



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, April 2, 2026 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:06 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 Finance Manager William Clayton Management Analyst I Edith Garcia Management Analyst II Melissa Rodriguez-Elizondo Administrative Assistant Cenica Smith
Members of the public:	Drew Ballard of Foster & Foster

PUBLIC COMMENT: None.

ACTION ITEMS

1. Adjustments to the Agenda:

Per request of staff, Chair Hoffman moved Item 7 forward.

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

a. March 5, 2026 Regular Meeting

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

MOVED: Williams	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 February 2026

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	

Item 7 was called out of order.

Overview of Other Post-Employment Benefits Plan Administration, Funding, and Compliance with Government Accounting Standards Board 75

The District’s actuary, Drew Ballard of Foster & Foster, provided an overview of the District’s Other Post-Employment Benefits (OPEB) program, including how retiree healthcare benefits are structured and how the associated liability is calculated. He explained that the District subsidizes retiree health premiums through California Public Employees’ Retirement System (CalPERS) by contributing a fixed amount of \$474 per month per retiree, regardless of the selected plan, and that actuarial valuations estimate the long-term cost of providing this benefit based on assumptions such as retirement age, life expectancy, and participation rates.

Chair Hoffman asked clarifying questions regarding the scope of coverage, specifically whether the benefit extends to spouses and family members. Ballard explained that surviving spouses may continue receiving the benefit if enrolled under a joint and survivor option, but the District contribution remains a single capped amount and does not increase based on the number of covered individuals. Hoffman confirmed his understanding that the contribution remains fixed whether covering one individual or a spouse, and does not extend to children.

Director Williams inquired about how the \$474 contribution amount was determined. Mr. Clayton and General Manager Jagers clarified that the amount was established through prior negotiations with CalPERS and represents a capped employer contribution, which had incrementally increased over time until reaching its current level. Additional discussion clarified that this amount exceeds the minimum contribution required under CalPERS Public Employees’ Medical and Hospital Care Act (PEMHCA), and that any future premium increases are borne by retirees rather than the District, as the contribution is not currently assumed to increase.

The actuary and staff described the District’s funding approach, including the establishment of a Section 115 trust to prefund OPEB liabilities. Jagers emphasized that the District is both paying current retiree costs and contributing additional funds to build a trust that will generate investment income to offset future obligations. He noted that this strategy is intended to reduce the burden on future ratepayers and improve long-term financial sustainability. The Committee discussed how the trust, combined with actuarial assumptions, has significantly reduced the reported net OPEB liability compared to prior years.

Director Williams asked questions regarding how changes in staffing, retiree counts, and mortality affect the District’s liability. Staff explained that actuarial valuations incorporate these factors through projections and assumptions, including workforce demographics and retirement patterns. It was noted that the District’s relatively young workforce and transition to Public Employees’ Pension Reform Act (PEPRA) employees (with later retirement ages) helps reduce long-term liability exposure.

Chair Hoffman further asked about coordination with Medicare upon retiree eligibility. The actuary explained that retirees transition to Medicare-based plans offered through CalPERS, often

Medicare Advantage or supplemental plans, and continue to receive the District's contribution toward those costs without conflict between coverage sources.

The Committee generally acknowledged that the District is in a reasonable and improving position with respect to OPEB obligations. Members discussed the importance of continued monitoring through actuarial valuations and financial reporting, and Director Williams suggested that a similar presentation may be beneficial for the full Board.

4. Financial Reports/Recommendations

- a. Review of the February 2026 Budget Variance Reports
- b. Review of the February 28, 2026 Cash and Investment Balance Report
- c. Review of Check Register for the Month of March 2026
- d. Review of March 2026 Invoices Pending Approval

Chair Hoffman opened discussion noting that interest income and non-operating revenues remained strong, while operating revenues were performing appropriately for the current season, with consumption expected to increase later in the year. Jagers added that recent warmer weather may be contributing to slightly higher usage compared to the prior year.

During review of the budget variance details, Chair Hoffman inquired about the budgeted election expenses, confirming that the amount reflects an off-year with only ancillary costs included. Director Williams commented that higher costs should be anticipated and budgeted in future election years. The Committee also discussed an apparent discrepancy in the "encumbered" column, which staff clarified was a formatting error pulling incorrect values, while confirming that the available percentages were accurate.

In reviewing the Cash Balance and Investment Report, Mr. Hoffman observed that investment returns continue to perform well due to prior decisions to secure longer-term investments. Mr. Jagers noted that while current returns are favorable, they will decline over time as funds are expended and as the District eventually incurs debt service. He emphasized the importance of balancing fiscal prudence with necessary infrastructure investment, highlighting the District's long-standing efforts to minimize debt and maintain financial stability while still advancing capital improvements.

Staff highlighted and/or responded to Committee inquiries regarding the following items:

- Basin monitoring expenses: staff explained that the Santa Ana Watershed Project Authority (SAWPA) assessment is paid annually and then allocated monthly for accounting purposes. Staff further provided context on the regional groundwater basin monitoring and salt management efforts conducted through SAWPA.
- Inner City Auto Repairs and Tires: Damage to a dump truck rear axle at relatively low mileage occurred during field operations. Additional training has been implemented to prevent recurrence.
- Thomas Harder and company: Consulting charges related to Well 2A. The consultant provides design, inspection, and construction oversight services, including soil sampling and well design verification during drilling.

Jagers provided additional discussion regarding internal controls and the purchasing policy, explaining that staff review processes, monthly check register oversight, credit card monitoring, and planned annual reporting collectively provide sufficient checks and balances. He indicated that updates to the policy are intended to address prior Board concerns while maintaining operational efficiency.

The Committee briefly reviewed invoices pending, noting higher legal expenses consistent with increased activity.

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 without comment.

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 on Director Event Attendance without comment.

The Director Event Attendance Report was approved by the following vote:

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

7. Overview of OPEB Plan Administration, Funding, and Compliance with GASB 75

This item was heard earlier in the meeting.

8. Policies and Procedures Manual Updates / Revisions:

Reformatting and Renumbering of the District Reserves Policy (Policy No. 5044)

Mr. Clayton presented an administrative update to the District’s Reserves Policy, explaining that the item simply reformats and renumbers the existing policy into the current Policy Manual as Policy 5044. The update incorporates the policy into the standardized format to improve organization, readability, and consistency within the overall manual.

Clayton stressed that no substantive changes were made to the policy’s language, intent, or provisions. The existing framework remains unchanged, as do requirements for annual review and Board appropriation. He noted that this effort is part of a broader policy manual update

initiative, and that any future review of the policy's content would occur separately; this action is strictly administrative and does not alter funding levels or financial policy direction.

The Committee recommended Policy 5044 be forwarded to the full Board for consideration by the following vote:

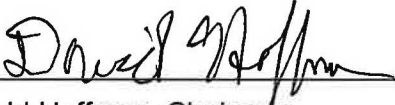
MOVED: Hoffman	SECONDED: Williams	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, Apr. 8 at 6:00 p.m.
- Personnel Committee: Tuesday, Apr. 21 at 4:30 p.m.
- Engineering Workshop: Thursday, Apr. 23 at 6:00 p.m.
- Finance & Audit Committee meeting: Thursday, May 7 at 3:00 p.m.

ADJOURNMENT: 4:26 P.M.



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