



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, June 5, 2025 at 3:00 p.m.**

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:00 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 Erica Gonzales Management Analyst II Melissa Rodriguez-Elizondo Finance Manager William Clayton
Members of the public:	None

**PUBLIC COMMENT:** None

**ACTION ITEMS**

- 1. Adjustments to the Agenda:** None.

*Chair Hoffman called Item 7 out of order.*

**7. Review of Draft 2024 External Audit and Annual Comprehensive Financial Report**

*Finance Manager William Clayton opened the item by introducing Brianna Schultz, Partner at Rogers, Anderson, Malody & Scott LLP (RAMS), the District's independent external audit firm. Clayton summarized the key financial highlights from the Draft 2024 Annual Comprehensive Financial Report (ACFR). He noted that the District received an unmodified (clean) audit opinion, indicating that the financial statements were fairly presented in all material respects and prepared in accordance with Generally Accepted Accounting Principles (GAAP).*

*Clayton reported that the District's total assets as of December 31, 2024, stood at \$222.3 million, a \$6.4 million increase over 2023. Total liabilities increased by \$2 million to \$14 million, primarily due to operational costs. The District's net position, comparable to net*

equity, rose by \$3.9 million to \$208.8 million. Of the \$85.9 million in total cash and investments, approximately \$30.2 million was unrestricted and designated for operational and capital purposes.

A minor reclassification between unrestricted and restricted net position was noted and will be reflected in the final version of the ACFR. Specifically, the District's investment in its Section 115 pension trust was moved from unrestricted to restricted net position due to its designated use, enhancing clarity on the availability of funds for operational use. The Other Post-Employment Benefits (OPEB) trust, by contrast, is treated differently in the financial statements and directly offsets the OPEB liability rather than appearing as a restricted asset.

Finance Manager Clayton also summarized the District's operating performance for the year. Operating revenues increased to \$20 million, up \$1.8 million over 2023, primarily due to the final implementation of a five-year scheduled rate increase on January 1, 2024. Operating expenses decreased to \$22.3 million from \$23.1 million in 2023, driven by a reduction in purchased imported water, partially offset by increases in personnel costs tied to position adjustments and a 3.7% cost-of-living adjustment.

The Committee discussed the variation in operating costs over recent years, attributing fluctuations primarily to water purchasing patterns influenced by drought conditions and storage strategies. In 2022, a drought year, imported water purchases were minimal. However, in 2023 and 2024, the District replenished its water storage, resulting in higher expenses. Despite operating losses in 2023 and 2024, investment income helped the District maintain a positive change in net position. Interest earnings in 2024 alone exceeded \$4.1 million, playing a key role in offsetting operating losses.

Brianna Schultz then provided a report on the audit process. She confirmed that the District received an unmodified audit opinion and that no material weaknesses or internal control deficiencies were found. The audit team spent approximately two weeks reviewing internal controls and conducting tests on major financial categories. Only one immaterial audit adjustment, related to a lease liability, was made. Schultz also noted that the District triggered a federal single audit for the first time due to expenditures exceeding \$750,000, primarily related to an ARPA grant. No issues were identified to date in that audit, which is still in progress. Schultz commended the Finance team for their responsiveness and the quality of their documentation.

Clayton added that the District had won the Government Finances Officers' Association (GFOA) Award for the 2023 Financial Statements.

## **2. Review and Acceptance of the Minutes of the Finance and Audit Committee**

### **a. May 1, 2025 Regular Meeting**

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

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

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

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

- Review of the April 2025 Budget Variance Reports
- Review of the April 30, 2025 Cash and Investment Balance Report
- Review of Check Register for the Month of May 2025
- Review of May 2025 Invoices Pending Approval

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

- Non-operating revenue remains 90.83 percent available, and a \$1.266 million payment (developer impact fees) was recently received. Payments are received randomly throughout the year.*
- Activity is tracking close to the budget predictions*
- Interest from the California State LAIF posts quarterly*
- Approximately \$9 million will be moved into CalTrust*
- Foster and Foster Consulting Actuaries are under a multi-year contract to provide actuarial services under GASB 75, Other Post Employment Benefits (OPEB)*
- Reissued a check to Babcock Laboratories*
- Paving expenses appear to have been reduced (22 repairs)*
- Hexavalent chromium sampling was done and initial results are good*
- Michael Baker International contract for work on a booster station*

The Committee recommended presenting the financial reports item 4a 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	

The Committee recommended presenting the financial reports items 4b through 4d to the Board of Directors 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: Hoffman	SECONDED: Williams	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

## 6. Report on Director Event Attendance

*The Committee reviewed the report without comment and it was received and filed by the following vote:*

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

## 7. Review of Draft 2024 External Audit and Annual Comprehensive Financial Report

*This item was heard earlier in the meeting.*

## 8. Policy Tracking Matrix Progress Dashboard

*Finance Manager Clayton reviewed the matrix and noted there is no policy on petty cash. Ms. Molina noted that a draft would be brought forward to the Committee if desired.*

*Also forthcoming are policies on issuance and management of long-term debt, and on purchasing.*

The Committee directed staff to produce a draft Petty Cash policy by the following vote:

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

## **9. Update: BCVWD 2026 Operating Budget Timeline**

*Molina reviewed the timeline of the budget process. She noted the intent to bring the draft budget to the committee at the October 2 meeting, and requested a special meeting date of October 16 to review the budget document before it is presented to the Board in November.*

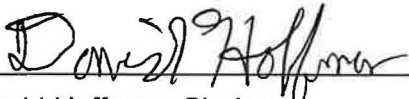
*General Manager Jagers commented on the budget process and commended staff.*

### **ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Regular Board Meeting: Wednesday, June 11 at 6 p.m.
- Personnel Committee: Tuesday, June 17 at 4:30 p.m.
- Engineering Workshop: Thursday, June 26 at 6 p.m.
- Finance & Audit Committee meeting: Wednesday, July 2 at 3 p.m. (note change of date due to holiday)
- District office will be closed Thursday, July 3 in observance of Independence Day

### **ADJOURNMENT: 4:30 P.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