\$85.63 per hr.	\$115.00 per hr.
Revised Rates	\$73.91 per hr. (12% + 35%)	\$68.75 per hr.	\$89.91 per hr. (2% + 3%)	
Foreman/Operator				
DIR Group 4	\$67.07 per hr.	\$99.00 per hr.	\$115.00 per hr.	\$130.00 per hr.
Revised Rates	\$101.41.01 per hr. (12% + 35%)	\$96.75 per hr.	\$120.75 per hr. (2% + 3%)	
Pipe Layer				
DIR - Group 4	\$51.53 per hr.	\$74.00 per hr.	\$90.27 per hr.	None
Revised Rates	\$77.91 per hr. (12% + 35%)	\$72.25 per hr.	\$94.78 per hr. (2% + 3%)	
Welder				
DIR - Group 5	None	\$75.00 per hr.	None	None
Revised Rates		\$72.75 per hr.		

Merlin Mark-up

Equipment Mark-up – 15%

Labor Surcharge (Straight Time) – 12%

Labor Mark-up – 35%

Borden Mark-up

General Liability Insurance Mark-up – 2%

Performance Bond Mark-up – 3%

Per the majority of the Board, the early release of Board packets on Tuesday, May 12, 2015, rates may change as bidders have till 4:30 pm, Thursday, May 14, 2015 to submit revised rates.

REBECCA SPENCER  
Registrar of Voters



ART TINOCO  
Assistant Registrar of Voters

REGISTRAR OF VOTERS  
COUNTY OF RIVERSIDE

April 13, 2015

Ellie Lemus  
Cabazon Water District  
PO Box 297  
Cabazon, CA 92230

Dear Ms. Lemus:

In preparation for your upcoming November 3, 2015 General District Election, we are providing the following information:

- 🚩 **ELECTION CALENDAR**: For your review. We will be having a seminar on **June 24, 2015** to answer your questions and to coordinate the procedures involved in the conduct of the election.
- 🚩 **NOTICE OF GENERAL DISTRICT ELECTION FORM**: Complete and return this form to us as soon as it is approved at your board meeting. You **must** adopt regulations regarding payment of the cost of the candidate's statement. This form **must** be returned to us by **July 1, 2015**. Remember also that a map of your district showing the current boundaries **must** be included.
- 🚩 **ESTIMATED COST OF THE CANDIDATE STATEMENT**: The estimated cost of the candidate statement for your jurisdiction is **\$325**. Please note that this is only an estimate. Candidates may receive a **bill** or refund for the difference depending on how many candidates actually file a candidate statement.

Please note the date of the nomination seminar and mark your calendar. At the seminar, we will issue the nomination material and review the procedures for issuing the documents. We will also discuss new legislation which concerns general district elections. If you have any questions, please feel free to call Leticia Flores at (951) 486-7212.

Sincerely,

REBECCA SPENCER  
Registrar of Voters

By Leticia Flores  
Leticia Flores  
Elections Coordinator

Enclosures



**NOTICE TO THE REGISTRAR OF VOTERS  
(ELECTIONS CODE §§ 10509, 10522; W.C. § 71451)  
GENERAL DISTRICT ELECTION, NOVEMBER 3, 2015**

**DISTRICT:** \_\_\_\_\_ **PHONE:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_ **FAX:** \_\_\_\_\_

**MAILING ADDRESS:** \_\_\_\_\_ **E-MAIL:** \_\_\_\_\_

**LIST NAMES OF DISTRICT DIRECTORS WHOSE TERMS EXPIRE ON DECEMBER 4, 2015.**

NAME OF DIRECTOR	DIVISION NUMBER (IF APPLICABLE)

The following section applies only if a Director(s) was/were appointed to fill a vacancy in an office, which is not normally scheduled to be voted on this year (Short term).

NAME	DIVISION (If applicable)	DATE APPOINTED	DIRECTOR REPLACED

**STATEMENT OF ECONOMIC INTERESTS:** The Government Code now requires all candidates to file a Form 700 with the Registrar of Voters by the nomination period deadline. If the candidate has previously filed an initial, assuming office, or annual statement for the same office sought within 60 days before the nomination deadline then the candidate does not have to file the Form 700 again.

**CANDIDATE'S STATEMENT:** Who is to pay the cost of the printing and handling of statement?

Please check appropriate box. **CANDIDATE**  **DISTRICT**

**NOTICE OF ELECTION** published by Registrar of Voters in \_\_\_\_\_  
(Insert name of Local Newspaper)

**CANDIDATES** may obtain nomination documents from the Registrar of Voters, 2724 Gateway Drive, Riverside, CA 92507, or from the District Secretary located at:

\_\_\_\_\_  
(Insert Location Name, Address, and Business Hours)

**DISTRICT MAP:** Attach 34" x 42" map showing district boundaries and divisions, if applicable.

**Enclosed Map Contains Boundary/Division Changes** YES  NO

I certify that the enclosed map of the district boundaries and divisions is true and correct as of this date, and is submitted in compliance with Section 10522 of the California Elections Code for use in the General District Election to be held on November 3, 2015, or that there have been no changes to the boundaries as of the last General District Election.

**Dated:** \_\_\_\_\_ **Contact Person:** \_\_\_\_\_

**Sign:** \_\_\_\_\_  
(District Secretary)

(DISTRICT SEAL)

**Customer Transaction Summary**

**Customer Information**

Account No: 2-2003CM  
 CASINO MORONGO  
 49750 SEMINOLE DR.  
 ACCOUNTS PAYABLE  
 CABAZON, CA 92230-

**Location Information**

Location No: 2-2003  
 49-750 SEMINOLE  
 CABAZON, CA 92230

Date	Type	Read Date	Reading	Usage	Prior Balance	Transaction Amount	Balance
10/26/2000	Payment				0.00	-500.00	-500.00
12/31/2000	Charge	12/27/2000	13000900		-500.00	2232.85	1732.85
12/31/2000	Adjustment				1732.85	320.90	2053.75
01/02/2001	Adjustment				2053.75	-320.90	1732.85
01/17/2001	Payment				1732.85	-2053.75	-320.90
02/29/2004	Charge	02/24/2004	13067500		-320.90	826.78	505.88
03/30/2004	Penalty				505.88	82.68	588.56
03/31/2004	Charge	03/24/2004	13067500		588.56	250.00	838.56
04/29/2004	Penalty				838.56	25.00	863.56
04/30/2004	Charge	04/30/2004	13067500		863.56	250.00	1113.56
05/28/2004	Penalty				1113.56	25.00	1138.56
05/30/2004	Charge	05/30/2004	13067500		1138.56	250.00	1388.56
06/29/2004	Penalty				1388.56	25.00	1413.56
06/30/2004	Charge	06/28/2004	13067500		1413.56	250.00	1663.56
07/13/2004	Payment				1663.56	-505.88	1157.68
07/28/2004	Penalty				1157.68	25.00	1182.68
07/30/2004	Charge	07/28/2004	13067500		1182.68	250.00	1432.68
08/01/2004	Charge	08/31/2004	13067500		1432.68	250.00	1682.68
08/28/2004	Penalty				1682.68	25.00	1707.68
10/07/2004	Charge	09/28/2004	13067500		1707.68	250.00	1957.68
10/31/2004	Penalty				1957.68	25.00	1982.68
10/31/2004	Charge	10/28/2004	13067500		1982.68	250.00	2232.68
11/30/2004	Charge	11/30/2004	13067500		2232.68	250.00	2482.68
12/31/2004	Charge	01/04/2005	13067500		2482.68	250.00	2732.68
01/30/2005	Charge	01/27/2005	13067500		2732.68	179.00	2911.68
02/28/2005	Charge	03/03/2005	13067500		2911.68	179.00	3090.68
03/31/2005	Charge	03/24/2005	13067500		3090.68	179.00	3269.68
04/30/2005	Charge	04/27/2005	13067500		3269.68	179.00	3448.68
05/31/2005	Charge	05/31/2005	13067500		3448.68	179.00	3627.68
06/30/2005	Charge	07/06/2005	13067500		3627.68	207.87	3835.55
07/29/2005	Charge	08/01/2005	13067500		3835.55	179.00	4014.55
08/03/2005	L Charge	08/03/2005	13067500		4014.55	0.00	4014.55

## Customer Transaction Summary

**Customer Information**

Account No: 2-2002CM  
 CASINO MORONGO  
 49750 SEMINOLE DR.  
 ACCOUNTS PAYABLE  
 CABAZON, CA 92230-

**Location Information**

Location No: 2-2002  
 49-750 SEMINOLE  
 CABAZON, CA 92230

Date	Type	Read Date	Reading	Usage	Prior Balance	Transaction Amount	Balance
10/26/2000	Payment				0.00	-500.00	-500.00
12/31/2000	Charge	12/27/2000	10445600		-500.00	1763.35	1263.35
12/31/2000	Adjustment				1263.35	320.90	1584.25
01/02/2001	Adjustment				1584.25	-320.90	1263.35
01/17/2001	Payment				1263.35	-1584.25	-320.90
02/29/2004	Charge	02/24/2004	10452100		-320.90	277.69	-43.21
03/31/2004	Charge	03/24/2004	10452100		-43.21	250.00	206.79
04/29/2004	Penalty				206.79	25.00	231.79
04/30/2004	Charge	04/30/2004	10452100		231.79	250.00	481.79
05/28/2004	Penalty				481.79	25.00	506.79
05/30/2004	Charge	05/26/2004	10452100		506.79	250.00	756.79
06/29/2004	Penalty				756.79	25.00	781.79
06/30/2004	Charge	06/28/2004	10452100		781.79	250.00	1031.79
07/28/2004	Penalty				1031.79	25.00	1056.79
07/30/2004	Charge	07/28/2004	10452100		1056.79	250.00	1306.79
08/24/2004	Charge	08/31/2004	10452100		1306.79	250.00	1556.79
08/28/2004	Penalty				1556.79	25.00	1581.79
09/01/2004	Charge	09/28/2004	10452100		1581.79	250.00	1831.79
10/01/2004	Penalty				1831.79	25.00	1856.79
10/31/2004	Charge	10/28/2004	10452100		1856.79	250.00	2106.79
11/30/2004	Charge	11/30/2004	10452100		2106.79	250.00	2356.79
12/31/2004	Charge	01/04/2005	10452100		2356.79	250.00	2606.79
01/30/2005	Charge	01/27/2005	10452100		2606.79	179.00	2785.79
02/28/2005	Charge	02/25/2005	10452100		2785.79	179.00	2964.79
03/31/2005	Charge	03/24/2005	10452100		2964.79	179.00	3143.79
08/03/2005	L Charge	05/31/2005	10452100		3143.79	0.00	3143.79





Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
FAX (714) 527-9154  
EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)  
WEB [www.czfcpa.com](http://www.czfcpa.com)

April 10, 2015

Board of Directors  
Cabazon Water District  
14618 Broadway Street  
P.O. Box 297  
Cabazon, CA 92230

Re: Engagement Letter for auditing services for the year ended June 30, 2015

Dear Ms. Kerri Mariner, Board President:

Enclosed is our Engagement Letter to perform auditing services for the Cabazon Water District for the year ended June 30, 2015. We look forward to working with you and the rest of the District staff.

Please sign this engagement letter and return it in the envelope provided at your convenience.

If you have any questions regarding this letter please let me know.

Cordially,

Charles Z. Fedak, CPA

Enclosures

CZF/rmm



Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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## UNDERSTANDING OF THE ENGAGEMENT

April 10, 2015

Board of Directors  
Cabazon Water District  
14618 Broadway Street  
P.O. Box 297  
Cabazon, California 92230

Dear Ms. Kerri Mariner, Board President:

We are pleased to confirm our understanding of the services we are to provide for the Cabazon Water District (District) for the year ended June 30, 2015. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- Letter of Transmittal

### *Audit Objectives*

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed.

COPY



Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, agreements, and grant agreements, noncompliance with which could have a material effect on the basic financial statements as required by *Governmental Auditing Standards*. The reports on internal control and compliance will each include a paragraph that states the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### ***Management Responsibilities***

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with the preparation of the financial statements and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any non-audit services we provide; oversee the services by designating an individual, preferably from senior management, who possess suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including maintaining and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representational letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the basic financial statements.



Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others.

In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the constancy of other information in the electronic site with the original document.

#### ***Audit Procedures - General***

*Government Auditing Standards* require that we communicate, during the planning stage of an audit, certain information to officials of the audited entity, and certain other parties. That information follows:

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.



We have advised the District of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and the District has declined to engage us to do so at this time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorney(s) as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

#### ***Audit Procedures – Internal Control***

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### ***Audit Procedures – Compliance***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### ***Audit Administration, Fees, and Other***

We understand that the District's employees will prepare all confirmations we request and will locate any documentation selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Charles Z. Fedak & Company, CPAs, An Accountancy Corporation, and constitutes confidential information. However, pursuant to District given by law or regulation, we may be requested to make certain audit documentation available to various government agencies. We will notify the District of any such request. If requested, access to such documentation will be provided under the supervision of Charles Z. Fedak & Company, CPAs, An Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these government agencies. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.



The audit documentation for this engagement will be retained for a minimum of seven years under California State Law after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation

We expect to begin our audit in November 2015 and to issue our reports no later than January 2016. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$18,550 (with out-of-pocket expenses not exceeding \$1,300 and preparation of the State Controller's Report for \$750). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 30 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will have been deemed to have been completed upon written notification of termination, even if we have not completed our report. The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from the District's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the District's management and arrive at a new fee estimate before we incur the additional costs.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms of and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The District may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with the District regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If the District has any questions, please let us know. If the District agrees with the terms of our engagement described in this letter, please sign below and return it to us in the envelope provided. We have enclosed a copy for the District's files.

Very truly yours,

**Charles Z. Fedak & Company, CPAs – An Accountancy Corporation**

RESPONSE:

This letter correctly sets forth the understanding of the Cabazon Water District.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

COPY

Charles Z. Fedak & Company • Certified Public Accountants • An Accountancy Corporation

Member of: American Institute of Certified Public Accountants • California Society of Certified Public Accountants