



## BEAUMONT-CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue, Beaumont, CA 92223

### MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

Thursday, April 3, 2025 at 3:00 p.m.

---

#### CALL TO ORDER

*Chair Hoffman called the meeting to order at 3:04 p.m.*

#### Attendance

Directors present:	Director David Hoffman and Director Lona Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Information Technology Robert Rasha Director of Finance and Administration Sylvia Molina Management Analyst II Melissa Elizondo Management Analyst I Edith Garcia Finance Manager William Clayton Administrative Assistant Cenica Smith
Members of the public:	Dr. Blair Ball

**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. March 6, 2025 Regular Meeting

The Committee accepted the minutes as presented by the following vote:

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

### 3. Receive and file the Check Register for the Month of February 2025

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

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

### 4. Financial Reports/Recommendations

- a. Review of the February 2025 Budget Variance Reports
- b. Review of the February 28, 2025 Cash and Investment Balance Report
- c. Review of Check Register for the Month of March 2025
- d. Review of March 2025 Invoices Pending Approval

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

- *Worker's compensation insurance, risk management, and classifications and coverage under ACWA/ JPIA*
- *Line item for expenses for the Great Place to Work activity and the budget award application*
- *Rate of return of more than 4 percent on investments*
- *Funds are still going to be moved into CalTrust but the amount is not yet determined*
- *Analysis of capital needs will be done over the next three to six months to determine liquidity needs*
- *Reyes Transport LLC \$1,000 for transport of sand for leak repairs*
- *Legal expenses greater than usual*

The Committee recommended presenting the financial reports items 4a through 4d to the Board of Directors for approval by the following vote:

MOVED: Williams	SECONDED: Hoffman	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. Report on Director Event Attendance

*General Manager Jagers discussed transparency, the value of educating Board members, and the current institutional knowledge at the District.*

## 7. Amendment to the BCVWD Fiscal Year 2025 Operating Budget for 01-10-110-550012 Election Expenses

*Finance Manager William Clayton presented a mid-year amendment to the Fiscal Year 2025 Operating Budget in an amount not to exceed \$78,000. The amendment is necessitated by the receipt of a significantly higher-than-budgeted invoice from the Riverside County Registrar of Voters for 2024 election services.*

*Clayton explained that the original 2025 budget allocated \$65,000 for election-related expenses based on historical costs for similar election years, which included one director being re-elected and one appointed in lieu of election. However, an invoice received in March 2025 totaled \$142,412, representing a 119 percent increase over the budgeted amount. The primary driver of the cost increase was a substantial rise in the County's per-voter charge, which escalated from \$1.75 in 2020 to \$3.60 in 2024. This change, along with a nearly 20 percent increase in the number of registered voters, resulted in the budget shortfall.*

*Chair Hoffman referenced historical data presented in the staff report and expressed concern over the increase, noting that in 2016, the cost for two Board seats was approximately \$52,000. Mr. Hoffman questioned the lack of transparency and asked who supervises the Registrar of Voters. He further commented on the structure of the invoice, observing that the District is assigned a percentage of the publication costs and that districts with multiple candidates paid only slightly more.*

*Director Williams expressed frustration with the lack of clarity and advance notice from the Registrar's office regarding the cost increase. She questioned whether the universal issuance of mail-in ballots, implemented in response to COVID-19, was a significant factor in the per-voter cost hike. She also questioned the necessity and justification for additional expenses related to technology and security in non-presidential election years.*

*General Manager Jagers and Mr. Clayton both confirmed that District staff made multiple attempts to obtain cost estimates from the Registrar in advance of the election, but consistent with prior years, were unable to obtain information. Clayton added that only after receipt of the invoice were staff able to obtain a partial cost breakdown through persistent follow-up with the Assistant Registrar.*

*The Committee discussed the budgetary implications, and Clayton confirmed that the proposed adjustment would be reflected in the line item for director expenses. Public comment was received from Dr. Blair Ball, who inquired whether the requested \$78,000 would be moved from reserves and whether it added to the \$71,000 previously approved for director-related*

expenses. Staff responded affirmatively, clarifying that while the expenses fall under the same division, the election invoice is a separate line item.

The Committee recommended presenting the Amendment to the BCVWD Fiscal Year 2025 Operating Budget for 01-110-550012 Election Expenses to the Board of Directors for approval by the following vote:

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

**8. Acknowledge Receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for BCVWD's 2023 Annual Comprehensive Financial Report**

*Ms. Molina described a thin staff in the Finance Department in 2024, and expressed appreciation for the team. Committee members echoed the congratulations and GM Jagers commented that this reflected on great improvement since the mid-2000s.*

The Committee recommended presenting the Certificate of Achievement for Excellence in Financial Reporting to the Board of Directors by the following vote:

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

**9. Policies and Procedures Manual Updates / Revisions**

- a. Rescinding Policy 7 Fixed Asset Accounting Control
- b. Amending Policy 8 Fixed Asset Capitalization

*Finance Manager Clayton recommended rescission of Policy 7 Fixed Asset Accounting Control and amendment of Policy 8 Fixed Asset Capitalization, combining both as Policy 5040 Capital Assets, and the increase of asset capitalization threshold from \$5,000 to \$10,000 that aligns with Government Finance Officers Association (GFOA) recommendations. The policy revision also includes GFOA best practices, clearer definitions, and strengthening of internal controls. Although these are already in practice, noting them in policy improves guidance for staff, he stated. The revision also updates terminology to the use of "capital asset" as consistent with GASB Statement 34.*

*Director Williams pointed out numbering needing clarification. Staff will bring back a clean draft for further review.*

## 10. Policy Tracking Matrix Progress Dashboard

*Mr. Clayton reviewed the policy items outstanding, and noted that a proposed policy for long-term debt will be coming to the Committee, along with the purchasing and credit card usage policies.*

The Committee acknowledged the policies to come before the Committee at subsequent meetings by the following vote:

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

## 11. Summary Report of Board Member Expenses for Health Insurance and Professional Development

*General Manager Jagers explained that the summary was prepared in response to a request by Chair Hoffman. The purpose was to provide a transparent overview of Board of Directors expenses for calendar year 2024, including health insurance, per diem, conferences and training, and miscellaneous supplies.*

*Mr. Jagers noted that the summary was compiled using unaudited data but believed to be a reasonably accurate representation of 2024 costs. He emphasized that the table anonymized directors' identities to focus on aggregate spending and avoid associating expenses with specific individuals.*

*Director Williams inquired about directors' shared costs, and staff explained that such items were for common supplies or group charges not feasible to assign individually.*

*Mr. Jagers elaborated on the broader strategic value of supporting board member education and participation in professional organizations. He noted that participation in regional conferences and interactions with outside agencies can yield long-term benefits for the District, and noted a recent conversation resulted in moving forward the recycled water project.*

*Public comment was received from Dr. Blair Ball, who raised concerns regarding the scope and ethics of director compensation, particularly the provision of health insurance. He acknowledged that only two directors currently receive the benefit but questioned whether such benefits were appropriate, especially in light of upcoming water rate increases. Dr. Ball referenced actions by the Beaumont City Council, which discontinued its health insurance for elected officials in 2013, and warned of the perception among ratepayers that director compensation may be excessive. He also expressed concern that allowing insurance benefits could lead to future demands for cash-in-lieu payments from directors who do not participate in the health plan.*

*In response to these concerns, Mr. Jagers noted that the Board's Ad Hoc Committee on Board Policies is in the process of reviewing relevant policies, including those concerning director compensation and benefits. Director Williams confirmed that a redlined version of policies related to training, education, and reimbursement is scheduled for review on April 16, although the health insurance topic is not yet slated for that session. Jagers affirmed that the topic is included in the policy review cycle and will be brought forward later in 2025 as*

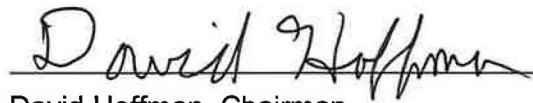
*scheduled. He committed to transparency in the process and invited the public to participate when the item comes before the Board.*

## **ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Regular Board Meeting: Wednesday, Apr. 9 at 6 p.m.
- Town Hall Meeting on rates: Thursday, Apr. 10 at 6 p.m.
- Personnel Committee: Tuesday, Apr. 15 at 4:30 p.m. (Note change of time – pending Board approval)
- Engineering Workshop: Thursday, Apr. 24 at 6 p.m. (Public Hearing)
- Beaumont Basin Watermaster Committee: Wednesday, Apr. 2 at 11 a.m.
- Finance & Audit Committee meeting: Thursday, May 1 at 3 p.m.
- Collaborative Agencies meeting: Wednesday, May 7 at 5 p.m.

**ADJOURNMENT: 5:14 P.M.**

A handwritten signature in black ink that reads "David Hoffman". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

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