



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, July 7, 2022 at 3:00 p.m.**

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:07 p.m.*

**Announcement of Teleconference Participation**

Both directors were present in the conference room.

*Attendance*

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Engineering Mark Swanson Director of Operations James Bean Director of Information Technology Robert Rasha Finance Manager William Clayton Human Resources Administrator Sabrina Foley Senior Management Analyst Sylvia Molina Management Analyst II Lorena Lopez Administrative Assistant Cenica Smith Transmission and Distribution Supervisor Julian Herrera
Members of the public who registered:	None

**PUBLIC INPUT:** None.

**ACTION ITEMS**

1. Adjustments to the Agenda: None.
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meeting

*The Committee accepted the minutes of the Finance and Audit Committee Regular Meeting of June 2, 2022 by consensus.*

3. Receive and file the Check Register for the Month of May 2022

*The Committee received and filed the May 2022 Check Register as presented.*

#### 4. Financial Reports/Recommendations

- a. Review of the May 2022 Budget Variance Reports
- b. Review of the May 31, 2022 Cash and Investment Balance Report
- c. Review of Check Register for the Month of June 2022
- d. Review of June 2022 Invoices Pending Approval

*Chair Hoffman pointed out that grant revenue of \$640,000 was budgeted, but there is a negative amount of \$2,438.98 appears on the report, leaving an ending balance and a variance. Mr. Clayton noted that the majority of the grant revenue is expected from the AMR/AMI project Bureau of Reclamation grant. Revenue is obtained when the District submits the documentation. Ms. Molina indicated that the latest AMR/AMI report was submitted this week. The line item also includes the arrearages from earlier in the year, Ms. Molina explained and reminded the Committee about the refunds that were made plus the certain amount to cover District expenses.*

*Chair Hoffman asked if there were grant funds being received for the Grand Avenue pipeline projects; Ms. Molina said there are none at this time. Clayton explained it is just offsetting what Riverside County Flood Control is sharing. General Manager Jagers indicated that Flood Control is manager of the grant, and BCVWD is a partner in the grant which reduces the total amount paid. If the grant is not funded, the District still pays its 50 percent share. The grant effect is a lower project cost.*

*Director Hoffman asked about other potential grants and Jagers listed the Supervisory Control and Data Acquisition (SCADA) system upgrade and the State Water Project filter system. There may be other WaterSMART opportunities, potentially for turf replacement, which would likely be handled at a regional level. Hoffman pointed out the interest in turf replacement by local homeowners associations.*

*In response to Chair Hoffman, Jagers confirmed the assistance of Townsend and Associates with grant writing and applications.*

*Chair Hoffman noted that it appears expenses are on track at the 5-month period. He posited that sales may not increase as usual in the summer due to conservation, and revenue could fall.*

*President Williams asked about a decrease in the LAIF balance, and Mr. Jagers reminded that \$12 million was moved from LAIF to Wells Fargo, ready to wire to Chandler. Mr. Clayton explained the differences between LAIF and Chandler. A quarterly report could be made next month, he added. President Williams requested a presentation to the full Board.*

*Mr. Jagers reviewed the investment reports from Chandler Asset Management.*

*President Williams asked about payments to Taylor Morrison. Management Analyst II Lorena Lopez explained that customer account credit balances are being closed out.*

*Chair Hoffman pointed out more payments to the City of Beaumont for encroachment permits. President Williams asked if any progress had been made, and Mr. Jagers noted he had requested a meeting with the Interim City Manager.*

*Director of Operations James Bean drew attention to the payment for the Ford Ranger that was approved and ordered last August. He also clarified the work of Gaucho Gopher exterminators.*

*In response to the Committee, staff explained expenses for Legend Pump and Well, Rogers, Anderson, Malody and Scott, Inland Water Works, and Vulcan Materials.*

*President Williams asked about unclaimed refunds. Ms. Lopez explained the procedure for posting the information. After three years, it becomes property of the District.*

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

#### 5. Expense and Per Diem Compensation Claims Submitted for Approval

*President Williams asked if all items had been approved by the Board.*

*Williams recommended the Bay-Delta Tour.*

*After review and discussion, the Committee recommended presenting the Expense and Per Diem Compensation Claims to the Board for approval.*

#### 6. UB Statistics and Cash Flows

*Ms. Molina introduced the revised report format and pointed to the cumulative loss of revenue of \$414,700 since the beginning of the COVID-19 pandemic. If the District could have disconnected customers, it likely would not have been so high, she explained. In March 2022, the Board approved resuming of inactivations resulting in 201 disconnections and collected to date is a total of \$18,750 in fees. Jagers pointed out that the fees cover the labor of processing and performing the shutoff.*

*Ms. Molina reported 260 payment plans established since the beginning of the pandemic. She noted success in completion of payment plans and keeping them on track. She reviewed the accounts receivable aging reports.*

*Mr. Clayton reviewed the Statement of Cash Flows through June 28.*

#### 7. 2022 Mid-Year Budget Review

*Ms. Molina explained that new workshops are being conducted with each department to review the budget to assure that expenses are on track and there are no surprises, and to plan for the rest of the year. She explained the transactions requested by the departments were reviewed by Finance and the Director of Finance and Administration for final approval by the General Manager.*

*Available funds are being transferred from accounts that have a high percentage of availability to accounts that may have some shortage, Molina continued. She detailed the funds and transfers.*

*Mr. Jagers reminded that the Board had directed staff to make a projection in the budget that did not include the maximum impact of Board per diem and number of meetings per month, but to come up with a realistic approach using past numbers to project forward. However, there has been increased interest from Board members in*

education and activities, likely due to the drought and need for understanding of water supply. Next year's budget will be presented with an increase over this year, Jagers advised.

In response to Director Hoffman, Jagers reported that the District budget for 2022 totals \$21 million. Hoffman pointed out that these transfers account for a little over 1 percent, which indicates staff is still fairly accurate on budget projection. He said it is a wise thing to make these adjustments based on changes that take place during the year.

Jagers noted that an adjustment for the change in wages will be going to the Board in October; Molina assured that those expenses are being monitored. She added that work is beginning on the 2023 budget, and departments are aware of accounts that were overestimated, as well as the underestimated. This is being used as a tool to provide better planning. Jagers pointed to variables such as increases in fuel prices that were not predicted.

8. Chandler Asset Management Update

Ms. Molina advised that Chandler has been asked to incorporate information into the quarterly report. Mr. Clayton pointed to the holdings report and stated that the report will show other investment balances in the proper places.

9. Action List for Future Meetings

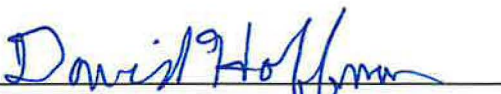
- Procurement of additional water supplies

**ANNOUNCEMENTS**

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, July 13, 2022 at 6 p.m.
- Personnel Committee Meeting: Tuesday, July 19 at 5:30 p.m.
- San Geronio Pass Regional Water Alliance: Wednesday, July 27 at 5 p.m.
- Engineering Workshop: Thursday, July 28 at 6 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Aug. 3 at 11 a.m.
- Finance and Audit Committee Meeting: Thursday, Aug. 4, 2022 at 3 p.m.
- Ad Hoc Communications Committee on July 20 at 6 p.m.

**ADJOURNMENT: 4:17 P.M.**



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