



**BEAUMONT-CHERRY VALLEY WATER DISTRICT**  
560 Magnolia Avenue, Beaumont, CA 92223

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, June 4, 2020 at 3:00 p.m.**

***Meeting held via teleconference pursuant to  
California Government Code Section 54950 et. seq. and  
California Governor's Executive Orders N-29-20 and N-33-20***

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:05 p.m. via teleconference.*

**Announcement of Teleconference Participation**

Director of Finance and Administration Yolanda Rodriguez clarified that this meeting is conducted via teleconference pursuant to California Government Code Section 54953, and under Executive Order N-29-20 and N-33-20 of the Governor of California.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting, pursuant to the Brown Act and the Governor's Executive Order. Under the Governor's Executive Order and the Gathering Guidelines of the California Department of Health due to the danger of COVID-19, the teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will use sound discretion and make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to meetings.

*Attendance*

Directors present:	Director Hoffman and Director Slawson
Directors absent:	None.
Staff present:	General Manager Dan Jagers Director of Finance and Administrative Services Yolanda Rodriguez Senior Engineer Mark Swanson Senior Finance and Administrative Analyst Bill Clayton Senior Accountant Sylvia Molina Accountant III Lorena Lopez Administrative Assistant Erica Gonzales
Members of the public who registered:	Evelyn Morentin-Barcena from Rogers, Anderson, Malody & Scott, LLP (RAMS)

Director of Finance and Administration Yolanda Rodriguez verified that all members of the Finance and Audit Committee and staff have indicated that they are able to hear the other members clearly on the teleconference. No committee members or staff expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be committee members are not truly so.

**PUBLIC INPUT:** *None.*

## **ACTION ITEMS**

1. Adjustments to the Agenda: *None.*

*Director of Finance and Administrative Services Yolanda Rodriguez advised that handouts for Items 5 and 6 were emailed to meeting participants and are available on the District's website.*

2. Review and Acceptance of the May 7, 2020 Minutes of the Finance and Audit Committee

*Director Hoffman asked for clarification on Item 7 - the Approval of Amendment to the BCVWD Fiscal Year 2020 Operating Budget. Ms. Rodriguez explained the deficit and budget amendment as a result of the rate action. The Committee accepted the minutes of May 7, 2020 as presented.*

3. Receive and File the Check Register for the Month of April 2020

*The Committee received and filed the April 2020 Check Register as presented.*

4. Financial Reports/Recommendations

- a. Review of the April 2020 Budget Variance Report
- b. Review of the April 30, 2020 Cash/Investment Balance Report
- c. Review of Check Register for the Month of May 2020
- d. Review of May 2020 Invoices Pending Approval

*Director Hoffman reviewed the reports and commented that the District is close to on target.*

*Director Hoffman pointed out checks for paving and Mr. Jagers explained these were related to the pipeline replacement project for 9<sup>th</sup> and 11<sup>th</sup> Streets and other leak repairs. In response to questions, Mr. Jagers also advised that the Well 21 and 29 maintenance activities had been reported to the Board. He also explained a larger order of chlorination products in anticipation of possible shortages during the COVID-19 situation.*

*Mr. Jagers briefly described various other projects in response to questions from Directors Slawson and Hoffman.*

*After review and discussion, the Committee recommended presenting the Financial Reports to the Board for approval.*

5. 2019 External Audit and Comprehensive Annual Financial Report (CAFR)

*Director of Finance and Administrative Services Yolanda Rodriguez introduced Evelyn Morentin-Barcena from Rogers, Anderson, Malody & Scott, LLP (RAMS).*

*Ms. Morentin-Barcena presented the draft report for the fiscal year 2019 audit. She indicated the report will be issued dated June 10, 2020 upon recommendation to the Board. The auditor will file an unmodified opinion on the financial statements dated December 31, 2019, she said, which is the highest level of assurance that can be given.*

*Ms. Rodriguez drew attention to the CAFR and noted that there is a journal entry that had not been posted. She explained a handout which will replace some pages in the packet.*

*Ms. Rodriguez reviewed the CAFR and shared the District's positions. Director Hoffman noted a significant increase in interest earnings. General Manager Jagers noted minor changes that will be addressed before going to the full Board.*

*The Committee recommended presenting the 2019 External Audit and Comprehensive Annual Financial Report to the Board for approval.*

6. Analysis: Statement of Cash Flows (unaudited) For the Five Months\* Ended May 28, 2020 and May 31, 2019

*Ms. Rodriguez noted these reports have been brought to the Committee to keep an eye on cash flow in comparison to the prior year. She pointed out that from May 31, 2019 to May 28, 2020 showed a minor \$7,100 decrease in customer receipts. She noted that last year, there was a different rate, and now some customers are not paying their bills or paying as much, but at this time it is not bad.*

*Unrestricted funds from developers are also lower, she noted. Salaries and benefits costs increased slightly; Rodriguez continued. Payments to suppliers and service providers were less, which represents the main impact to net cash, she said. GM Jagers added that this year, the District anticipates 9,400 to 9,700 acre-feet (AF) of water supply as contrasted with last year's purchase of more than 13,000 AF.*

*Ms. Rodriguez explained cash flows from capital and related activities and from investing activities. The cash and investments at May 28, 2020 is \$61,821,457, an increase of \$1.7 million over the same period in 2019.*

*Restricted cash for capital commitments is up by \$2.2 million over 2019, she explained. Unrestricted cash and investments which are accessible for the District including operating reserves is \$479,731 less but still represents 50 percent of the year's budget, she said. Overall, total cash and investments are up by \$1.7 million over 2019, she concluded. The District is not in a position to feel anxious, she assured.*

*Chair Hoffman asked about funding reserved to finance the recycled water infrastructure. Mr. Jagers explained that restricted cash and investments from developer deposits include components for recycled water and potable water facilities. He pointed to the Cash and Investment Balance Classifications report which includes \$30,317,405 for those activities.*

*Director Slawson thanked staff for tracking the information.*

7. Analysis: Monthly electricity expenditures related to production

*There was no discussion.*

8. Update: Sites Reservoir and Participation Agreement

*General Manager Jagers reminded the Committee of the presentation on this project at the last Board meeting. The participation agreement requires a commitment by September, he advised, and funds thereafter. The next phase will have a commitment level of \$100 per AF and the District has an interest in participating for 4,000 AF (\$400,000), Jagers continued.*

*Mr. Davis has identified to the San Geronio Pass Water Agency Board that the decision does not need to be made until August or September, but he is eager to wrap it up in June, Jagers explained. Since President Covington will not attend the Engineering Workshop in June, the Board will be addressing this in July, Jagers indicated. Mr. Davis will give an update on activities at next Wednesday's Board meeting, Mr. Jagers noted.*

*Chair Hoffman asked about the source of funds. Mr. Jagers indicated this comes from developer impact fees (capacity charges) which include a component for securing additional water rights. There is about a \$2.8 million annual commitment to this water supply, Mr. Jagers advised, which is related to debt service payment on the capital costs to build the facility and does not include bringing the water here.*

9. Action List for Future Meetings:

- Update on Water Supply Conditions
- Water rates
- Capacity fees

**ANNOUNCEMENTS** – Pursuant to Governor's Executive Order N-33-20, all BCVWD Board and Committee meetings will be held via Teleconference until further notice.

*Director Hoffman read the following announcements:*

- Regular Board Meeting: Wednesday, June 10, 2020 at 6:00 p.m.
- Engineering Workshop: Thursday, June 25, 2020 at 6:00 p.m.
- Collaborative Agencies Committee Meeting: Wednesday, July 1 at 5:00 p.m. (teleconference pending)
- Finance and Audit Committee Meeting: Wednesday, July 1, 2020 at 3:00 p.m. (note date change due to holiday)
- Personnel Committee Meeting: Monday, July 27, 2020 at 5:30 p.m. (and/or Special Meeting TBD)

**ADJOURNMENT**

*Director Hoffman adjourned the meeting at 4:20 p.m.*



David Hoffman, Chairman to the  
Finance and Audit Committee of the Beaumont-Cherry Valley Water District