

**RECORD OF THE MINUTES OF THE
FINANCE & AUDIT COMMITTEE OF THE
BEAUMONT CHERRY VALLEY WATER DISTRICT
July 8, 2010**

CALL TO ORDER, ROLL CALL

Chairman Ball called the meeting to order at 4:00 p.m., 560 Magnolia Avenue, Beaumont, California. Those responding to roll call were Directors Ball and Ross. Also present at this meeting were Interim General Manager Anthony Lara, Controller Jeannette Olko, Executive Assistant Blanca Marin and Commercial Office Supervisor Julie Salinas. Public present at this meeting were Patsy Reeley, Frances Flanders, Luwana Ryan, Bill Dickson and Ray Morris.

PUBLIC INPUT

No requests to speak were 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 June 3, 2010 Minutes of the Finance and Audit Committee**

The Minutes of June 3, 2010 were accepted as presented.

3. Financial Reports/Recommendations

- a. Review of Invoices for the Month of June 2010**

After review, the Committee recommended presenting the Invoices for the Month of June 2010 to the full board for approval.

- b. Review of June 2010 Invoices Pending Approval**

After review, the Committee recommended presenting the June 2010 Invoices Pending to the full board for approval.

- c. Review of the May 2010 Financial Statement**

Controller Olko reported in detail on this item. Member Ross requested that page 30 of 50 of the agenda regarding the Water Sales and Meter Charge be updated to reflect May 2010 numbers.

4. Action List Updates/Recommendations

- a. Reserves Policy **
(Olko)

Controller Olko reported on this item explaining each type of reserves is required by law to provide accountability of public funds. She further answered questions from the Committee and the public. The Committee recommended that on page 37 of 50 the first sentence on the second paragraph be modified to read "Reserves shall be identified" instead of "Reserves may be indentified" and that the word "freely" be inserted before

"spent" on the second sentence to read " Restricted Reserves are funds that are not appropriable; that is, they cannot be freely spent..."

The Committee further requested that these reserves be reviewed during the first quarter rather than annually, as indicated in the report.

The Committee recommended presenting the Reserves Policy with changes to the full board for approval.

b. Unclaimed Funds/Outstanding Checks Policy and Procedure**
(Olko)

Controller Olko reported that the proposed Unclaimed Funds/Outstanding Policy and Procedure is one of the policies recommended by the auditor to improve the financial condition of the District. Ms. Olko explained that a list of outstanding checks will be reviewed quarterly and later the District will notify the vendor of the process to claim these checks. She further explained that any unclaimed funds greater than \$15 and older than three years will be published in the local paper. Any funds which remain unclaimed will be transferred to the District's general fund by board's approval.

After discussion, the Committee recommended that on page 43, Section D, a comma be inserted after "form" under D2, third bullet under "a".

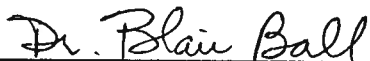
The Committee recommended that the Unclaimed Funds/Outstanding Checks Policy and Procedure be presented to the full board for approval.

5. Action List

None

ADJOURNMENT

Chairman Ball adjourned the meeting at 4:50 p.m.



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