



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE SPECIAL MEETING**  
**Thursday, June 11, 2026 at 3:00 p.m.**

**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:14 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 Director of Operations James Bean Finance Manager William Clayton Management Analyst I Edith Garcia Management Analyst II Melissa Rodriguez-Elizondo Management Analyst II Erica Gonzales Administrative Clerk Crystal Ocegueda Administrative Assistant Cenica Smith
Members of the public:	None

**PUBLIC COMMENT:** None.

**ACTION ITEMS**

- 1. Adjustments to the Agenda:** Chair Hoffman adjusted the order of items on the agenda to move forward Item 7 the External Audit and Annual Comprehensive Financial Report.
- 2. Review and Acceptance of the Minutes of the Finance and Audit Committee**
  - a. May 7, 2026 Regular Meeting

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

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

*Item 7 was called out of order.*

## **7. Review of Draft 2025 External Audit and Annual Comprehensive Financial Report**

Finance Manager Clayton introduced representative Devin Feldhut from Rogers, Anderson, Malody & Scott (RAMS), the District's independent auditing firm, who reported that the District received an unmodified ("clean") audit opinion for the fiscal year ending December 31, 2025, representing the highest level of assurance that can be provided on the financial statements. Mr. Feldhut explained that the audit was conducted in accordance with generally accepted auditing standards and governmental auditing standards and concluded that the District's financial statements were fairly presented in all material respects. No material weaknesses, significant deficiencies, or compliance findings were identified during the audit process.

At Chair Hoffman's request, staff and the auditors discussed the audit process and the effort required to complete the annual financial review. Staff explained that significant work occurs throughout the first quarter of each year to reconcile accounts, verify supporting documentation, review transactions, and prepare required financial reports, all pertaining to the year just ended, before the auditors arrive for fieldwork. Each member of the Finance Department is responsible for reviewing and validating specific areas of the District's financial records, while the auditors perform independent testing and verification of selected transactions and account balances.

Clayton then provided an overview of the Annual Comprehensive Financial Report (ACFR), highlighting key financial statements and notable year-end results. He explained that the District's total assets increased significantly during 2025, largely due to approximately \$13 million in developer-dedicated infrastructure accepted by the District. General Manager Dan Jagers provided additional context regarding developer-installed infrastructure, capital asset accounting, depreciation practices, and the District's ongoing investment in facilities and equipment. Staff reported that cash receipts from customers increased in 2025 compared to 2024 due to a combination of higher water consumption resulting from hotter, drier conditions and the implementation of the District's rate increase in May 2025. Staff noted that growth in customer connections contributed only minimally to the overall increase in revenue.

Chair Hoffman asked several questions regarding audit hours, year-end reconciliations, depreciation, capitalized assets, vehicle leasing, and accounting treatment of various District assets. Director Williams inquired about how the District compares with similar agencies and received positive feedback from the auditor regarding the quality of the District's financial records, internal processes, and staff cooperation during the audit. Director Williams also commended staff, noting the report reflected no cybersecurity incidents during the year, and Director of Information Technology and Cybersecurity Robert Rasha emphasized the importance of continued investment in cybersecurity infrastructure and employee awareness.

Clayton noted the District's continued participation in the Government Finance Officers Association award program.

*The Committee recommended the independent auditors' unmodified ("clean") opinion on the BCVWD financial statements for the fiscal year ended December 31, 2025, as presented in the Final December 31, 2025, Annual Comprehensive Financial Report (ACFR) be presented to the full Board 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 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	

**4. Financial Reports/Recommendations**

- a. Review of the April 2026 Budget Variance Reports
- b. Review of the April 30, 2026 Cash and Investment Balance Report
- c. Review of Check Register for the Month of May 2026
- d. Review of May 2026 Invoices Pending Approval

Chair Hoffman noted that revenues were slightly exceeding budget benchmarks while expenditures remained below budgeted levels, indicating that the District’s financial performance was tracking favorably through the first four months of the year. He highlighted strong results in both operating and non-operating revenues and pointed to the executive summary’s notable highlights as evidence that the District remained on track with budget projections. Director Williams commented on the strength of interest income, noting that approximately 62 percent of the annual budgeted amount had already been realized through April.

Chair Hoffman reviewed the April 30, 2026 Cash Flow and Investment Balance Report, noting that the District’s cash and marketable securities portfolio had a market value of approximately \$91.3 million and continued to perform well. He highlighted investment yields ranging from approximately 3.76 percent to 4.02 percent and commented that the returns remained favorable. During discussion, Director Williams and Finance Manager Clayton clarified that Local Agency Investment Fund (LAIF) income is recognized when earned rather than when received and therefore had been recorded in the prior month’s report.

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

- Enterprise Fleet Vehicle Sales: Staff reported that retired District vehicles were sold through the Enterprise fleet program, with sale proceeds credited back to the District and additional vehicles currently undergoing auction.
- Enterprise Fleet Maintenance Program: Staff explained that leased vehicles are enrolled in a maintenance program that covers routine service and many repairs, while the District remains responsible for consumable items such as tires and brakes.

- Property Appraisal Services: Staff clarified that a \$7,500 appraisal expense represented one-half of the appraisal costs associated with the Brookside and Hannon properties currently under negotiation.
- Internal District Accounting Transfers: Staff explained that checks issued to BCVWD accounts, including those related to development projects, represent internal accounting transfers used to consolidate funds between District accounts held on behalf of development projects.
- Public Notification Costs: Staff noted that required public notification mailings related to chromium-6 compliance cost approximately \$14,000 per mailing and have already occurred twice during the year. Staff advised that additional notices may require future budget transfers if further mailings become necessary.
- Well 25 and Chromium-6 Compliance: Staff reported that operational adjustments related to a City of Banning well outage and ongoing chromium-6 compliance requirements have reduced operational flexibility and may result in additional costs.
- Well Site Landscape Improvements: Staff explained purchases of rock and landscaping materials for improvements at Well 25 and several canyon well sites as part of ongoing efforts to improve site appearance, install weed barriers, and complete facility rehabilitation projects.

*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. Review of Draft 2025 External Audit and Annual Comprehensive Financial Report)**

*This item was heard earlier in the meeting.*

**8. Annual Disclosure (California Government Code Section 66013(d)), Fiscal Year 2025 Capacity Charges**

Finance Manager Clayton presented the annual disclosure report for capacity charge activity, explaining that the report is prepared each year to provide transparency and accountability regarding the collection and use of growth-related capacity charge revenues. Although the report has historically been presented directly to the Board, staff elected to bring it to the Finance and Audit Committee first this year to provide an opportunity for review and discussion. Clayton explained that the report summarizes beginning and ending restricted balances, capacity charges and front footage fees collected, interest earnings allocated to restricted funds, and expenditures on completed and ongoing capital improvement projects. More than \$55 million of the District’s cash balance is restricted for future growth-related capital improvements and the report identifies both projects funded during the prior year and planned capital projects through 2030 that will utilize those restricted funds.

In response to Director Williams, Clayton explained that the disclosure covers activity through December 31, 2025, and therefore reflects the rates that were in effect during that period; the updated capacity charges adopted in February 2026 will be reflected in future reports. Staff clarified that the law requires the information to be made publicly available but does not require submission to any outside agency.

*The Committee received and filed the report and forwarded it to the Board for review by the following vote:*

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

**9. Comparison of Pooled Investment Options**

Finance Manager Clayton presented a high-level comparison of three pooled investment programs available to California public agencies: CalFIT Stable Value Pool, California CLASS Prime Fund, and the California Asset Management Program (CAMP). He explained that the item was informational and intended to provide the Committee with an overview of additional short-term investment options. All three programs are professionally managed pooled investments similar to CalTRUST and LAIF, with a focus on preserving principal, maintaining daily liquidity, and providing a stable net asset value. The programs offered comparable yields and liquidity features, with primary differences relating to management structure and expense ratios.

The Committee discussed how the pooled investment options compare to the District’s existing investment strategy. Chair Hoffman observed that the reported yields were generally comparable to the District’s current returns and commented that the information was useful in confirming the competitiveness of the District’s existing investment program. Clayton noted that the primary benefit would be additional diversification rather than a significant increase in earnings, and stated that staff had no recommendation to pursue any specific option at this time.

Director Williams asked how investment management fees are reflected in the pooled investment programs, and staff explained that, unlike the District’s separately managed portfolio, the expense

ratios are generally embedded within the reported investment returns and are not always presented as readily identifiable dollar amounts.

**10. Update: BCVWD 2027 Operating Budget Timeline**

Staff presented the annual budget development schedule, noting that the District has expanded internal, committee, and Board review meetings to improve transparency and provide earlier budget information while still meeting year-end adoption deadlines, and reported that the mid-year budget review was intentionally delayed to incorporate May financial data and provide more accurate projections for summer revenues and expenditures.

*The Committee approved the 2025 Operating Budget Timeline and forwarded it to the Board for review by the following vote:*

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

**11. Acknowledge Receipt of the Operating Budget Excellence Award from the California Society of Municipal Finance Officers for BCVWD’s FY 2026 Operating Budget and 2026-2030 Capital Improvement Budget**

*The Committee acknowledged the award and forwarded it to the Board for review by the following vote:*

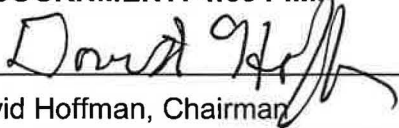
MOVED: Hoffman	SECONDED: Williams	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

**ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Personnel Committee: Tuesday, Jun. 16 at 4:30 p.m.
- San Geronio Pass Regional Water Alliance: Wednesday, Jul. 22 at 5:00 p.m.
- Engineering Workshop: Thursday, Jun. 25 at 6:00 p.m.
- Finance & Audit Committee meeting: Wednesday, Jul. 1 at 3:00 p.m. (note date change due to holiday)
- District offices will be closed in observance of Independence Day: Thursday, Jul. 2

**ADJOURNMENT: 4:39 P.M.**

  
 \_\_\_\_\_  
 David Hoffman, Chairman

to the Finance and Audit Committee of the Beaumont-Cherry Valley Water District