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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**
**Thursday, August 1, 2024 at 3:00 p.m.**

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## CALL TO ORDER

*Chair Hoffman called the meeting to order at 3:06 p.m.*

*Attendance*

| | |
|---|---|
| Directors present: | Director Hoffman and Director Williams |
| Directors absent: | None |
| Staff present: | General Manager Dan Jaggers<br>Director of Information Technology Robert Rasha<br>Director of Operations James Bean<br>Assistant Director of Finance & Administration Sylvia Molina<br>Water Utility Supervisor Julian Herrera<br>Management Analyst II Erica Gonzales<br>Management Analyst I Edith Garcia<br>Customer Service Representative II Ericka Enriquez<br>Executive Assistant Lynda Kerney |
| Members of the public: | None |

**PUBLIC COMMENT:** *None.*

## ACTION ITEMS

1. Adjustments to the Agenda: *None.*

2. Review and Acceptance of the Minutes of the Finance and Audit Committee
   a. June 6, 2024 Regular Meeting
   b. July 11, 2024 Special Meeting

The Committee accepted the minutes of the June 6, 2024 and July 11, 2024 meetings by the following vote:

| | | |
|---|---|---|
| MOVED: Williams | SECONDED: Hoffman | APPROVED 2-0 |
| AYES: | Hoffman, Williams | |
| NOES: | None | |
| ABSTAIN: | None | |
| ABSENT: | None | |

*Chair Hoffman requested staff advise when reimbursement funds are received from the County of Riverside.*

3. Receive and file the Check Register for the Month of June 2024

   The Committee received and filed the Check Register as presented by the following vote:

| | | |
|---|---|---|
| MOVED: Hoffman | SECONDED: Williams | APPROVED 2-0 |
| AYES: | Hoffman, Williams | |
| NOES: | None | |
| ABSTAIN: | None | |
| ABSENT: | None | |

4. Financial Reports/Recommendations

   a. Review of the June 2024 Budget Variance Reports
   b. Review of the June 30, 2024 Cash and Investment Balance Report
   c. Review of Check Register for the Month of July 2024
   d. Review of July 2024 Invoices Pending Approval

*Staff highlighted and/or responded to committee inquiries about the following items:*

- *Grant revenue received is greater than the budgeted amount due to the AMR/AMI project*
- *Staff explained the expense for accrued sick leave as a portion of costs which all departments have*
- *Advertising / Legal Notices expense for the Notice Inviting Bids*
- *Administrative expenses of $7,000 for title reports for Engineering*
- *Election expenses for filing and an incorrectly applied charge for conference attendance*
- *LAIF transfer to the Wells Fargo account due to large payments to CalPERS*
- *Chandler Investments rate of return is still higher than average at 2.63 percent*
- *SC Fuels: synthetic oil for high horsepower well motors*
- *Leadership Development Training for upper management: professional development recommended by legal counsel*
- *Earthtec algaecide for Noble Creek Recharge Facility ponds*
- *Southern California Edison aggregated bills for wells; some charges broken out for wells shared with the City of Banning*
- *Core & Main: $8,031.31 for approximately 100 meter assembly lock on / lock off for new development, as requested by the Fire Marshal*
- *Semi-annual stocking of chlorine tablets: staff obtains vendor quotes but has specific product requirements*
- *Venomous snake safety training for staff*
- *Reconditioned shipping container purchased for use as field office storage*

The Committee recommended presenting Items 4a through 4d to the Board for approval by the following vote:

| | | |
|---|---|---|
| MOVED: Hoffman | SECONDED: Williams | APPROVED 2-0 |
| AYES: | Hoffman, Williams | |
| NOES: | None | |
| ABSTAIN: | None | |
| ABSENT: | None | |

5. Expense and Per Diem Compensation Claims Submitted for Approval

   The Committee reviewed the Expense and Per Diem Compensation Claims. The claims were approved by the following vote:

| | | |
|---|---|---|
| MOVED: Williams | SECONDED: Hoffman | APPROVED 2-0 |
| AYES: | Hoffman, Williams | |
| NOES: | None | |
| ABSTAIN: | None | |
| ABSENT: | None | |

6. Quarterly Report: Year-To-Date Analysis of Electric Cost to Pump Groundwater

   *General Manager Jaggers reported that Southern California Edison preliminary estimated rates for wells have increased to 52 cents per unit of sale, and the current pass-through is 49 cents. He provided detail on pumping affecting electric use and components of the rate. An analysis and adjustment of the pass-through will be needed, and a recommendation may come to the Board in the fall. Chair Hoffman concurred and emphasized the District should assure the rate covers costs.*

7. Quarterly Report: Review of District Contract Expenditures in Fiscal Year 2024

   *Assistant Director of Finance and Administration Sylvia Molina presented the report showing Board approved contracts, expenses to date, and how much remains.*

   *Director Williams asked if the workforce / succession planning activity was complete. Ms. Molina indicated it just has not yet been closed out.*

8. Quarterly Report: 2024 Year to Date Title Report Requests

   *Ms. Molina noted this is a requested report. Most hit the budget in June when payment was made. They were generated by Engineering and an administrative account was created for these charges.*

9. Policies and Procedures Manual Updates / Revisions

   a. Policy 5047 Pension Funding

      *Ms. Molina noted this policy was established to create a formal method for investment of funds for long-term pension expense and is to be reviewed periodically. The only change is removal of the initial deposit, as this has already been made. Neither legal counsel nor the actuary recommended further changes.*

b. Policy 5075 Credit Card Usage

*Ms. Molina introduced a few changes to the existing policy. She reminded that the Purchasing Policy will also be evaluated and will come forward for review. She noted that the policy includes language that District credit cards will not be issued to members of the Board, but such issuance had been requested. There are internal controls consideration, and it will not be able to be changed in the policy until those are established.*

*Mr. Jaggers added that the revision of the Policy Manual Part II Section 14K in 2019 created a conflict with the Policy 5075 language. He discussed some nuances related to credit card issuance. He pointed out the specific language in conflict and explained that staff applies the policies evenly across the Board and said he would prefer to find a solution that limits the distribution of credit cards to help assure adherence to expense policy.*

*Ms. Molina suggested applying 5075 to staff and a different policy covering the Board. Mr. Jaggers noted that Director Williams has requested update to Policy 4065.*

*Director Williams noted that Section 5075.3 needs to be further clarified regarding declining of credit cards.*

*The Committee indicated there appears to be no urgency and directed staff to bring Policy 5075 back for further review.*

The Committee recommended presenting Item 9a to the Board for approval by the following vote:

| | | |
|---|---|---|
| MOVED: Williams | SECONDED: Hoffman | APPROVED 2-0 |
| AYES: | Hoffman, Williams | |
| NOES: | None | |
| ABSTAIN: | None | |
| ABSENT: | None | |

10. Update on Policy Tracking Matrix

*Ms. Molina advised the Committee on the policy revision work and noted progress made.*

**ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Beaumont Basin Watermaster Committee: Wednesday, Aug. 7 at 11 a.m.
- Regular Board meeting: Wednesday, Aug. 14 at 6 p.m.
- Personnel Committee meeting: Tuesday, Aug. 20 at 5:30 p.m.
- Engineering Workshop: Thursday, Aug. 29 at 6 p.m.

- District office will be closed on Monday, Sept. 2 in observation of Labor Day
- Finance & Audit Committee meeting: Thursday, Sept. 5 at 3 p.m.

**ADJOURNMENT: 4:25 P.M.**

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