



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, November 6, 2025 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:05 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 & Cybersecurity Robert Rasha Director of Finance and Administration Sylvia Molina Human Resources and Risk Manager Ren Berioso Finance Manager William Clayton Customer Service & Utility Billing Manager Sandra Flores Management Analyst II Erica Gonzales Management Analyst I Edith Garcia Administrative Assistant Cenica Smith
Members of the public:	None

PUBLIC COMMENT: None.

ACTION ITEMS

- 1. Adjustments to the Agenda:** Item 4c on the posted agenda should reflect the Review of October 2025 Check Register, not September.
- 2. Review and Acceptance of the Minutes of the Finance and Audit Committee**
 - September 4, 2025 Special Meeting
 - October 2, 2025 Regular Meeting
 - October 16, 2025 Special Meeting

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

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

3. Receive and file the Check Register for the Month of September 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 September 2025 Budget Variance Reports
- Review of the September 30, 2025 Cash and Investment Balance Report
- Review of Check Register for the Month of October 2025
- Review of October 2025 Invoices Pending Approval

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

- Total expenses remained closely aligned with projected levels, with approximately 35 percent of the budget still available, consistent with expectations for three quarters of the fiscal year. The District continued to show strong financial performance, with revenue outpacing expectations and departmental expenditures tracking within target ranges.
- Interest income continued to perform well due to favorable investment yields. Chair Hoffman noted recent Federal Reserve rate reductions and the potential for influence on future returns.
- Total revenue collections exceeded budget expectations and were ahead of projections. Higher-than-budgeted grant revenue, increased water sales, the May rate increase, and strong interest earnings contributed to the higher-than-anticipated revenue.
- The miscellaneous income amount reflected refunds or rebates from prior periods, including a Flexible Spending Account (FSA) refund for an over-deposit.
- Invested cash and securities totaled approximately \$88–92 million at the end of September. The investment portfolio remained fully compliant with policy and sufficiently liquid to meet operational and capital needs.
- While most investments mature within six months, some extend one to five years. The District's investment strategy continues to emphasize safety and long-term stability rather than short-term market timing.
- A rental pump costing approximately \$13,000 was used to fill an upper-zone reservoir for fire protection and for system flushing activities. The reservoir is non-potable and used solely for fire protection, is periodically drained and refilled when water becomes stagnant, and requires rented equipment because the District does not yet have permanent pumping capability at that location.
- A payment to Earth Tec was for algaecide used in the recharge ponds to prevent algae buildup and reduce the need for more extensive and costly maintenance.
- A refund to Pardee Homes resulted from consolidating several developer accounts and closing out deposits. Many developers maintain substantial GIS deposits that are being drawn down as projects conclude. A refund to Tri-Point in the amount of approximately \$242,000 was issued the same day.

- The liability insurance premium was billed as a full annual amount and is expensed monthly over the coverage period. No discount is provided for prepayment; however, ACWA/JPIA may issue refunds in later years depending on actual claims and program costs.
- A street repair cost related to the installation of a non-potable pressure-reducing station is eligible for funding from developer capital facility deposits.
- "CDW" was identified as the computer equipment vendor providing 15 scheduled computer replacements, including nine units designated for the boardroom.
- Flooring expenses corresponded to scheduled carpet replacement in the boardroom and conference room, with additional office flooring replacement anticipated.

The Committee recommended presenting the financial reports 4a to 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: Williams	SECONDED: Hoffman	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. Policy Tracking Matrix Progress Dashboard

Finance Manager Bill Clayton reported that the policies on Credit Cards and on Purchasing were close to ready for review by the Committee. He noted that the Reserves policy will be updated and incorporated into the Policy Manual.

The Committee acknowledged the policies and added the Reserves policy to come before the Committee at subsequent meetings by the following vote:

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

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

Clayton reviewed the report, noting that the average cost per acre-foot for wells in Edgar Canyon was \$64, and for city wells was \$222. Both are consistent with last year's levels at this time of year, he stated. Jagers explained that due to economies of scale, in years when the District pumps less water, it costs more. This year, the District has pumped about 1,000 af more than last year. He noted the change in Southern California Edison standby and basic charges and assured that staff is optimizing operations for efficient energy management.

Mr. Clayton added that the electricity budget had been increased drastically this year in response to SCE's rate range, and expenses are tracking within budget. Director Hoffman asked about the increase and Ms. Molina explained that Operations staff has made changes and reduced the expense by \$100,000. She also pointed to conservation, noting that the bills that will be issued in October and November will reflect increased water sales due to warmer weather.

9. Quarterly Report: Review of District Contract Expenditures in Fiscal Year 2025

The update provided a comprehensive summary of all active service-related and capital improvement contracts through September 30: current contracts, including Board-approved amounts, expenditures to date, and remaining balances. The combined remaining balance totaled approximately \$11.9 million, representing unexpended contract authority for the fiscal year. This total comprised both operating and capital project contracts and reflected invoices processed as of the end of the reporting period.

Staff further explained that a significant portion of the remaining balances related to on-call service contracts, many of which had not yet been utilized. In addition, staff highlighted that the format of the tables had recently been revised to improve readability and emphasize reporting transparency. The updated structure allowed the Committee to more clearly track contract progress through the approved amount, expenditures, and remaining balance columns, addressing previous concerns about table order and ease of review.

In response to Committee members' questions, staff clarified capital-related contracts, and that an additional \$228,000 shown in the service-contract table accounted for the remainder of the total.

The Committee acknowledged the continued monitoring of contract progress and expenditures as part of the District's quarterly reporting requirements.

10. Quarterly Report: 2025 Year to Date Title Report Requests

The Committee reviewed the quarterly update regarding title reports obtained by the District in the fiscal year, reflecting activity dating from 2024 into 2025. Four requests had

been processed within the current reporting period related to research on easements, District-owned parcels, and items associated with ongoing developer project closeouts.

Two of the title requests were connected to the Pardee wind-down agreement that had been discussed in prior meetings. These requests involved verification of property boundaries and supporting documentation needed to finalize remaining developer-funded obligations. Another request pertained to title research for a District-owned property, while the final request involved investigation into easements necessary for operational or planning purposes. All four were routine in nature and were processed in alignment with District procedures for property-related research.

11. Quarterly Report: Grants

Staff presented an overview of the District's grant activity through September 2025, noting that one active project, the ARPA-funded Noble pipeline project, continued to progress toward full completion. Construction activities for the project were completed, and three reimbursement requests had been submitted to the County for a total of approximately \$1.4 million. Additional invoices totaling roughly \$350,000 had been received, and a final reimbursement request would be submitted upon processing of the remaining payments.

The total grant award between the two ARPA-funded projects was approximately \$2.54 million, and that funding had been reprogrammed between the two efforts to ensure the District captured the full amount awarded. The second project, the Edgar Canyon pipeline segment, had come in under the engineer's estimate, allowing remaining funds to be shifted to the Noble pipeline to support completion of its work. Staff anticipated bringing a Notice of Completion for the Noble pipeline to the Board within the coming weeks, noting that the associated documentation had already been submitted following Board authorization.

Committee members asked clarifying questions regarding date of filing for the Notice of Completion, and staff provided context on the timing of submittals. Aside from the ARPA-funded projects, no additional active grants were in process, and the remaining items shown in the report reflected completed or inactive grants.

The Committee recommended the Report be forwarded to the full Board by the following vote:

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

12. Review of the Fiscal Year 2026 Operating Budget (DRAFT)

Director of Finance and Administration Sylvia Molina reported that four changes had been made to the draft Fiscal Year 2026 Operating Budget since the Committee's discussion at the October 16, 2025 meeting. These revisions included two corrections to standby account assignments and small increases related to tools and a repair kit, totaling approximately \$5,100 in added expenses. Molina stated that even with these adjustments, projected net revenues remained \$1,312,700 above projected net expenses.

Molina reviewed personnel-related items and noted that a summary table had been added to quantify the impact of COLA, merit increases, retirement contributions, health insurance, and two new positions: an Administrative Clerk and a part-time Executive Assistant. GM Dan Jagers explained that the part-time Executive Assistant position was intended to allow overlap for succession planning in anticipation of a possible retirement. He also noted that the Administrative Clerk position would replace temporary labor previously used in engineering and operations.

Molina noted that several narrative and formatting updates had been incorporated into the draft, including finalized introductory sections, corrected organizational charts, updated award descriptions for the IT and cybersecurity programs, and revisions for clarity in sections related to Proposition 218 and reserve definitions. She also stated that the financial summary pages now reflected updated liquidity indicators, including an increase in days cash on hand.

During review of departmental summaries, Jagers highlighted that engineering staff had recovered more than 900 hours of billable time from developers and that additional engineering time charged to capital projects was not reflected in that total. He stated that these recovered costs reduced reliance on outside consultants. Molina added that multiple departments anticipated reduced operational and maintenance expenses for 2026 due to efficiency gains realized during 2025.

The Committee also reviewed updates to capital improvement project information. Molina reported that project descriptions and maps had been added to improve clarity. Jagers stated that project sequencing had changed for the non-potable system, including postponement of a booster station and advancement of a 2-million-gallon non-potable storage tank due to operational needs and planning considerations. He noted that these adjustments were made to maintain alignment with anticipated workload and funding availability.

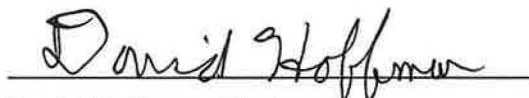
Molina advised that the detailed budget tables, revenue and expenditure summaries, and capital project listings had all been updated, and that staff would incorporate any remaining Committee input before presenting the draft budget to the Board on November 12. Chair David Hoffman and Director Lona Williams indicated that they had no further questions and confirmed that the Committee believed the District remained on schedule.

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- District office will be closed Tuesday, Nov. 11 in observance of Veterans Day
- Regular Board Meeting: Wednesday, Nov. 12 at 6 p.m.
- Personnel Committee: Tuesday, Nov. 18 at 4:30 p.m.
- Engineering Workshop: Thursday, Nov. 20 at 6 p.m. (Note date change due to holiday)
- District office will be closed Thursday, Nov. 27 in observance of Thanksgiving Day
- Beaumont Basin Watermaster Committee: Wednesday, Dec. 3 at 11 a.m.
- Finance & Audit Committee meeting: Thursday, Dec. 4 at 3 p.m.

ADJOURNMENT: 4:44 P.M.



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