

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Benoit

SUBMITTAL DATE:
May 19, 2016

SUBJECT: Approve the request made by the Chiriaco Summit Water District to perform biennial audits permitted under Government Code 26909(b)(1) **(Requires unanimous vote)**

RECOMMENDED MOTION: That the Board of Supervisor approve by unanimous vote the request made by the Chiriaco Summit Water District to perform biennial audits permitted under Government Code 26909(b)(1)

BACKGROUND:

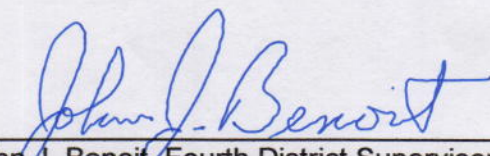
Request

The Chiriaco Summit Water District (District) requests authorization to conduct a biennial audit, permitted under Government Code 26909 (b) (1) with unanimous approval by the District and the Board of Supervisors. If approved, this request will be granted so that the District's next audit will be completed for the fiscal years ended June 30, 2016 and June 30, 2017. The District will then be required to file on a biennial basis from that point on.

Justification

The Chiriaco Summit Water District is a small special district with limited resources. Professional audits are expensive and divert scarce resources away from direct services to administrative overhead. With approximately \$200,000 in annual revenue, a biennial audit would allow the District to utilize more resources on mission-related services while providing sufficient financial accountability.

(Continues on next page)



John J. Benoit, Fourth District Supervisor

RE: Approve the request made by the Chiriaco Summit Water District to perform biennial audits permitted under Government Code 26909(b)(1) (Requires unanimous vote)

Date: May 19, 2016

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BACKGROUND:

About the District

Chiriaco Summit Water District was formed on May 9, 2000 under the provisions of the Municipal Water District Act of 1911 for the purpose of developing a domestic water supply for the area of Chiriaco Summit, CA. The District generates revenue from water sales. It does not receive property taxes and relies on part-time employees.

The District failed to perform annual audits for several years and suffered from some financial troubles. The District has improved its finances and has now filed annual audits with unmodified opinions for the last three fiscal years.

Attachments:

Attachment A – Letter from the District requesting biennial audits

Attachment B – Minutes from District meeting in which the board unanimously agreed to make this request

CHIRIACO SUMMIT WATER DISTRICT

62-450A Chiriaco Road #C

Chiriaco Summit, CA 92201

(760) 227-3227x207

<http://www.cswaterdistrict.org>

info@cswaterdistrict.org

May 19, 2016

Supervisor John Benoit, Chairman
Riverside County Board of Supervisors
County Administrative Center
4080 Lemon Street - 5th Floor
Riverside, California 92501

Re: Request to be placed on a biannual audit cycle

Honorable Supervisor Benoit:

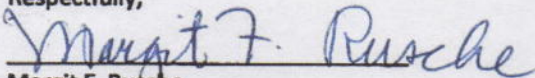
The Chiriaco Summit Water District would like to submit to your consideration our request to be on a bi-annual audit cycle.

When our water district was formed in 2000, the Chiriaco Summit Water District did not receive any startup money or any other type of funding to meet the necessary expenses of the water district, including costly engineering and legal fees. Also, we do not receive any type of public funding or property taxes. Being one of the smallest districts in the state, we have to comply with all the federal, state and local regulations, including full time monitoring, and periodic laboratory analyses, just as any other district. We do all that and more with three employees and a board of directors that does not receive any kind of compensation.

As part of those requirements, we need to be audited each year, something that causes great stress to the district. When we resolved our situation regarding the pending audits in 2014, we began to look into not being out of compliance again, and the easiest way is to be placed into a bi-annual audit cycle – according to the independent CPA firm that worked in our audit for the past two years, we would pay \$8,000 for a bi-annual audit, compared to paying \$6,000 or more per year if done independently. That \$2,000 saved per year can go a long way in a small district like ours. Besides the multi-year audit performed in 2013, we have also completed two consecutive yearly audits, with no issues.

We ask you to please consider our request carefully, as the water district is very important to the existence of our small desert community, and to the traveling public.

Respectfully,



Margit F. Rusche

Board President

Chiriaco Summit Water District

(760) 485-1576

mchiriacor@aol.com/info@cswaterdistrict.org

MR/eg

CHIRIACO SUMMIT WATER DISTRICT

MARGIT F. RUSCHE, PRESIDENT DIANA RAGSDALE, VICE PRESIDENT HEATHER GARCIA, SECRETARY
CLAUDIA FIGUEROA, MEMBER OF THE BOARD J. ROBERT CHIRIACO, MEMBER OF THE BOARD

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Riverside County Board of Supervisors
County Administrative Center
4080 Lemon Street - 5th Floor
Riverside, California 92501

Re: Request to be placed on a biannual audit cycle

Honorable Supervisor Benoit:

By signing below, I request to you, on behalf of the Chiriaco Summit Water District, to approve a bi-annual audit cycle for the district. Enclosed to this letter you will find the official minutes of the May 26, 2015 meeting, approved by the board today, where all the board members unanimously approved the request to be submitted, and also a sign-in sheet showing the names and signatures of all the board members.

Respectfully,


Margit F. Rusche
Board President
Chiriaco Summit Water District
(760) 485-1576
mchiriacor@aol.com/info@cswaterdistrict.org

MR/eg

Annex A – Copy of Official Minutes from May 26, 2015 meeting
Annex B – Attendance sign-in sheet for May 26, 2015 meeting

CHIRIACO SUMMIT WATER DISTRICT
MARGIT F. RUSCHE, PRESIDENT DIANA RAGSDALE, VICE PRESIDENT HEATHER GARCIA, SECRETARY
CLAUDIA FIGUEROA, MEMBER OF THE BOARD J. ROBERT CHIRIACO, MEMBER OF THE BOARD

**CHIRIACO SUMMIT WATER DISTRICT BOARD
EMERGENCY MEETING MINUTES**

CSWD Field Office (Temp. Location)
62-450 Chiriaco Road #7
Chiriaco Summit, CA 92201

Tuesday, May 26th, 2015 at 10:00 am

1. Call to Order: Meeting was called to order at 10:03am

Roll call:

- Margit F. Chiriaco Rusche – Present
- Heather Garcia
- Diana Ragsdale
- Joseph R. Chiriaco
- Albert Figueroa

Also present were the District's Office Manager (Eduardo Guevara) and the Plant Operator (Hector Sanchez)

All board members present, quorum was declared.

2. Old Business

2.1. Riverside County Auditor-Controller's Office – The need to request unanimously to the County Board of Supervisors (BoS) to be placed in a bi-annual audit was re-briefed. All the board members agreed to present the request in writing to the BoS. Diana Ragsdale made a motion to approve the request, and was seconded by Mr. Chiriaco. All in favor, motion carried. Office Manager will draft the letter and when final, it will be signed by president Rusche and send along a copy of these minutes, when approved as final.

2.2. Water Loss Audit Preliminary Results: A Top-Down preliminary Water Loss Audit (WLA) was conducted by the office manager. Preliminary results show an estimate of 22%. Plant Operator presented the following possible causes for the discrepancy of 1 acre-foot (AF) in four months:

- | | |
|---|---|
| ○ One unmetered connection for irrigation | ○ Construction use |
| ○ Evaporation | ○ Treatment Plant backwash cycles (the more water is used, the more backwash/loss we will have) |
| ○ Periodic flushing of the lines | |
| ○ Fire hydrant | |

Plant operator was requested to estimate as much as possible the figures for the flushing of the lines, the backwash and to install the meter in the unmetered connection, to proceed to calculate how much may be lost in evaporation and how much may be water unaccounted for. Office Manager will follow up. Heather Garcia recommended research on the price of meters for the fire hydrants.

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62450A CHIRIACO RD #C
CHIRIACO SUMMIT, CA 92201**

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3. NEW BUSINESS

- 3.1. Board Upcoming Election (up for reelection: M. Rusche and A. Figueroa, 2015-2019). Both members stated they are willing to continue serving as directors. This discussion will be retaken at the next regular meeting on July 14, 2015.
- 3.2. CCR Submission – Office Manager requested board president to follow up by phone to an email sent to MWD requesting the information needed to send the CSWD CCR, due on June 30th. Board President stated she would follow up as soon as the meeting was over.
- 3.3. Request for funding for 2nd Certification – Office Manager requested \$200.00 to set aside to request a T2 exam for Plant Operator, plus the certificate cost. Robert Chiriaco made a motion to approve the request, seconded by Diana Ragsdale. All in favor, motion carried.
- 3.4. Treatment Plant Operation over the Memorial Day weekend: Plant Operator stated that Jose Lemus was in charge of monitoring the Plant over the weekend, and that he was in constant communication with him. Office Manager advised to have Jose Lemus certified should he needed to work further on the plant. Heather Garcia mentioned he needed to be added to the payroll if he would be working with the district.

4. PUBLIC COMMENTS:

- Plant Operator stated that Riverside County would perform an inspection of the treatment plant on June 3rd, and that Jose Lemus would be required to work for a couple of days. He was asked by Office Manager to follow up with him.
- Eduardo Guevara stated that he was made aware by one of the residents, that she would present the required documentation to run for one of the two available seats for the board.

5. BOARD MEMBERS' REPORTS AND CORRESPONDENCE:

Nothing to report from board members

6. AGENDA ITEMS FOR NEXT MEETING: July 14, 2015

No action items were noted for the next regular meeting

7. ADJOURN

Meeting was adjourned at 10:35am, after Margit Rusche seconded a motion to adjourn by Diana Ragsdale. Next regular meeting will be held on July 14, 2015

CHIRIACO SUMMIT WATER DISTRICT
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Minutes by Heather Garcia, Board Secretary.
Transcribed by E. Guevara.

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Sign in Sheet/Lista de Asistencia

[illegible]

Date/Fecha: 05/26/2015

CHIRIACO SUMMIT WATER DISTRICT
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ALBERT FIGUEROA, MEMBER OF THE BOARD J. ROBERT CHIRIACO, MEMBER OF THE BOARD