



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, May 4, 2023 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:08 p.m.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	Director of Finance and Administration Kirene Bargas, PhD Director of Information Technology Robert Rasha Finance Manager William Clayton Management Analyst I Erica Gonzales Senior Management Analyst Sylvia Molina Administrative Assistant Cenica Smith
Members of the public:	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 Meeting of April 6, 2023 by consensus.

3. Receive and file the Check Register for the Month of March 2023

The Committee received and filed the March 2023 Check Register as presented.

4. Receive and File 2023 CSMFO Budgeting Excellence Award

The Committee acknowledged the work of staff and received and filed the award which was presented at the Board of Directors regular meeting on April 27, 2023.

5. Financial Reports/Recommendations

- a. Review of the March 2023 Budget Variance Reports
- b. Review of the March 31, 2023 Cash and Investment Balance Report
- c. Review of Check Register for the Month of April 2023
- d. Review of April 2023 Invoices Pending Approval

Chair Hoffman pointed out the year-to-date unused portion of expenses at 77.07 percent which is roughly $\frac{3}{4}$ of budget, and is close to target.

Staff responded to questions about a transfer of \$7.5 million in cash to LAIF and the reporting of interest for the investment accounts. Staff discussed reporting of market value and the fluctuations in balances and reporting as related to the Chandler Investments report.

Chair Hoffman asked about a series of checks labeled "reissue." Senior Management Analyst Erica Gonzales explained that \$120,000 in checks were stolen from the outgoing mail depository at the Post Office, and all were voided and reissued. Chair Hoffman asked about stop payment fees and Ms. Molina indicated the fee was 10 cents per check.

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

6. Expense and Per Diem Compensation Claims Submitted for Approval

The Committee reviewed the Expense and Per Diem Compensation Claims without comment.

7. Quarterly Report: Electric Cost Analysis

Finance Manager Bill Clayton pointed out the five-year history. Chair Hoffman observed that consumption appears to have increased by just under 30 percent between 2019 and 2023. The Committee members recommended adding this to the Regular Board agenda as an informational item.

8. Report: Pass-through charges for Southern California Edison electric costs

Finance Manager Bill Clayton reminded that during the rate study in 2020, the per unit pass-through charge for electricity was 32 cents per unit (hundred cubic feet). After the cost of service study and Proposition 218 process, the regulation was amended to allow adjustment of the charge as needed. It was adjusted in August 2021 to 42 cents. He explained the calculation. As of the end of 2022, analysis shows the cost is 44 cents per hcf, then 45 cents as of March 2023.

Applied to last years' unit of sale, the total loss would be approximately \$160,000 per year, Clayton continued. The requirement for adjustment includes mailed notices, and postage and mailing costs would total approximately \$20,000. He recommended consideration of increasing the pass-through.

The Committee took no action.

9. Report: On-Call Land Surveying Services contracts update

Director of Finance and Administration Kirene Bargas reminded that the Board had requested the Finance & Audit Committee monitor this contract. She reported on contracts paid to date:

CASC	Cozad and Fox	Prism Group
5th Street Replacement Pipeline 100 percent complete	Hannon Tank (upcoming work)	Axle Tree (upcoming work)
\$48,449.60	\$0.00	\$0.00

Chair Hoffman suggested this report quarterly.

10. 2022 Annual Comprehensive Financial Reporting (ACFR) Timeline Discussion

Mr. Clayton indicated that, should the committee desire, a draft of the ACFR could be made available for the June 1 F&A Committee meeting. Previously, this would have been addressed at a special meeting.

Chair Hoffman indicated preference to combine the presentation with the regular meeting and requested a brief presentation.

11. Action List for Future Meetings

- *Chandler Asset Management update*
- *Procurement of additional water supplies*

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Collaborative Agencies Committee: Wednesday, May 3 at 5 p.m.
- Ad Hoc Communications Committee: Tuesday, May 9 at 6 p.m.
- Regular Board Meeting: Wednesday, May 10 at 6 p.m.
- Personnel Committee Meeting: Tuesday, May 16 at 5:30 p.m.
- San Geronio Pass Regional Water Alliance: Wednesday, May 24 at 5 p.m.
- Engineering Workshop: Thursday, May 25 at 6 p.m.
- District offices closed in observance of Memorial Day: Monday, May 29
- Finance and Audit Committee Meeting: Thursday, June 1 at **10 a.m.** (note time change due to conflicting meeting)
- Beaumont Basin Watermaster Committee Meeting: Wednesday, June 7 at 11 a.m.

ADJOURNMENT: 3:49 P.M.



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