



BEAUMONT-CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue, Beaumont, CA 92223

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

Thursday, June 1, 2023 at 10:00 a.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 10:07 p.m.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Daniel K. Jagers 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:	Evelyn Morentin-Barcena

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda:

Director of Finance and Administration Kirene Bargas, PhD, pointed to the revised Cash Balance and Investment Report (handout).

Dr. Bargas recommended moving Item 7 forward, as Evelyn Morentin-Barcena from Rogers, Anderson, Malody and Scott, LLP (RAMS), District auditors, was present.

Item 7 was taken out of order per recommendation of Dr. Bargas.

7. Presentation and Review of 2022 External Audit and Draft Annual Comprehensive Financial Report

Finance Manager William Clayton advised that the reports were complete and introduced Managing Auditor Evelyn Morentin-Barcena. In response to Chair Hoffman, Mr. Clayton reported that this is the sixth year that RAMS has performed the annual audit for BCVWD. General Manager Jagers pointed out that the

managing partners would rotate in accordance with GFOA recommendations. Six years is the maximum by law, Mr. Clayton added.

Ms. Morentin-Barcena reviewed the draft financial statements and procedures. Mr. Clayton explained some new reporting requirements.

Director Williams asked if RAMS looked over the District's investment portfolio. Ms. Morentin-Barcena said yes.

General Manager Jagers noted that the audit would go to the Board in June. Mr. Clayton detailed the upcoming action timeline and provided further detail on the audit report.

Mr. Jagers described Capital Replacement Reserves and provided detail on the anticipated use for water supply. Director Williams asked how the State Water Project pass through monies collected were identified in the budget. Mr. Clayton indicated that the intention may be included as narrative. Mr. Jagers noted the collections are averaged over time and adjusted based on rate studies.

Ms. Morentin-Barcena described fluctuations in CalPERS obligations and responded to questions from Chair Hoffman.

Mr. Clayton pointed out anticipated updates prior to presentation to the Board.

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

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 May 4, 2023 by consensus.

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

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

4. Financial Reports/Recommendations

- a. Review of the April 2023 Budget Variance Reports
- b. Review of the April 30, 2023 Cash and Investment Balance Report
- c. Review of Check Register for the Month of May 2023
- d. Review of May 2023 Invoices Pending Approval

Chair Hoffman pointed out that interest income has exceeded its projection. Dr. Bargas suggested it was due to movement of funds from CalTrust to Chandler Asset Management. Mr. Jagers noted that the market for conservative investments has come around.

Chair Hoffman pointed out that water sales are down, therefore Southern California Edison costs are down. Mr. Jagers noted that production is at 70 to 72 percent of

average. He noted that weather appears cool and unless it becomes extremely hot, production is estimated to be 75 to 80 percent by the end of the year.

There is no reason for alarm, as the District has reserves to get through these periods, Jagers noted. Chair Hoffman observed that conservation likely plays a part, and those habits may continue. Housing development is continuing, Jagers added.

Dr. Vargas reviewed the investment report. A representative from Chandler Asset Management will attend the next Board meeting to answer any questions from the Board, she advised.

Staff responded to committee inquiries about the following items:

- Earth Tec gallon tote – a chemical used to curtail algae growth in recharge ponds
- Foster and Foster Consulting (Board-approved contract) actuarial valuation of OPEB
- Nobel Systems for GIS
- Airwave Communications - backup repeater for two-way radios
- Paving (\$14,055)
- City of Beaumont application costs for encroachment permits

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

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

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

Finance Manager Bill Clayton advised of the addition of permitting costs to the table of activities.

Chair Hoffman noted that work with Cozad & Fox had not yet begun.

Mr. Jagers advised of some upcoming work including a well site mapping activity with Prizm Group. The Hannon tank project was stalled, he explained.

7. Presentation and Review of 2022 External Audit and Draft Annual Comprehensive Financial Report

This item was heard earlier in the meeting.

8. Action List for Future Meetings


- ~~Chandler Asset Management update (removed)~~
- ~~Procurement of additional water supplies (removed)~~
- Budget timeline / calendar
- RFP for banking services (on Board agenda)

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Beaumont Basin Watermaster Committee Meeting: Wednesday, June 7 at 11 a.m.
- Regular Board Meeting: Wednesday, June 14 at 6 p.m.
- Personnel Committee Meeting: Tuesday, June 20 at 5:30 p.m.
- Engineering Workshop: Thursday, June 22 at 6 p.m.
- Finance and Audit Committee Meeting: Thursday, July 6 at 3 p.m.

ADJOURNMENT: 11:40 A.M.

A handwritten signature in black ink, appearing to read "David Hoffman", is written over a horizontal line.

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