

**AGENDA**  
**CHARLESTON DRAINAGE DISTRICT**  
**REGULAR BOARD OF DIRECTORS MEETING**  
**APRIL 19, 2023 – 2:00 p.m.**

**LOCATION:**

**52027 West Althea Ave.  
 Firebaugh, CA 93622**

**1. CALL TO ORDER**

**2. REVIEW OF AGENDA:** The Board will consider corrections and/or additions to the Agenda of items requiring immediate action that came to the attention of the Board after the Agenda was posted.

**3. ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting officer(s) in the event the President, Vice-President, and/or Secretary is absent from the Directors' meeting.

**4. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105.]

**5. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item on the Agenda at this time or before the Board's consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

**6. CONSENT CALENDAR**

All matters listed on the Consent Calendar are considered to be routine and non-controversial and will be acted upon by a single action of the Board of Directors, unless a Board Member requests separate consideration of the item. If such a request is made, the item may be heard as an Action Item at this meeting. The Board will review and consider (Tab 2):

- Approving DRAFT minutes from the July 21, 2022, adjourned regular meeting of the Board;
- Accepting the Treasurer's Quarterly Investment Reports and financial statements for the period ending March 31, 2023.

### **ACTION ITEMS**

7. The Board to review and consider appointment of District Officers to serve during the fiscal year beginning March 1, 2023, and ending February 29, 2024 (Azhderian – Tab 3);
8. The Board to review and consider engagement of legal counsel (Tab 4);
9. The Board to review and consider accepting as FINAL the Bryant L. Jolley DRAFT Independent Auditor’s Report and Financial Statements for the period ending February 28, 2022, subject to any further Board direction (Azhderian – Tab 5);
10. The Board to review and consider adopting a budget for the fiscal-year ending February 29, 2024 and setting the Drainage Service Fee (Azhderian/Cadena/Brazil – Tab 6);
11. The Board to review and consider adopting a Resolution updating District representatives authorized to execute Local Agency Investment Fund (LAIF) transactions (Azhderian – Tab 7);
12. The Board to review and consider adopting a Resolution revising person(s) authorized to administer the District’s Mechanics Bank accounts (Azhderian – Tab 8);
13. The Board to review and consider accepting the General Manager’s recommendation on the annual review of the District’s Investment Policy (Azhderian – Tab 9);
14. The Board to review and consider approving payment of bills (Azhderian – Tab 10).

### **REPORT ITEMS**

15. **TREASURER’S REPORT** (Tab 11)
  - A. FYE 2023 Budget-to-Actual Report
  - B. Other Financial Matters Affecting the District.
16. **DRAINAGE MANAGEMENT REPORT** (Tab 12)
  - A. Grassland Bypass Project Water Quality Monitoring;
  - B. San Joaquin River Improvement Project;
  - C. Grassland Basin Storm Water Management Plan;
  - D. Other Drainage Related Matters Affecting the District.
17. **GENERAL MANAGER’S REPORT**
  - A. Prop 84 Grant for Westside Regional Drainage Management Plan;
  - B. Grassland Basin Authority;
  - C. Other Matters Affecting the District.
18. **REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**

**19. FUTURE MEETING DATES**

- A. Board to Consider Action to Set Special Meeting Date(s): *None requested*
- B. Next Regular Meeting Date: July 19, 2023

**20. ADJOURNMENT**

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance may be made in person, in written form, or via telephone at (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.



**CHARLESTON DRAINAGE DISTRICT MEETING MINUTES  
ADJOURNED REGULAR MEETING OF THE BOARD OF DIRECTORS  
July 21, 2022**

An adjourned regular meeting of the Board of Directors was held pursuant to Assembly Bill 361 authorizing remote teleconference participation in meetings of the Board, pursuant to Brown Act provisions. Those present at the meeting were:

- Directors Present: Jake Barcellos, President  
Tom Teixeira, Vice-President  
Bob Teicheira, Director
- Directors Absent: None
- District Staff Present: Ara Azhderian, General Manager & Secretary
- Others Present: Gabriel Delgado, General Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 8:00 a.m.

**DETERMINATION:** General Manager Azhderian presented the Board a draft Resolution proclaiming a local emergency due to the ongoing COVID-19 pandemic and authorizing remote teleconference meetings of the Charleston Drainage District through August 20, 2022. After consideration, on a motion by Director Teicheira, seconded by Director Teixeira, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

- Ayes: Barcellos, Teixeira, Teicheira
- Nays: None
- Absent: None
- Abstain: None

**REVIEW OF AGENDA**

There were no changes to the agenda.

**ROLL CALL**

A quorum of the Board and the presence of the District’s Officers were confirmed.

**POTENTIAL CONFLICTS OF INTEREST**

There were no conflicts of interest disclosed.

**PUBLIC COMMENT**

There was no public comment.

**THE BOARD TO REVIEW AND CONSIDER APPROVING THE DRAFT MINUTES FROM THE APRIL 20, 2022, ADJOURNED REGULAR MEETING OF THE BOARD**

General Manager Azhderian presented the Board with the draft minutes. After consideration, on a motion by Director Teicheira, seconded by Director Teixeira, the Board approved the minutes as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Teixeira, Teicheira
Nays:	None
Absent:	None
Abstain:	None

**THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION REQUESTING THE MERCED COUNTY BOARD OF SUPERVISORS APPOINT DIRECTORS TO THE CHARLESTON DRAINAGE DISTRICT BOARD**

General Manager Azhderian presented the Board a draft Resolution requesting the Merced County Board of Supervisors appoint William Teixeira to serve as a Director of the District until December 2024. After consideration, on a motion by Director Teicheira, seconded by Director Teixeira, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Teixeira, Teicheira
Nays:	None
Absent:	None
Abstain:	None

**THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2022**

General Manager Azhderian presented the Board the Monthly Financial Statements. After consideration, on a motion by Director Teicheira, seconded by Director Teixeira, the Board accepted the financial statements as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Teixeira, Teicheira
Nays:	None
Absent:	None
Abstain:	None

**THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF THE BILLS**

General Manager Azhderian presented the Board a list of the District’s accounts payable. After consideration, on a motion by Director Teicheira, seconded by Director Teixeira, the Board payment of the bills as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Teixeira, Teicheira
Nays:	None
Absent:	None
Abstain:	None

**TREASURER’S REPORT**

General Manager Azhderian presented the Board the Budget-to-Actual report.

**DRAINAGE MANAGEMENT REPORT**

General Manager Azhderian reported on various, ongoing activities at the San Joaquin River Water Quality Improvement Project, the Grassland Bypass Project, and the monthly Mud Slough Water Quality monitoring report.

**GENERAL MANAGER’S REPORT**

General Manager Azhderian updated the Board on Proposition 84 grant activities to implement the Westside Regional Drainage Management Plan. He also presented the Non-Project Water Credits Report, which accounts for water developed under the Panoche Water District’s Warren Act Contract and shared with the other San Joaquin River Improvement Project participants.

**REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**

No report was given.

**FUTURE MEETING DATES**

The next regular meeting date of the Board was scheduled for October 19, 2022.

**ADJOURNMENT**

With no further business on the agenda, President Barcellos adjourned the meeting at 8:38 a.m.

---

Jake Barcellos, President

---

Ara Azhderian, Secretary





**CHARLESTON DRAINAGE DISTRICT**

2022 Quarterly Investment Report  
For Quarter Ending June 30, 2022

DATE: October 19, 2022

TO: Board of Directors

FROM: Marlene Brazil

In accordance with Government Code Section 53646 and the Charleston Drainage District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Charleston Drainage District:

	MECHANICS BANK ACCT	LAIF	TOTAL
INVESTMENT BALANCES June 30, 2022	\$ 49,764.97	\$ 92,409.43	\$ 142,174.40

1. As of the date of the report, the majority of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Mechanics Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from drainage service fee.



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name	CHARLESTON DRAINAGE DISTRICT
Account Number	90-24-010




As of 07/15/2022, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 06/30/2022.

Earnings Ratio		.00002057622201151
Interest Rate		0.75%
Dollar Day Total	\$	8,392,526.52
Quarter End Principal Balance	\$	92,236.74
Quarterly Interest Earned	\$	172.69

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
 UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

Subject to program eligibility, collateral, underwriting approval and credit approval. Offer is effective as of 3/17/2022 and is for new lines of credit up to \$100,000. Subject to change or cancellation without notice. See banker for details. As of 5/5/2022, the Prime Rate (as published daily in the Money Rates section of the Wall Street Journal) is 4.00% and is subject to change.

**WATCH OUT FOR CARD OR ACCOUNT LOCKED SCAMS**

Criminals contact you via phone, text or email pretending to be your bank or a credit card company, and tell you that your account is "locked" or "frozen" from fraudulent attempts to access it. They then ask for your card number, account number, password or PIN to "unlock" the account. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**

**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$49,764.97

**PUBLIC CHECKING-XXXXXXXX6298**

**Account Summary**

Date	Description	Amount
06/01/2022	Beginning Balance	\$50,856.53
	4 Credit(s) This Period	\$4,289.73
	3 Debit(s) This Period	\$5,381.29
06/30/2022	Ending Balance	\$49,764.97

**Electronic Credits**

Date	Description	Amount
06/01/2022	Remote Deposit	\$1,899.50
06/03/2022	Remote Deposit	\$1,160.00





**CHARLESTON DRAINAGE DISTRICT**

**2022 Quarterly Investment Report  
For Quarter Ending September 30, 2022**

DATE: October 19, 2022

TO: Board of Directors

FROM: Marlene Brazil

In accordance with Government Code Section 53646 and the Charleston Drainage District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Charleston Drainage District:

	MECHANICS BANK ACCT	LAIF	TOTAL
INVESTMENT BALANCES September 30, 2022	\$ 57,584.99	\$ 92,723.87	\$ 150,308.86

1. As of the date of the report, the majority of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Mechanics Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from drainage service fee.



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name

CHARLESTON DRAINAGE DISTRICT

Account Number

90-24-010




As of 10/14/2022, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2022.

Earnings Ratio		.00003699565555327
Interest Rate		1.35%
Dollar Day Total	\$	8,499,249.90
Quarter End Principal Balance	\$	92,409.43
Quarterly Interest Earned	\$	314.44

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
 UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

Subject to program eligibility, collateral, underwriting approval and credit approval. Offer is effective as of 3/17/2022 and is for new lines of credit up to \$100,000. Subject to change or cancellation without notice. See banker for details. As of 5/5/2022, the Prime Rate (as published daily in the Money Rates section of the Wall Street Journal) is 4.00% and is subject to change.

**WATCH OUT FOR ROMANCE SCAMS**

Scammers create elaborate fake online identities or social media profiles in order to gain the victim's affection and trust. They exploit an older person's loneliness. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**

**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	<b>\$108,496.94</b>

**PUBLIC CHECKING-XXXXXXXX6298**

**Account Summary**

Date	Description	Amount
07/01/2022	Beginning Balance	\$49,764.97
	2 Credit(s) This Period	\$61,964.58
	2 Debit(s) This Period	\$3,232.61
07/29/2022	Ending Balance	<b>\$108,496.94</b>

**Electronic Credits**




Date	Description	Amount
07/06/2022	Remote Deposit	\$26,490.38
07/12/2022	Remote Deposit	\$35,474.20



RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
 UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

Subject to program eligibility, collateral, underwriting approval and credit approval. Offer is effective as of 3/17/2022 and is for new lines of credit up to \$100,000. Subject to change or cancellation without notice. See banker for details. As of 5/5/2022, the Prime Rate (as published daily in the Money Rates section of the Wall Street Journal) is 4.00% and is subject to change.

**WATCH OUT FOR SWEEPSTAKES/LOTTERY SCAMS**

Criminals claim that you've won a lottery or sweepstakes (sometimes from a foreign country), but you need to pay a fee to access the winnings. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**

**Summary of Accounts**




Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXXX6298	\$67,166.68



RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

**LIMITED TIME OFFER**

[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR TECH SUPPORT SCAMS**

Scammers pose as technology support representatives and offer to fix non-existent computer or technology issues. Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).

**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$57,584.99



**CHARLESTON DRAINAGE DISTRICT**

2022 Quarterly Investment Report  
 For Quarter Ending December 31, 2022

DATE: April 19, 2023  
 TO: Board of Directors  
 FROM: Marlene Brazil

In accordance with Government Code Section 53646 and the Charleston Drainage District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Charleston Drainage District:

	MECHANICS BANK ACCT	LAIF	TOTAL
INVESTMENT BALANCES December 31, 2022	\$ 37,112.88	\$ 163,244.05	\$ 200,356.93

1. As of the date of the report, the majority of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Mechanics Bank. As provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from drainage service fee.



MALIA M. COHEN

California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name	CHARLESTON DRAINAGE DISTRICT
Account Number	90-24-010




As of 01/13/2023, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2022.

Earnings Ratio		.00005680946709337
Interest Rate		2.07%
Dollar Day Total	\$	9,156,508.32
Quarter End Principal Balance	\$	162,723.87
Quarterly Interest Earned	\$	520.18

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

**LIMITED TIME OFFER**

[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR GOVERNMENT IMPERSONATION SCAMS**

Scammers pose as technology support representatives and offer to fix non-existent computer or technology issues. Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).




**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$39,744.76

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
 UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR GRANDPARENT SCAMS**

Criminals pose as a relative (usually a child or a grandchild) claiming to be in some kind of trouble that requires immediate financial support. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**




**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$107,572.51

**RETURN SERVICE REQUESTED**

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

**LIMITED TIME OFFER**

[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR CARD OR ACCOUNT LOCKED SCAMS**

Criminals contact you via phone, text or email pretending to be your bank or a credit card company, and tell you that your account is "locked" or "frozen" from fraudulent attempts to access it. They then ask for your card number, account number, password or PIN to "unlock" the account. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**

**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$37,112.88





**CHARLESTON DRAINAGE DISTRICT**

**2023 Quarterly Investment Report  
For Quarter Ending March 31, 2023**

DATE: April 19, 2023

TO: Board of Directors

FROM: Marlene Brazil

In accordance with Government Code Section 53646 and the Charleston Drainage District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Charleston Drainage District:

	MECHANICS BANK ACCT	LAIF	TOTAL
INVESTMENT BALANCES March 31, 2023	\$ 56,981.09	\$ 104,304.12	\$ 161,285.21

1. As of the date of the report, the majority of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Mechanics Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from drainage service fee.



MALIA M. COHEN

California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name	CHARLESTON DRAINAGE DISTRICT
Account Number	90-24-010




As of 04/14/2023, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2023.

Earnings Ratio		.00007493902135155
Interest Rate		2.74%
Dollar Day Total	\$	14,145,722.34
Quarter End Principal Balance	\$	103,244.05
Quarterly Interest Earned	\$	1,060.07

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.




**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$32,282.70

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

LIMITED TIME OFFER  
[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR SWEEPSTAKES/LOTTERY SCAMS**

Criminals claim that you've won a lottery or sweepstakes (sometimes from a foreign country), but you need to pay a fee to access the winnings. **Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).**




**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$29,027.51

RETURN SERVICE REQUESTED

CHARLESTON DRAINAGE DISTRICT  
 O & M CHECKING  
 52027 W ALTHEA AVE  
 FIREBAUGH CA 93622-9401

**Managing Your Accounts**

-  Client Services 800.797.6324
-  Online [www.mechanicsbank.com](http://www.mechanicsbank.com)
-  Mobile Download Our Mobile Apps



**BUSINESS LINE OF CREDIT  
UP TO \$100,000**

**Prime +0%**  
APR

**LIMITED TIME OFFER**

[www.MechanicsBank.com/GrowIt](http://www.MechanicsBank.com/GrowIt)

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

**WATCH OUT FOR TECH SUPPORT SCAMS**

Scammers pose as technology support representatives and offer to fix non-existent computer or technology issues. Learn how to spot this scam at [www.MechanicsBank.com/Security](http://www.MechanicsBank.com/Security).

**Summary of Accounts**

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6298	\$57,183.59



<b>CHARLESTON DRAINAGE DISTRICT QUARTERLY FINANCIAL STATUS</b>	
<b>CASH BOOK ACCOUNTS AS OF 3/31/2023</b>	
<b>CHARLESTON DRAINAGE DISTRICT CHECKING ACCOUNT</b>	
Balance as per bank statement	\$57,184
<u>Reconciling items</u>	
Add: Outstanding deposits	-
Deduct: Outstanding checks	\$203
Balance as reported in the general ledger account	\$56,981
<b>CHARLESTON DRAINAGE DISTRICT LAIF ACCOUNT</b>	
LAIF Account balance as of 3/31/2023	\$104,304
<b>TOTAL OF GENERAL LEDGER ACCOUNT BALANCES AND LAIF</b>	
	\$161,285

<b>CHARLESTON DRAINAGE DISTRICT</b>		
<b>TREASURER'S MONTHLY FINANCIAL REPORT</b>		
<b>BALANCE SHEET-CURRENT ASSETS &amp; LIABILITIES</b>		
<b>DATE AS OF</b>	<b><u>March 31, 2023</u></b>	<b><u>February 28, 2023</u></b>
<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	\$49,611	\$2,464
<b>TOTAL CURRENT LIABILITIES</b>	<b>49,611.00</b>	<b>2,464</b>
<u>CASH ACCOUNTS</u>		
O&M CHECKING	\$56,981	\$27,860
LAIF	\$104,304	\$163,244
<b>TOTAL UNRESTRICTED CASH</b>	<b>\$161,285</b>	<b>\$191,104</b>
<u>ACCOUNTS RECEIVABLES</u>		
DRAINAGE	-	-
<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>\$0</b>	<b>-</b>
<b>TOTAL CURRENT UNAUDITED ASSETS</b>	<b>\$161,285</b>	<b>\$191,104</b>
<b>NET CURRENT UNAUDITED ASSETS (NET CASH POSITION)</b>	<b>\$111,674</b>	<b>\$188,640</b>

BACK



# CHARLESTON DRAINAGE DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



---

---

## BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** ARA AZHDERIAN, GENERAL MANAGER

**SUBJECT:** AGENDA ITEM 7  
SELECTION OF DISTRICT OFFICERS

**DATE:** APRIL 19, 2023

**CC:** LORENA CHAGOYA, ETHICS & COMPLIANCE OFFICER

---

Recommendation: At the beginning of each new fiscal-year, the Board review and consider selection of Officers to serve through the fiscal-year ending February 29, 2024.

<u>Current District Officers:</u>		<u>New Fiscal-Year Officers</u>
President:	Jake Barcellos	_____
Vice-President:	Tom Teixeira	_____
Secretary:	Ara Azhderian	Ara Azhderian (recommended)
Treasurer:	Marlene Brazil	Marlene Brazil (recommended)

BACK





LAW OFFICE OF  
**GABRIEL A. DELGADO**

6569 N. Riverside Drive, Suite 102-332 | Fresno, California 93722  
Phone: (559) 694-1581 | Email: gad@gdelgadolaw.com

April 16, 2023

Charleston Drainage District  
Attn: Ara Azhderian, General Manager  
52027 W. Althea Ave.  
Firebaugh, CA 93622

**RE: ATTORNEY-CLIENT FEE AGREEMENT**

Dear Mr. Azhderian:

Gabriel A. Delgado, Esq. (“Attorney”) and Charleston Drainage District (“Client”) hereby agree that Attorney will provide legal services to Client on the terms set forth below.

It is essential to a successful attorney-client relationship that fee arrangements and other agreements are clearly understood at the very beginning of an engagement. Pursuant to the requirements of Business and Professions Code Section 6148, please review and sign this letter as confirmation of this understanding. This letter will be our agreement in connection with this engagement.

1. **Conditions.** This Agreement will not take effect, and Attorney will have no obligation to provide legal services, until: (a) Client returns a signed copy of this Agreement; and (b) Attorney acknowledges acceptance of representation by counter-signing this Agreement and returning a fully executed copy to Client. Upon satisfaction of these conditions, this Agreement will be deemed to take effect immediately.

2. **Scope of Services and Attorney’s Duties.** Client hires Attorney to provide general counsel services to the Charleston Drainage District. Attorney will provide those legal services reasonably required to represent Client. Attorney will take reasonable steps to keep Client informed of progress and to respond to Client’s inquiries. This Agreement does not cover litigation services of any kind, whether in court, arbitration, administrative hearings, or government agency hearings. A separate written agreement for these services or services in any other matter not described above will be required.

3. **Client’s Duties.** Client agrees to be truthful with Attorney and not to withhold information, to cooperate, to keep Attorney informed of any information or developments which

may come to Client's attention, to abide by this Agreement, to pay Attorney's bills on time, and to keep Attorney advised of Client's address, telephone number and whereabouts. Client will assist Attorney by timely providing necessary information and documents.

4. **Legal Fees and Billing Practices.** Client agrees to pay by the hour at Attorney's rates as set forth below for all time spent on Client's matter by Attorney and Attorney's legal personnel. My current hourly rate for public agency clients is \$275.00. My current hourly rate for paralegals and law clerks is \$180.00. We charge for our time in minimum units of one-tenth of an hour or six minutes. While we anticipate that rates will be reviewed and changed annually, the rates are subject to change on thirty (30) days written notice to Client. If Client declines to pay increased rates, Attorney will have the right to withdraw as attorney for Client if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law. The time charged will include, but is not limited to, the time Attorney spends on telephone calls, e-mails and other electronic communications relating to Client's matter, including calls and e-mails with Client and other parties and attorneys. Attorney will charge for waiting time and for travel time, both local and out of town. Payments shall be made payable to **Law Office of Gabriel A. Delgado.**

5. **Costs and Other Charges.** Attorney will incur various costs and expenses in performing legal services under this Agreement. Client agrees to pay for all costs, disbursements, and expenses in addition to the hourly fees. The costs and expenses commonly include notary fees, long distance telephone charges, messenger and other delivery fees, postage, outside photocopying and other reproduction costs, travel costs including parking, mileage, transportation, meals and hotel costs, investigation expenses, translator/interpreter fees, consultants' fees and/or special master fees and other similar items. The foregoing external costs and expenses will be charged at Attorney's cost. Internal charges are billed at the following rates: (1) mileage – IRS Standard Mileage Rate; (2) in-house printing and photocopying at ten cents (\$0.10) per page; (3) facsimile charges at twenty-five cents (\$0.25) per page; (4) postage at costs; and (5) computerized legal research at cost.

6. **Billing.** Attorney will send Client periodic bills for fees and costs incurred. Each bill will be payable upon receipt. Client may request a bill at intervals of no less than thirty (30) days. Bills for the fee portion of the bill will include the amount, rate, basis for calculation, or other method of determination of the Attorney's fees. Bills for the cost and expense portion of the bill will clearly identify the costs and expenses incurred and the amount of the costs and expenses. Client agrees to promptly review all bills rendered by Attorney and to promptly communicate any objections, questions, or concerns about their contents. A late payment charge of 1-1/2% per month from the billing date will be assessed on all amounts thirty (30) or more days past due. You have the right to arbitrate any fee disputes through the local Bar's Fees Arbitration Procedures (Business & Professions Code section 6200, et seq.).

7. **Client Approval Necessary for Settlement.** Attorney will not make any settlement or compromise of any nature of any of Client's claims without Client's prior approval. Client retains the absolute right to accept or reject any settlement.

8. **Discharge and Withdrawal.** Client may discharge Attorney at any time. Attorney may withdraw with Client's consent or for good cause or if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law. Among the circumstances under which Attorney may withdraw are: (a) with the consent of Client; (b) Client's conduct renders it unreasonably difficult for the Attorney to carry out the employment effectively; and/or (c) Client fails to pay Attorney's fees or costs as required by this Agreement. Notwithstanding the discharge, Client will remain obligated to pay Attorney at the agreed rates for all services provided and to reimburse Attorney for all costs advanced.

9. **Conclusion of Services.** When Attorney's services conclude, whether by completing the services covered by this Agreement, or by discharge or withdrawal, all unpaid charges for fees or costs will be due and payable immediately. Client may have access to Client's case file at Attorney's office at any reasonable time. At the end of the engagement, Client may request the return of Client's case file. If Client has not requested the return of Client's file, and to the extent Attorney has not otherwise delivered it or disposed of it consistent with Client's directions, Attorney will retain the case file for a period of six (6) years, after which Attorney is authorized by this agreement to have the case file destroyed. If Client would like Attorney to maintain Client's case file for more than six (6) years after the conclusion of Attorney's services for Client on a given matter, a separate written agreement must be made between Attorney and Client, which agreement may provide for Client to bear the cost of maintaining the file. In the event Client requests that Attorney transfer possession of Client's case file to Client or a third party, Attorney is authorized to retain copies of the case file. The case file includes Client materials and property as defined in Rule 1.16(e)(1) of the California Rules of Professional Conduct.

10. **Disclaimer of Guarantee and Estimates.** Nothing in this Agreement and nothing in Attorney's statements to Client will be construed as a promise or guarantee about the outcome of the matter. Attorney makes no such promises or guarantees. Attorney's comments about the outcome of the matter are expressions of opinion only, are neither promises nor guarantees, and will not be construed as promises or guarantees. Any deposits made by client or estimate of fees given by Attorney are not a representation of a flat fee and will not be a limitation on fees or a guarantee that fees and costs will not exceed the amount of the deposit or estimate. Actual fees may vary significantly from estimates given.

11. **Professional Liability Insurance Disclosure.** Pursuant to California Rule of Professional Conduct 1.4.2.(a), I am informing you in writing that I have professional liability insurance.

12. **Electronic Signature Same as Original.** This agreement may be executed in several counterparts and all such executed counterparts shall constitute one agreement, binding on the parties hereto as if the parties were all signatories to the same counterpart. In addition, any party may evidence execution of this agreement by electronic signature (as on pdf attached to an email) to the other party, and receipt of said facsimile or electronic signature shall be deemed receipt of

an original. Notwithstanding any provision of law to the contrary, including sections 255 and 260 of the California Evidence Code, a signature evidenced by electronic signature shall be considered an original executed counterpart agreement. Upon demand, the original signed document which was evidenced by said electronic signature shall be delivered to the receiving party.

13. **Entire Agreement.** This Agreement contains the entire agreement of the parties. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties.

14. **Severability.** If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect.

15. **Modification.** This Agreement may be modified by subsequent agreement of the parties only by an instrument in writing signed by both parties.

16. **Effective Date.** This Agreement will govern all legal services performed by Attorney on behalf of Client commencing with the date Attorney first performed services. The date at the beginning of this Agreement is for reference only. Even if this Agreement does not take effect, Client will be obligated to pay Attorney the reasonable value of any services Attorney may have performed for Client.

THE PARTIES HAVE READ AND UNDERSTOOD THE FOREGOING TERMS AND AGREE TO THEM AS OF THE DATE ATTORNEY FIRST PROVIDED SERVICES. IF MORE THAN ONE CLIENT SIGNS BELOW, EACH AGREES TO BE LIABLE, JOINTLY AND SEVERALLY, FOR ALL OBLIGATIONS UNDER THIS AGREEMENT. CLIENT WILL RECEIVE A FULLY EXECUTED COPY OF THIS AGREEMENT.

If you agree to the terms of this letter, please sign and date this letter in blue ink. Return the original by mail to the address listed above. Please also email a pdf of the signed document.

I look forward to working with the Charleston Drainage District as its legal counsel.

Regards,



Gabriel A. Delgado, Esq.

GAD

Enclosure: Copy of Engagement Letter

I have read, understand, and hereby agree to the terms and conditions of this letter agreement concerning engagement of professional services to be performed by Gabriel A. Delgado, Esq.

Date: \_\_\_\_\_, 2023

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

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

If you prefer to receive monthly billing statements in electronic form rather than U.S. mail, please check the box and include an email address along with your signature.

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Print Name

BACK





**CHARLESTON DRAINAGE DISTRICT**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**

**TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022**

draft

## **TABLE OF CONTENTS**

---

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1 – 2
<b>BASIC FINANCIAL STATEMENTS:</b>	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 12

draft

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Charleston Drainage District  
Firebaugh, California

### Opinions

We have audited the accompanying financial statements of the Charleston Drainage District (the "District"), as of and for the twenty-four month period ended February 28, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of February 28, 2022, and the respective changes in financial position and cash flows for the twenty-four month then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

A handwritten signature in black ink, appearing to be 'Meredith J. [unclear]', written in a cursive style.

December 30, 2022

**CHARLESTON DRAINAGE DISTRICT****STATEMENT OF NET POSITION  
FEBRUARY 28, 2022****ASSETS****Current assets**

Cash and investments	\$ 182,253
Accounts receivable	5,684
Prepaid expense	828
Total current assets	<u>188,765</u>

**Non-current assets**

Capital assets, net of allowance for depreciation	<u>225,261</u>
Total non-current assets	<u>225,261</u>

Total assets	<u>414,026</u>
--------------	----------------

**LIABILITIES****Current liabilities**

Accounts payable and accrued expenses	<u>1,542</u>
Total current liabilities	<u>1,542</u>

**NET POSITION**

Net investment in capital assets	225,261
Unrestricted	<u>187,223</u>
Total net position	<u>\$ 412,484</u>

**CHARLESTON DRAINAGE DISTRICT****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022**

	<b>12 Month Period Ended February 28, 2021</b>	<b>12 Month Period Ended February 28, 2022</b>	<b>Total</b>
<b>Operating Revenues</b>			
Standby charges	\$ 304,232	\$ 262,240	\$ 566,472
Total operating revenues	<u>304,232</u>	<u>262,240</u>	<u>566,472</u>
<b>Operating Expenses</b>			
San Luis drain costs	54,592	79,270	133,862
Depreciation	18,448	18,448	36,896
San Joaquin River Improvement Project	188,848	160,351	349,199
Repairs and maintenance	232	436	668
Power - pumps	11,861	7,594	19,455
Legal and professional	1,169	7,171	8,340
Accounting services	8,000	-	8,000
Insurance	2,849	1,983	4,832
Outside labor and related costs	14,748	15,343	30,091
Water testing and monitoring	630	280	910
General and administrative	11,581	10,709	22,290
Total operating expenses	<u>312,957</u>	<u>301,585</u>	<u>614,542</u>
Operating income/(loss)	<u>(8,725)</u>	<u>(39,345)</u>	<u>(48,070)</u>
<b>Nonoperating Revenues/(Expenses)</b>			
Interest income	1,288	449	1,737
Total nonoperating revenues/(expenses)	<u>1,288</u>	<u>449</u>	<u>1,737</u>
<b>Change in Net Position</b>	<u>(7,437)</u>	<u>(38,896)</u>	<u>(46,333)</u>
<b>Net Position</b>			
Beginning of year			458,817
End of year			<u>\$ 412,484</u>

**CHARLESTON DRAINAGE DISTRICT****STATEMENT OF CASH FLOWS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022****Operating Activities**

Receipts from landowners and other districts	\$ 578,073
Payments to suppliers for goods and services	<u>(589,680)</u>
Net cash provided by (used in) operating activities	<u>(11,607)</u>

**Investing Activities**

Interest received	<u>1,737</u>
Net cash provided by (used in) investing activities	<u>1,737</u>

**Net Increase (Decrease) in Cash**

(9,870)

**Cash and Investments**

Beginning of year	<u>192,123</u>
End of year	<u><u>\$ 182,253</u></u>

**Cash Flows from Operating Activities**

Operating income (loss)	\$ (48,070)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	36,896
(Increase) Decrease in accounts receivable	11,601
(Increase) Decrease in prepaid expense	667
Increase (Decrease) in accounts payable and accrued expenses	<u>(12,701)</u>

**Net Cash Provided by (Used in) Operating Activities**\$ (11,607)

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022**

---

**Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Charleston Drainage District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

**Reporting Entity**

The Charleston Drainage District was organized on May 19, 1978 under the provisions of the Drainage District Act of 1903, Chapter 8, Appendix to the Water Code of the State of California, for the management of agriculture drain water. The District is located approximately 12 miles southeast of Los Banos, Merced County, California. The District is comprised of approximately 4,306 acres. Of the entire 4,306 acres, 3,746 acres use the drainage systems and 560 acres are untiled. The governing board of the District consists of five members who elect from their membership a president, vice-president, secretary, and treasurer.

Charleston Drainage District does not have a relationship with any other related activities, organizations or functions of government which should be included in the financial reporting entity of the District as required by GASB Statement No. 14, *The Financial Reporting Entity*. In addition, the District is not a component unit of any other governmental entity.

**Basis of Accounting and Measurement Focus**

The District accounts for its operations in an enterprise fund using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principle operating revenues of the District are standby charges (drainage service fees). Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022****Note 1 – Summary of Significant Accounting Policies (Continued)****Financial Statement Amounts**

*Cash and Investments* – Cash and investments represent the District's cash bank accounts including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

Investments primarily consist of investments pooled in Local Agency Investment Fund. Investments are stated at fair value.

*Accounts Receivable* – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a period-end accrual for services through the end of the year which have not yet been billed. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Capital Assets* – Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Drainworks	10 - 40
Recovery/recirculation project - 1996	30
Pipeline project - 2002	30

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

*Net Position/Fund Equity* – The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

When an expense is incurred for the purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

*Revenues and Expenses* – The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principle ongoing operations. The principle operating revenues of the District are standby charges (drainage service fees). Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period.

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022****Note 2 – Cash and Investments**

Cash and investments are reported in the financial statements as follows:

**Statement of Net Position**

Cash and investments	\$ 182,253
	<u>\$ 182,253</u>

Cash and investments as of February 28, 2022 consist of the following:

Deposits with financial institutions	\$ 90,089
Local Agency Investment Fund	<u>92,164</u>
Total Cash and Investments	<u>\$ 182,253</u>

**Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022****Note 2 – Cash and Investments (Continued)****Authorized Investments by the District**

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The District's Investment Policy authorizes the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
Local District Bonds	5 Years	50%	AA
U.S. Treasury Obligations	5 Years	100%	N/A
State of California Obligations	5 Years	100%	A
California Local District Obligations	5 Years	50%	AA
U.S. Agencies	5 Years	100%	AAA
Bankers Acceptances	180 Days	40%	A
Commercial Paper	270 Days	25%	AA
Negotiable Certificates of Deposit	5 Years	30%	N/A
Repurchase Agreements	92 Days	20% of Base	A
Reverse Repurchase Agreements	5 Years	30%	A or >
Medium Term Notes	N/A	20%	N/A
Money Market Mutual Funds	5 Years	20%	AA
Collateralized Bank Deposits	2 Years	20%	None
Mortgage Pass-Through Securities	2 Years	20%	N/A
Time Deposits	N/A	No limit	None
Local Agency Investment Fund (LAIF)	N/A	30%	N/A
Non-Negotiable Certificates of Deposit	1 Year	20%	None

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of February 28, 2022 the District had the following investments.

Investment Type	
Local Agency Investment Fund (LAIF)	\$ 92,164
Total	<u>\$ 92,164</u>

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022**

---

**Note 2 – Cash and Investments (Continued)****Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, there are no investments in any one issuer, other than U.S. Treasury securities, mutual funds, time deposits, and external investment pools that represent 5% or more of total District investments.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Investment in State Investment Pool** – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CHARLESTON DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTH PERIOD ENDED FEBRUARY 28, 2022****Note 3 – Accounts Receivable**

The following is an aged analysis of accounts as of February 28, 2022:

Current	\$ 5,684
	<u>\$ 5,684</u>

**Note 4 – Capital Assets**

Capital asset activity for the year ended February 28, 2022, was as follows:

	<u>Balance March 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance February 28, 2022</u>
Capital assets, being depreciated				
Drainworks	\$ 210,823	\$ -	\$ -	\$ 210,823
Recovery/recirculation project - 1996	399,467	-	-	399,467
Pipeline project - 2002	73,098	-	-	73,098
Total capital assets, being depreciated	<u>683,388</u>	<u>-</u>	<u>-</u>	<u>683,388</u>
Less accumulated depreciation	<u>(421,231)</u>	<u>(36,896)</u>	<u>-</u>	<u>(458,127)</u>
Total capital assets, being depreciated, net	<u>\$ 262,157</u>	<u>\$ (36,896)</u>	<u>\$ -</u>	<u>\$ 225,261</u>

**Note 5 – Related Party Transactions**

Charleston Drainage District has an agreement with Panoche Water District to provide management and administrative services, as well as other services that may, from time-to-time, be required by Charleston Drainage District. As of February 28, 2022, Charleston Drainage District owed \$1,068 to Panoche Water District. The amount is included in accounts payable and accrued expense. Payments to Panoche Water District and Panoche Drainage District for the twenty-four month period ended February 28, 2022 amounted to \$115,271.

**Note 6 – Risk Management**

Claims and judgements, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims.

**Note 7 – Subsequent Events**

The District evaluated subsequent events for recognition and disclosure through December 30, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since February 28, 2022 that required recognition or disclosure in such financial statements.



February 8, 2023

Bryant L. Jolley, CPA  
901 "N" Street, Suite 104  
Firebaugh, CA 93622

This representation letter is provided in connection with your audit of the financial statements of Charleston Drainage District, as of February 28, 2022, and the respective changes in financial position and cash flows for the twenty-four month period then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 8, 2023, the following representations made to you during your audit.

### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 2, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the District Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

**Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.



- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 31) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.



Ara Azhderian, General Manager

BACK

<b>CHARLESTON DRAINAGE DISTRICT</b>				
<b>FYE 2024 BUDGET (March 1, 2023 - February 29, 2024)</b>				
<b>FOR DISCUSSION</b>	<b>2023-2024 Budget</b>	<b>2022-2023 Actual</b>	<b>Proposed Change</b>	<b>Δ</b>
<b>OPERATING REVENUES</b>				
Drainage Service Fees	\$ 211,619	\$ 271,937	\$ (60,318)	-22%
Interest	\$ 1,000	\$ 1,080	\$ (80)	-7%
<b>TOTAL REVENUES</b>	<b>\$ 212,619</b>	<b>\$ 273,017</b>	<b>\$ (60,398)</b>	
<b>OPERATING EXPENSES</b>				
San Joaquin River Improvement Project	\$ 99,222	\$ 116,478	\$ (17,256)	-15%
Grassland Bypass Project	\$ 33,826	\$ 61,939	\$ (28,113)	-45%
Irrigated Lands Program	\$ 21,471	\$ 19,377	\$ 2,094	11%
Professional Fees	\$ 8,000	\$ 15,381	\$ (7,381)	-48%
Labor - Field	\$ 10,000	\$ 13,686	\$ (3,686)	-27%
Labor - Admin	\$ 6,000	\$ 7,050	\$ (1,050)	-15%
General Overhead	\$ 7,000	\$ 6,293	\$ 707	11%
Energy	\$ 12,000	\$ 9,362	\$ 2,638	28%
Herbicides	\$ 1,000	\$ 685	\$ 315	46%
Water Quality Monitoring	\$ 100	\$ 76	\$ 24	32%
Repairs & Maintenance	\$ 14,000	\$ 20,443	\$ (6,443)	-32%
<b>TOTAL EXPENSES</b>	<b>\$ 212,619</b>	<b>\$ 270,771</b>	<b>\$ (58,152)</b>	<b>-21%</b>
<b>INCOME/(LOSS)</b>	<b>\$ -</b>	<b>\$ 2,246</b>	<b>\$ (2,246)</b>	
Drainage Service Fee - Tiled	\$ 55.50	\$ 70.50	\$ (15.00)	-21%
Drainage Service Fee - Non-Tiled	\$ 11.50	\$ 14.50	\$ (3.00)	-21%
			Reg/Ac.	LL/Ac.
San Joaquin River Improvement Proj	\$ 99,222 47%	\$ 99,222 37%	\$ 25.90	\$ 5.37
Grassland Bypass Project	\$ 33,826 16%	\$ 61,939 23%	\$ 8.83	\$ 1.83
Irrigated Lands Program	\$ 21,471 10%	\$ 19,377 7%	\$ 5.60	\$ 1.16
Sub-Total	\$ 154,519	\$ 180,538		
Panoche Drainage District	\$ 58,100 27%	\$ 90,233 33%	\$ 15.17	\$ 3.14



## CHARLESTON DRAINAGE DISTRICT RESOLUTION NO. 01-23

### A RESOLUTION AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATING PERSONS AUTHORIZED TO REQUEST THE LOCAL AGENCY INVESTMENT FUND WIRE TRANSFERS AND RELATED ACTIONS

WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code sections 16429.1, *et. seq.*, for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Charleston Drainage District’s (“District”) Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code sections 16429.1, *et. seq.*, for the purpose of investment as provided therein is in the best interest of the District.

**NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:**

- A. The Board of Directors of the Charleston Drainage District hereby finds and determines the above Recitals are true and correct and are incorporated herein by this reference.
  
- B. The District’s Board of Directors hereby authorizes the deposit and withdrawal of District monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code sections 16429.1, *et. seq.*, for the purpose of investment as provided therein.

**BE IT FURTHER RESOLVED, AS FOLLOWS, THAT:**

Section 1. The following Officers holding the titles specified hereinbelow are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby:

Jake Barcellos  
Director

Marlene Brazil  
Treasurer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Section 2. The Board declares that General Manager Ara Azhderian, following his resignation from the District, is hereby no longer authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund effective April 21, 2023, and shall be removed from the District’s account(s).

Section 3. This Resolution shall remain in full force and effect until rescinded by the District’s Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer’s Office.

Section 4. By adopting this Resolution, the District’s Board of Directors hereby directs the Ethics & Compliance Officer, or her designee, to file a copy of this Resolution with the State Treasurer’s Office.

PASSED AND ADOPTED this 19<sup>th</sup> day of April 2023, in a duly noticed and open meeting of the Board of Directors by the following vote, to wit:

- Ayes:
- Nays:
- Abstain:
- Absent:

**BACK**

\_\_\_\_\_  
Jake Barcellos, President

Attest: \_\_\_\_\_  
Ara Azhderian, Secretary

## **CHARLESTON DRAINAGE DISTRICT RESOLUTION NO. 02-23**

### **A RESOLUTION DESIGNATING AUTHORIZED SIGNATORIES TO THE DISTRICT'S MECHANICS BANK ACCOUNTS TO EXECUTE BANKING TRANSACTIONS, SIGN CHECKS, MAKE ACCOUNTS TRANSFERS, AND WIRE TRANSFERS AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS**

---

#### **RECITALS**

WHEREAS, the Board desires to update the names and positions authorized to execute checks drawn on the District's Mechanics Bank accounts, as well as those authorized to engage in wire transfers and other banking transactions, including but not limited to online banking, and to provide for execution of any additional agreements required to update the District's accounts.

WHEREAS, the Board declares that the following are hereby authorized to execute checks, engage in wire transfers, and/or undertake any other banking transactions, effective immediately, and shall be confirmed or added to the District's accounts:

Jake Barcellos, Director  
Tom Teixeira, Director  
Bob Teicheira, Director  
William Teixeira, Director  
Marlene Brazil, Treasurer

#### **NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:**

1. The Board of Directors of the Charleston Drainage District hereby finds and determines the above Recitals are true and correct and are incorporated herein by this reference.
2. The Board declares that General Manager Ara Azhderian, following his resignation from the District, is hereby no longer authorized to order the deposit or withdrawal of monies on the District's Mechanics Bank accounts effective April 21, 2023, and shall be removed from the District's account(s).
3. The Treasurer, or her designee, is hereby authorized to execute and deliver such agreements, documents and other instruments, and to perform such other acts as may be required by Mechanics Bank to recognize persons authorized to execute checks, engage in wire transfers, and/or undertake any other banking transactions on behalf of the District.
4. Insofar as Mechanics Bank requires a specific form of resolution in order to carry out the actions of this Resolution, such resolution as may be required is deemed to be hereby incorporated by this reference into this Resolution, as though fully set forth herein.

PASSED AND ADOPTED this 19<sup>th</sup> day of April 2023, in a duly noticed and open meeting of the Board of Directors by the following vote, to wit:

- Ayes:
- Nays:
- Abstain:
- Absent:

**BACK**

\_\_\_\_\_  
Jake Barcellos, President

Attest: \_\_\_\_\_  
Ara Azhderian, Secretary

**DRAFT**



# CHARLESTON DRAINAGE DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



---

---

## BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** ARA AZHDERIAN, GENERAL MANAGER

**SUBJECT:** AGENDA ITEM 13  
ANNUAL REVIEW OF INVESTMENT POLICY

**DATE:** APRIL 19, 2023

**CC:** MARLENE BRAZIL, TREASURER

---

**Recommendation:** Accept the General Manager's recommendation to maintain, as is, the District's Statement of Investment Policy.

**Background:** On April 26, 2018, the Board adopted the following Statement of Investment Policy to align the District's financial management with that of Panoche Water District, which administers the Charleston Drainage District, so as to improve administrative efficiency and reduce cost. The Policy that was adopted is essentially the same as for the other districts administered by Panoche. The Policy requires review annually insofar as such a review is required by law. The Policy prioritizes safety, liquidity, and yield. The General Manager has performed the annual review with the Treasurer and currently recommends no change to the Policy.



# CHARLESTON DRAINAGE DISTRICT

## STATEMENT OF INVESTMENT POLICY

**Purpose:** This statement is to provide a guideline for the prudent investment of temporarily idle cash, trust funds and restricted monies in the District's possession and to outline a policy for maximizing the efficiency of its cash management system.

**Objective:** The cash management system of the Charleston Drainage District will be maintained to accurately monitor and forecast expenditures and revenues, thus assuring the investment of monies to the fullest extent consistent with safety and liquidity. Funds will be invested in such a manner that will provide the highest interest yield within the confines of this policy and legal statutes consistent with safety and liquidity.

**Policy:** This policy applies only to idle funds in the District's possession or immediate control. "Idle funds" mean funds that are not required to meet the demands of cash flow for the succeeding month and all trust funds held by the District, including bond security funds, that are unnecessary to make debt service payments within the next six months. Investments will be made under the terms and conditions of Sections 53600 through 53683 and Sections 16429.1 through 16429.3 of the Government Code. The criteria for selecting investments and the absolute order of priority in making investments are:

1. Safety
2. Liquidity
3. Yield

Except for deferred compensation invested pursuant to Government Code Section 53609, the following instruments are authorized for investment of District funds:

1. To the extent permitted by law and as conditions dictate, in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code;
2. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;
3. Bonds, notes, warrants, or other evidences of indebtedness of a state or local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency; or
4. To the extent otherwise permitted by law and as conditions dictate, in a bank or savings and loan association but only to the extent that the funds are insured by the Federal Deposit Insurance Corporation, (FDIC) or collateralized by the financial institution.

The Treasurer shall annually review the investment policy and provide the Board of Directors with any recommendations for any changes or updates, if warranted. The Treasurer shall render the report to

the Board of Directors showing all investments as set forth in Section 53646(b) of the Government Code, on at least a quarterly basis. Such report, insofar as it is required by law, shall include:

1. For all securities, investments and moneys held by the District for each of the following: (a) the type of investment, (b) issuer, (c) date of maturity par and (d) dollar amount invested.
2. A description of any of the District's funds, investments or programs that are under the management of contracted parties, including lending programs.
3. A statement of the extent to which the District's investments are or may be out of compliance with this policy.
4. The report shall include a statement denoting the ability of the District to meet its cash demands for the next six months or shall provide an explanation as to why sufficient cash shall, or may, not be available.

To the extent all of the District's surplus or idle funds are invested in LAIF, or a bank or savings and loan association account insured by FDIC, or some combination thereof, the report may consist of the last statement from the institutions holding the funds plus each of the items set forth in paragraphs 2, 3 and 4 above.

This investment policy shall remain in effect until rescinded or modified by the Board of Directors, but shall be reviewed annually insofar as such a review is required by law.

**BACK**

## ACCOUNTS PAYABLE LIST

7/22/2022 Thru 4/19/2023

Check Date	Check Number	Name	Check Amount	Memo
8/23/2022	2970	BAKER MANOCK & JENSEN	\$ 4,992.73	APRIL, MAY, JUNE & JULY 2022 LEGAL SERVICE
8/23/2022	2971	PACIFIC GAS & ELECTRIC	\$ 858.70	AUGUST 2022 ELECTRICAL SERVICE
8/23/2022	2972	PANOCHÉ WATER DISTRICT	\$ 3,914.40	JUNE 2022 LABOR \$ 2,187.49, EQUIPMENT \$ 1,262.29, BANK FEES \$ 96.86, LUNCHEON CREDIT -\$ 5.71, WATER SAMPLES \$ 76.00 & ADMIN ALLOCATION \$ 297.47
9/23/2022	2973	PACIFIC GAS & ELECTRIC	\$ 800.56	SEPTEMBER 2022 ELECTRICAL SERVICE
9/23/2022	2974	PANOCHÉ WATER DISTRICT	\$ 8,781.13	JULY 2022 LABOR \$ 4,574.23, EQUIPMENT \$ 4,035.61, BANK FEES \$ 90.97 & ADMIN ALLOCATION \$ 80.32
10/5/2022	2975	BRYANT L. JOLLEY CPA	\$ 500.00	PREPARE FY21 STATE CONTROLLER FINANCIAL REPORT
10/5/2022	2976	STOCKING & COZZI INSURANCE	\$ 1,994.00	LIABILITY & PROPERTY INSURANCE 22/23
10/19/2022	2977	PACIFIC GAS & ELECTRIC	\$ 465.64	OCTOBER 2022 ELECTRICAL SERVICE
10/19/2022	2978	PANOCHÉ WATER DISTRICT	\$ 15,064.74	AUGUST 2022 LABOR \$ 5,611.04, EQUIPMENT \$ 9,209.87, BANK FEES \$ 129.88 & ADMIN ALLOCATION \$ 113.95
11/22/2022	2979	BAKER MANOCK & JENSEN	\$ 88.50	OCTOBER 2022 LEGAL SERVICE
11/22/2022	2980	GRASSLAND BASIN AUTHORITY	\$ 58,239.00	22-23 SJRIP PARTICIPATION DUES 2ND INSTALL
11/22/2022	2981	PACIFIC GAS & ELECTRIC	\$ 843.67	NOVEMBER 2022 ELECTRICAL SERVICE
11/22/2022	2982	PANOCHÉ WATER DISTRICT	\$ 1,744.28	SEPTEMBER 2022 LABOR \$ 639.63, EQUIPMENT \$ 946.59, BANK FEE \$ 90.46 & ADMIN ALLOCATION \$ 67.60
12/21/2022	2983	CNA SURETY DIRECT BILL	\$ 100.00	DIRECTOR BOND INSURANCE 23/24
12/21/2022	2984	PACIFIC GAS & ELECTRIC	\$ 459.63	DECEMBER 2022 ELECTRICAL SERVICE
12/21/2022	2985	PANOCHÉ WATER DISTRICT	\$ 1,911.89	OCTOBER 2022 LABOR \$ 825.88, EQUIPMENT \$ 240.96, BANK FEE \$ 93.48, CHEMICALS \$ 684.98 & ADMIN ALLOCATION \$ 66.59
12/21/2022	2986	STREAMLINE	\$ 900.00	WEBSITE MAINTENANCE 22/23
12/21/2022	2987	BRYANT L. JOLLEY CPA	\$ 9,500.00	COMPLETED AUDIT FY 21 & FY 22
1/25/2023	2988	PACIFIC GAS & ELECTRIC	\$ 565.42	JANUARY 2023 ELECTRICAL SERVICE
1/25/2023	2989	PANOCHÉ WATER DISTRICT	\$ 304.14	NOVEMBER 2022 LABOR \$ 202.03, BANK FEES \$ 93.78 & CHEMICAL JUG DISPOSAL \$ 8.33
2/22/2023	2990	BAKER MANOCK & JENSEN	\$ 300.00	JANUARY 2023 LEGAL SERVICES
2/22/2023	2991	PACIFIC GAS & ELECTRIC	\$ 1,167.86	FEBRUARY 2023 ELECTRICAL SERVICES

Check Date	Check Number	Name	Check Amount	Memo
2/22/2023	2992	PANOCHÉ WATER DISTRICT	\$ 684.98	DECEMBER 2022 LABOR \$ 424.69, EQUIPMENT \$ 31.00, BANK FEES \$ 103.38 & ADMIN ALLOCATION \$ 125.91
2/22/2023	2993	WATER RECLAMATION EQUIPMENT INC.	\$ 859.89	CHECK ELECTRICAL CH-1 & CH-2
3/27/2023	2994	PACIFIC GAS & ELECTRIC	\$ 1,152.44	MARCH 2023 ELECTRICAL SERVICES
3/27/2023	2995	PANOCHÉ WATER DISTRICT	\$ 1,875.12	JANUARY 2023 LABOR \$ 1,280.48, EQUIPMENT \$ 329.04, BANK FEES \$ 84.95 & ADMIN ALLOCATION \$ 180.65
3/27/2023	2996	WATER RECLAMATION EQUIPMENT INC.	\$ 202.50	CHECK ELECTRICAL L-2
8/25/2022	W000000119	SAN LUIS-DELTA MENDOTA WA	\$ 40,658.00	FY23 2ND INSTALLMENT MEMBERSHIP DUES #3A \$ 30,969.50 & FY23 2ND INSTALLMENT GBD WDR SPECIFIC \$ 9,688.50
3/30/2023	W000000120	SAN LUIS-DELTA MENDOTA WA	\$ 27,648.50	FY24 1ST INSTALL MEMBERSHIP DUES #3A \$ 16,913.00 & FY24 1ST INSTALL MEMBERSHIP DUES #3A \$ 10,735.50
			\$ 186,577.72	

BACK

<b>CHARLESTON DRAINAGE DISTRICT</b>				
<b>FYE 2023 BUDGET (March 1, 2022 - February 28, 2023) - Adopted Apr 20, 2022</b>				
Report thru Feb. 28, 2023	Budget	Actual	Remaining Balance	
<b>OPERATING REVENUES</b>				
Drainage Service Fee - Tiled	\$ 264,728	\$ 263,821	\$ 907	100%
Drainage Service Fee - Non-Tiled	\$ 8,106	\$ 8,116	\$ (10)	100%
Interest	\$ 600	\$ 1,080	\$ (480)	180%
<b>TOTAL REVENUES</b>				
	\$ 273,433	\$ 273,017	\$ 416	100%
<b>OPERATING EXPENSES</b>				
San Joaquin River Improvement Project	\$ 116,478	\$ 116,478	\$ -	100%
Grassland Bypass Project	\$ 61,939	\$ 61,939	\$ -	100%
Irrigated Lands Program	\$ 19,377	\$ 19,377	\$ -	100%
Professional Fees	\$ 18,000	\$ 15,381	\$ 2,619	85%
Labor - Field	\$ 8,500	\$ 13,686	\$ (5,186)	161%
Labor - Admin	\$ 15,000	\$ 7,050	\$ 7,950	47%
General Overhead	\$ 6,300	\$ 6,293	\$ 7	100%
Energy	\$ 8,600	\$ 9,362	\$ (762)	109%
Herbicides	\$ 2,500	\$ 685	\$ 1,815	27%
Water Quality Monitoring	\$ 450	\$ 76	\$ 374	17%
Repairs & Maintenance	\$ 12,650	\$ 20,443	\$ (7,793)	162%
<b>TOTAL EXPENSES</b>				
	\$ 269,794	\$ 270,771	\$ (977)	100%
<b>INCOME/(LOSS)</b>				
	\$ 3,639	\$ 2,246		

BACK





### Mud Slough Water Quality - 2023 MARCH

