

**BEAUMONT CHERRY VALLEY WATER DISTRICT  
MEETING OF THE FINANCE & AUDIT COMMITTEE  
February 5, 2010**

**CALL TO ORDER, ROLL CALL**

Chairman Ball called the meeting to order, 560 Magnolia Avenue, Beaumont, California. Those present at this meeting were Directors Ball and Ross. Also present at this meeting were Business Manager Julie Salinas and Commercial Office Supervisor Mary Martin. Interim General Manager Anthony Lara was absent. Public present at this meeting were Patsy Reeley, Luwana Ryan and Mr. and Mrs. Flanders.

**PUBLIC INPUT**

No public input was presented at this time.

1. Adoption and Adjustment of Agenda (additions and/or deletions)

The agenda was adopted as presented.

2. Review and Acceptance of January 8, 2010 Minutes of the Finance and Audit Committee\*\*

The Minutes of January 8, 2010 were accepted as presented.

3. Financial Reports/Recommendations
  - a. Review of Invoices for the Month of January 2010\*\*

After review of Invoices for the Month of January 2010 the Committee recommended presenting the invoices to the full Board for approval.

- b. Review of January 2010 Pending Invoices\*\*

After review, the Committee recommended sending the January 2010 invoices pending payment to the full Board for approval.

- c. Review of the January 2010 Financial Statement\*\*

Business Manager Salinas presented the Financial Statement in its updated format, reporting that water sales were down 2% in comparison with sales from January 2009. Construction water sales continue to be down. With the District conducting business on the accrual basis, expenses in January are relatively low as many of the invoices received were for services rendered in November and December 2009.

Public member Reeley asked if the water sales reported on page 31 of 59 included the aging A/R previously discussed. Business Manager Salinas clarified that the sales figures shown on page 31 are strictly for the water sold in the month of January and do not reflect all of the money owed to the District (Accounts Receivable).

Director Ross requested updated figures on the year to date Salaries and Benefits figures (show the totals with and without Mr. Butcher information).

After review, the Committee recommended sending the January 2010 Financial Statement to the full Board for approval.

d. Review of the 2009 Year End Report\*\*

Chairman Ball noted that the 2009 year end figures were being shown along side the audited 2008 year end figures and that everything appeared to be in line.

After review, the Committee recommended sending the 2009 Year End Report to the full Board for approval.

e. Review and Recommendation for Auditing Services\*\*

After review, the Committee recommended accepting the proposal received from Teaman, Ramirez & Smith, Inc. The Committee requested that Staff be directed to contact references from proposing auditors and report back to the full Board.

4. Financial Consultant's Report – Siebert Botkin Hickey & Associates, LLP\*\*

The Committee very briefly reviewed and commented on the draft *Interim Report on Financial Consulting Project*.

The Committee further discussed the need of hiring an experienced Financial Manager. Many of the recommendations received by Consultants and Auditor could be addressed by the Financial Manager. The Committee recommended discussing the need to hire an experienced Financial Manager with the full Board.

5. Action List Updates/Recommendations

a. Aging Accounts Receivables – J. Salinas\*\*

Business Manager Salinas reported that as of January 31, there were 15,006 service connections. Of those 15,006 service connections, 748 were locked off. There were 232 service connections that were locked off for non-payment. Business Manager Salinas also reviewed the Aged Trial Balance Report Summary.

She went on to report on the "uncollectible accounts" discussed at the January 8, 2010 Committee meeting. The 1,237 uncollectible accounts represent accounts that were closed out and the remaining balance was neither collected from the new owner at the time service was requested nor transferred to the next account in sequence.

Procedures have been revised to shorten the remittance period from 30 days to 14 days and balances are transferred immediately on the 15<sup>th</sup> day. As a result, there were only 8 accounts terminated with remaining balances for the Calendar Year 2009. Staff was directed to contact the County to obtain information on liens. Staff was also asked to report back on the breakdown of balances owed (i.e. how many are less than \$50, from \$51-\$100, etc.).

Business Manager Salinas also briefly reported on the "Unclaimed Property" stating she had contacted other neighboring agencies and had found that the District did not have to turn over unclaimed property to the State. While members of the public disagreed with the statement, Business Manager went on to report this is what she had been told by the District's legal counsel last January (2008) and that she had found similar information on the April 2009 agenda of the East Valley Water District. According to the information reviewed, unclaimed funds of \$15 or less do not need to be publicly noticed and can be transferred into the general fund by simple action of the Board. For those balances \$15 or more the District can run a public notice giving holders of unclaimed property a specified amount of time to claim the property. Any unclaimed property remaining can then be transferred to the District's general fund by simple action of the Board.

b. Review of Draft Policy on Bad Debt Write-Off\*\*

Chairman Ball reported that the Policy as written may not be necessary as the District seems to have addressed and corrected the problem of outstanding balances on terminated accounts. No action was taken and no recommendations were made.

6. Action List

- Interim General Manager Lara to contact Ms. Luwana Ryan regarding the District being up-to-date with its obligations with employee Bryan Wilfley.
- Interim General Manager Lara to report back on status of availability of water for purchase from South Mesa Water Company in 2010.
- Interim General Manager Lara to direct staff to contact references for proposing consultants (professional auditing services).
- Business Manager Salinas to look into and reported back on liens as a mean of collecting outstanding balances on terminated accounts.

**ADJOURNMENT**

Chairman Ball adjourned the meeting at 4:42 p.m.

Dr. Blair Ball

Dr. Blair Ball, Chairman of the  
Finance and Audit Committee of the  
Beaumont Cherry Valley Water District